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GUOQUAN FOOD (SHANGHAI) CO., LTD.

鍋圈食品（上海）股份有限公司

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

(Stock Code: 2517)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

HIGHLIGHTS OF INTERIM RESULTS FOR 2025

- The revenue for the six months ended 30 June 2025 was RMB3,239.7 million, representing an increase of 21.6% as compared to the first half of 2024.
- The gross profit for the six months ended 30 June 2025 was RMB717.4 million, representing an increase of 17.8% as compared to the first half of 2024. The gross profit margin for the six months ended 30 June 2025 was 22.1%, compared to 22.8% in the first half of 2024.
- The net profit for the six months ended 30 June 2025 was RMB190.2 million, representing an increase of 122.5% as compared to the first half of 2024.
- The core operating profit (Non-IFRS measure)^{Note} for the six months ended 30 June 2025 was RMB190.2 million, representing an increase of 52.3% as compared to the first half of 2024.
- The basic and diluted earnings per share for the six months ended 30 June 2025 was RMB0.0684, representing an increase of 118.5% as compared to the first half of 2024.

Note:

Core operating profit is defined as net profit after adjusting for gains or losses from fair value changes on unlisted convertible redeemable preferred shares. Core operating profit is not International Financial Reporting Standards measures. For details, please refer to the section headed "Management Discussion and Analysis – Non-IFRS Measures" in this announcement.

The Board of Directors (the “**Board**”) of Guoquan Food (Shanghai) Co., Ltd. (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”) prepared in accordance with the International Accounting Standard 34 (“**IAS 34**”) Interim Financial Reporting, together with the comparative figures for the corresponding period for the six months ended 30 June 2024. These results have been reviewed by the Audit Committee of the Board.

In this announcement, “we”, “us” and “our” refer to the Company or the Group, as the context may require.

BUSINESS REVIEW AND OUTLOOK

OVERALL BUSINESS AND FINANCIAL PERFORMANCE

Omni-channel instant retail network

The Group has established a large-scale one-stop home meal products instant retail store network in China. The Group’s extensive nationwide instant retail store network with wide geographic coverage contributed to enhancing brand awareness and was also conducive to generating consumer insights and thereby improving the Group’s responses to the rapidly changing market trends across different regions. The density of instant retail store network improved the efficiency of logistics and transportation. Moreover, the Group’s instant retail stores provided consumers with both online and offline shopping options, achieving extensive consumer reach.

In the first half of 2025, adhering to the strategy of “community central kitchen”, the Group delved into consumers’ demand, promoted development and iteration of product portfolio, strengthened store operation and management capabilities, and improved membership ecosystem construction through a multi-channel, multi-scenario layout that integrates online and offline channels, establishing a holistic and instant retail store network. The number of stores increased from 9,660 as at 30 June 2024 to 10,400 as at 30 June 2025, covering 31 provinces, autonomous regions and municipalities. Based on in-depth understanding of markets in lower-tier cities, the Group also has achieved outstanding performance on expansion of stores in township-level market. There were 270 net new township-level stores in the first half of 2025. The new township-level stores differ in product structure, store display and other aspects from the standard community stores, better meeting the needs of consumers from township-level markets. To better serve the consumption scenario of eating at home, such as midnight snacks, the Group innovatively launched a new model of 24-hour unmanned retail store, and more than 2,000 retail stores have completed intelligent and unmanned transformation in the first half of 2025.

The table below sets forth the total number of franchised stores and self-operated stores of the Group as of 30 June 2025.

	As of 30 June			
	2025		2024	
	Number of stores	%	Number of stores	%
Franchised stores	10,386	99.9	9,650	99.9
Self-operated stores	14	0.1	10	0.1
Total	10,400	100.0	9,660	100.0

The Group achieved a total revenue of RMB3,239.7 million in the first half of 2025, representing a year-on-year increase of 21.6%. The table below sets forth a breakdown of the Group's product sales revenue contributions by channel during the Reporting Period:

	For the six months ended 30 June			
	2025		2024	
	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>				
Sales of meal products and related products				
Sales to franchisees	2,595,034	82.2	2,338,188	90.4
Other sales channels ⁽¹⁾	560,365	17.8	248,990	9.6
Total	3,155,399	100.0	2,587,178	100.0

Note:

- (1) Other sales channels primarily include (i) sales to enterprise customers, including food wholesalers, supermarkets, restaurants and other enterprises; and (ii) direct sales to end consumers.

The franchise business model contributed significantly to the growths of Group's revenue, market share and brand recognition. The Group believes the effective and systematic management of our franchisees is critical to the success of our business. The Group considers each franchised store to be a conveyance of our business philosophy and brand image. Therefore, the Group values each of our franchisees beyond merely as a business partner, but also as a teammate who was committed to our business philosophy and motivated to grow our brand and store network with us. The Group strives to continuously support and empower our franchisees in store operations and business development and provides comprehensive training for franchisees and their employees to help our franchised stores succeed.

The franchised stores are managed by the Group's regional management teams. The regional management teams provide support and guidance for franchisees with respect to market development and store operating strategies, among others. With the support of the Group's headquarters and management by our regional teams, the Group is able to empower and serve franchisees more effectively to drive their sales growth and, in turn, our revenue.

To empower franchisees and facilitate their sales growth as well as further expand consumer reach and offer more flexible shopping experience, the Group has also developed multiple online sales networks, including the Group's Guoquan APP, WeChat mini-program, third-party food delivery platforms as well as on popular social commerce platforms such as Douyin to promote interplay between offline stores and online leads. In the first half of 2025, the Group not only achieved over 3.2 billion impressions on platforms through its multi-level Douyin accounts matrix, but also attracted consumers to pick at stores through Douyin package product coupons and other ways, with turnover contributed increasing more than doubled year-on-year. Through the spread of popular social media commerce platforms, the Group interacted more and had wider connection with consumers.

Membership subscription

The Group's membership program has built close online and offline connections and engagement with consumers and fostered consumer loyalty. In the first half of 2025, the number of the Group's registered members reached approximately 50.3 million, representing a year-on-year increase of 62.8%. The Group continued to promote the prepaid cards program by centering on the building of the membership system. The value stored in prepaid cards for the six months ended 30 June 2025 was approximately RMB590 million, representing a year-on-year increase of 37.2%.

Meal products brand and product portfolio

The Group is committed to enhancing the efficiency of at-home food preparation and strives to be a community kitchen around consumers. Our home meal products that are mainly ready-to-eat, ready-to-heat, ready-to-cook products or prepared ingredients provide consumers with an efficient and easy way to prepare a meal at home, regardless of their levels of cooking skills. Meal products offered by the Group aim to strike the balance of nutrition, taste, hygiene and efficiency. The Group's product offerings conveniently meet consumers' diverse dining demands in a one-stop shop manner, encompassing hotpot soup base, condiments, meatballs, shrimp paste, meat, vegetables, drinks and beverages, pots and grills, etc.

In the first half of 2025, the Group has continuously implemented the philosophy of providing consumers with "tasty, convenient and value-for-money" meal products. By firmly adhering to the strategy of community central kitchen, we launched new products and upgraded existing products from time to time. During the Reporting Period, we have introduced a total of 175 new SKUs of hot pot and barbecue products. To satisfy changing demands and preferences of consumers, the Group constantly expanded and iterated its product portfolio, successively launched multiple set meals, such as "Barbecue Camping Container Set", "Unlimited Tripe Plus Set", "Steak Set", "Crayfish Feast Set", etc. Moreover, the Group also elevated its drinks and beverage menu with a variety of NFC fruit juices. On top of the original German wheat craft beer, passion fruit flavored craft beer and hawthorn fruit flavored craft beer, it also introduced three types of tea flavored craft beer, further enriching purchasing options for consumers. Our rich, extensive and cost-effective products and portfolio are well received by consumers.

Efficient supply chain management and digital and intelligent operation

Adopting a one-product-one-factory model, the Group has established strategic food ingredient production capabilities to achieve stronger control over the production and supply of our staple products. In the first half of 2025, the Group continued to expand its presence in industrial sectors. As of 30 June 2025, the Group had seven food ingredient production plants, namely, Chengming Plant (澄明工廠), Guangyuan Chengming Plant (廣元澄明工廠) and Taijiang Plant (台江工廠) for the production of condiments products, Wanlai Wanqu Plant (丸來丸去工廠), Huanhuan Plant (歡歡工廠) and Daixiaji (逮蝦記) for the production of meatballs, paste and aquatic products, and Heyi Plant (和一工廠) for the production of our beef products. In addition, the Group intended to set up a food production base in Danzhou, Hainan province, geographically covering more regions, in a bid to facilitate its business development. The Group has continuously enhanced its bargaining power in upstream procurement, increasingly realized economies of scale of production and continuously optimized production costs by development and deployment of industry.

Meanwhile, the Group has established long-term and stable partnership with major upstream product suppliers, which is helpful to boost production efficiency of the product and quickly launch more product portfolio. The Group's generation of a large demand from consumers across China gave rise to large scale procurement needs, which has given the Group the ability to negotiate with suppliers from a position of strength, allowing us to secure high quality, consistent products at competitive costs. The Group's long-term stable relationship with suppliers and control over the production of our staple products further ensured the supply of high-quality food which is tasty, convenient and value-for-money to consumers.

Leveraging on its simplified and efficient supply chain operation mode from factory to central warehouse and to retail stores, the Group eliminated redundant intermediate links in the supply chain, improving its cost control, thus providing franchisees and consumers with cost-effective products. The cooperation with warehousing and logistics suppliers made it possible for us to deliver most orders the next day from the central warehouse to retail stores.

In particular, the digitalization of the Group's supply chain comprising production, procurement, warehousing, and logistics allowed us to monitor the supply and demand dynamics from procurement-end to store-end and closely monitor our inventory level, enabling the Group to realise highly efficient management of our entire supply chain. By tracking and processing orders received from stores across the country through our supply chain system empowered by digitalisation, the Group was able to communicate with our upstream suppliers in advance to ensure timely availability of products for all of our stores. As at 30 June 2025, the Group established cooperation with warehousing and logistics providers, plus our 19 digitalized central warehouses across China, achieving swift circulation of products through digital stock and barcode management.

BUSINESS OUTLOOK

Fully expand the sales network and continue to gain a foothold in lower-tier markets

The Group plans to build a multi-level sales network, improve the market penetration in the covered regions and expand the store network to new regions, and focus on expanding to more towns and counties markets by establishing new stores in township. Meantime, the Group will continue to focus on long-term vision of “China’s good neighbor” and continuous optimization of store operation and management, and will pay attention to between major and minor issues to improve the service of store so as to better serve customer’s shopping experience.

The Group will continue to promote the building and upgrading of the franchisee management system, and strengthen franchisees and store manager organizations by optimizing its internal training system and to facilitate the sharing of management experience amongst them, thereby continuously improving store performance. The Group will also continue to nurture more business-oriented franchisees by encouraging existing franchisees to open more franchises and develop its regional integrated business into a long-term business.

Continuously cover more scenarios of cooking at home and enhance the position of community central kitchen

The Group plans to continue to practice the philosophy of “food equality”, focus on the scenario of eating at home, and explore diversified business models to provide tens of millions of households with more affordable and more convenient retail solutions for at-home dining. While enriching the consumption scenarios of hotpot and barbecue, the Group will gradually expand into such product offerings and scenarios as Chinese cuisine, western cuisine, beverages, ice cream and midnight snacks based on consumers’ needs of having meals at home, thereby achieving organic growth in sales. The Group will also, based on its deep insights into lower-tier markets, implement a differentiated product strategy in response to consumer demand in counties and townships, creating a more competitive product matrix.

Strengthen the membership ecosystem to enhance member stickiness

The Group will continue to encourage members to introduce new customers and reach consumers through popular TV commercials, offline community advertising and social media and e-commerce platforms (such as Douyin), so as to expand the Group’s member groups. The Group will continue to optimize the membership benefits program by improving the member’s rights system and enriching the points redemption portal, so as to raise member stickiness. The Group will also continue to enhance brand penetration in communities around the stores through various in-store promotional events such as “Member Day” and “Community Neighborhood Festival” to convey a sense of warmth in the community, attract consumers to stores, and raise engagement velocity. The Group will continue to create and release high-quality graphic and video content centered around its brand cartoon IP “Guobao” to foster emotional connections with consumers and better convey the brand’s core values.

Strengthen instant retail strategy and explore intelligent retail scenarios

The Group will continue to focus on new sales channels, including various online sales channels such as Douyin, Guoquan WeChat mini-program and third-party delivery platforms, and develop the business model of “one shop, one store and one warehouse” to remove the restriction of retail space of brick-and-mortar stores, expand the product portfolio, and thereby provide consumers with unlimited shopping experience. Leveraging the scale of its online stores, consumers can conveniently pick up their orders at the nearest offline store after placing online orders, or efficiently complete their purchases through third-party platforms for order fulfilment and delivery.

Relying on the Internet of Things, big data and AI technology, the Group will continue to promote the intelligent and unmanned transformation of its existing retail stores, building a 24/7 intelligent retail network to enhance the shopping experience of consumers. The Group will also actively integrate various digital technology resources to drive the intelligent store operations of stores with data, continuously optimise service processes, enrich sales scenarios, improve product mix and increase user conversion, thereby improving the operational efficiency of its stores.

Continue to promote the industrial layout and strengthen the advantage of one-product-one-factory

The Group will continue to uphold its “one-product-one-factory” strategy to achieve economies of scale and increase its cost advantage. The Group plans to expand its presence in the industry through investment or collaboration and further integrate its upstream resources and source quality food ingredients by joining hands with selective and qualified domestic and overseas food suppliers who have market potential and can achieve synergy with the Group, developing a strong industrial supply chain.

Meanwhile, the Group will continue to increase R&D investment and enhance the Group’s R&D and innovative capabilities through continuous cooperation with upstream suppliers. The Group intends to optimize, upgrade its existing products, create tasty, convenient and value-for-money specialties, and offer more product portfolios with high quality-price ratio by continually adjusting its production processes according to consumer feedback. Leveraging on its strong capability in supply chain, the Group intends to continue to explore sales channels for corporate customers and strengthen the regional supply chain of home meal products, to cater to the needs of consumers.

Attempt to explore overseas markets to deliver the good taste of China

The Group plans to initially explore overseas regional markets by prudently evaluating and selecting suitable locations. The Group will try to arrange the sales of its products, export its supply chain capability to abroad, and deliver the good taste of China, so as to continuously improve its global recognition and explore overseas sales growth points.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the unaudited interim condensed consolidated financial results of the Group for the six months ended 30 June 2025 and comparative figures for the six months ended 30 June 2024:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	3,239,662	2,664,999
Cost of Sales	(2,522,262)	(2,056,079)
Gross Profit	717,400	608,920
Other income and gains, net	60,085	31,120
Selling and distribution expenses	(308,029)	(301,976)
Administrative expenses	(208,816)	(220,987)
Other expenses	(800)	(570)
Finance costs	(2,706)	(2,340)
Share of profits and losses of associates	(2,565)	230
(Impairment losses)/reversal of impairment losses on financial assets, net	(250)	1,406
Profit before tax	254,319	115,803
Income tax expense	(64,163)	(30,295)
Profit for the period	190,156	85,508
Profit attributable to		
Owners of the parent	183,335	85,984
Non-controlling interests	6,821	(476)

Revenue

The following table sets forth a breakdown of the Group's revenue by nature and channel for the six months ended 30 June 2024 and 2025, in absolute dollars and as a percentage of total revenue:

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(unaudited)		(unaudited)	
Sales of meal products and related products	3,155,399	97.4	2,587,178	97.1
Sales to franchisees	2,595,034	80.1	2,338,188	87.8
Other sales channels	560,365	17.3	248,990	9.3
Service income	84,263	2.6	77,821	2.9
Total	3,239,662	100.0	2,664,999	100.0

The total revenue of the Group increased by approximately 21.6% from RMB2,665.0 million for the six months ended 30 June 2024 to RMB3,239.7 million for the six months ended 30 June 2025.

Revenue from the sale of meal products and related products accounted for the majority of the Group's total revenue, representing 97.1% and 97.4% of the total revenue for the six months ended 30 June 2024 and for the six months ended 30 June 2025, respectively. Such revenue increased by approximately 22.0% from RMB2,587.2 million for the six months ended 30 June 2024 to RMB3,155.4 million for the six months ended 30 June 2025, mainly due to the fact that the Group adhered to the strategy of community central kitchen and continued to launch a number of meal suites through multiple channels (including online and offline channels) for multi-scenarios, which catered the favour of extensive customers impressively, leading to an increase in sales to franchisees, coupled with an increase in sales to corporate customers. Service income increased by approximately 8.4% from RMB77.8 million for the six months ended 30 June 2024 to RMB84.3 million for the six months ended 30 June 2025, mainly due to the number of franchised stores in 2025 was more than that in 2024.

Cost of Sales

Cost of sales increased by approximately 22.7% from RMB2,056.1 million for the six months ended 30 June 2024 to RMB2,522.3 million for the six months ended 30 June 2025, mainly due to the increase in the cost of inventories sold as a result of the increase in product sales volume.

Gross Profit and Gross Profit Margin

Gross profit increased by 17.8% from RMB608.9 million for the six months ended 30 June 2024 to RMB717.4 million for the six months ended 30 June 2025, and gross profit margin remained substantially stable, slightly decreasing from 22.8% for the six months ended 30 June 2024 to 22.1% for the six months ended 30 June 2025.

Other Income and Gains, Net

Other income and gains, net increased by 93.2% from RMB31.1 million for the six months ended 30 June 2024 to RMB60.1 million for the six months ended 30 June 2025, mainly due to the unrealized fair value loss on unlisted convertible redeemable preferred shares (i.e. the investment in Dmall Inc.) at fair value through profit or loss in 2024, while the investment was recorded as the equity investments designated at fair value through other comprehensive income after the listing of Dmall Inc. in December 2024; partially offset by the decrease in interest income and foreign exchange gains.

Selling and Distribution Expenses

Selling and distribution expenses increased by 2.0% from RMB302.0 million for the six months ended 30 June 2024 to RMB308.0 million for the six months ended 30 June 2025. This was mainly due to the increased expenses of the Group such as warehousing costs and sales staff benefit expenses and travel expenses accompanied by the business expansion, which was partially offset by the improvement in delivery efficiency of advertising and marketing expenses.

Administrative Expenses

Administrative expenses slightly decreased by 5.5% from RMB221.0 million for the six months ended 30 June 2024 to RMB208.8 million for the six months ended 30 June 2025. This was mainly due to the steady optimisation of the Group's operational efficiency.

Profit Before Tax

As a result of the above, the Group recorded a profit before tax of RMB254.3 million for the six months ended 30 June 2025, representing an increase of approximately 119.6% as compared to RMB115.8 million for the six months ended 30 June 2024.

Income Tax Expense

Income tax expense increased by approximately 111.9% from RMB30.3 million for the six months ended 30 June 2024 to RMB64.2 million for the six months ended 30 June 2025, which was mainly due to the increase in the Group's taxable income.

Profit for the Period

As a result of the foregoing, the net profit of the Group increased by approximately 122.5% from RMB85.5 million for the six months ended 30 June 2024 to RMB190.2 million for the six months ended 30 June 2025. The net profit margin of the Group increased from 3.2% for the six months ended 30 June 2024 to 5.9% for the six months ended 30 June 2025.

Non-IFRS Measures

To supplement the Group's consolidated financial information prepared and presented in accordance with International Financial Reporting Standards, the Group also uses core operating profit and core operating margin (each a non-IFRS measure) as additional financial measures. The core operating margin refers to the net profit adjusted for the gains or losses on fair value changes on unlisted convertible redeemable preferred shares. Core operating margin is calculated by dividing core operating profit for the Reporting Period by total revenue for the Reporting Period.

The Group uses unaudited non-IFRS measures as additional financial measures to supplement the consolidated financial information and to assess the Group's financial performance by eliminating the impact of certain non-recurring items that the Group considers to be non-indicators of the Group's business performance. Other companies in the industries in which the Group operates may have non-IFRS measures that are different from those of the Group. The use of non-IFRS measures poses limitations as an analysis tool, you should not regard such measures as being independent of, or a substitute for, the analysis of the Group's results of operations or financial position as presented in accordance with IFRSs. The Group's presentation of such non-IFRS items should not be regarded as an inference that the Group's future results will not be affected by unusual or non-recurring items.

The following table sets out a reconciliation of core operating profit and core operating profit margin (non-IFRS measures) for the Reporting Period indicated to the most directly comparable financial measures measured and reported under IFRSs, namely net profit for the Reporting Period and net profit margin for the Reporting Period:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net profit for the Reporting Period (as reported under IFRSs)	190,156	85,508
Adjusted for:		
Gains or losses on fair value changes on unlisted convertible redeemable preferred shares ⁽¹⁾	–	39,351
Core operating profit for the Reporting Period (non-IFRS measure)	190,156	124,859
Net profit margin (as reported under IFRSs)	5.9%	3.2%
Core operating margin (non-IFRS measure)	5.9%	4.7%

Note:

- (1) The Group invested in Dmall Inc. and recorded it as financial assets at fair value through profit or loss prior to its listing. Dmall Inc. was listed in December 2024 and was subsequently recorded as the equity investments designated at fair value through other comprehensive income.

Liquidity and Capital Resources

For the six months ended 30 June 2025, the Group used cash from operating activities of RMB29.0 million, as compared to the Group generated cash from operating activities of RMB170.0 million for the six months ended 30 June 2024.

As at 31 December 2024, the Group's cash and bank deposits amounted to RMB2,124.7 million, as compared to RMB1,589.3 million as at 30 June 2025, comprising long-term bank deposits of RMB197.9 million, cash and bank balances of RMB1,296.2 million and restricted cash of RMB95.2 million. As at 30 June 2025, the Group's financial assets at fair value through profit or loss (wealth management products) amounted to RMB322.6 million.

As at 30 June 2025, the Group's interest-bearing bank and other borrowings amounted to RMB65.0 million, comprising non-current interest-bearing bank and other borrowings of RMB11.0 million and current interest-bearing bank and other borrowings of RMB54.0 million, representing a decrease of 3.7% from RMB67.5 million as at 31 December 2024. All borrowings are denominated in RMB and bear interest at fixed rates. The Group has not implemented any interest rate hedging policy.

The Group adopts a prudent capital management policy and actively manages its liquidity position to meet its daily operation needs and capital requirements for future development. The principal sources of funding of the Group are cash from operations, use of proceeds from the Global Offering and bank and other borrowings.

The Group has sufficient liquidity to meet its daily liquidity management and capital expenditure requirements.

Capital Structure

As at 30 June 2025, the net asset value of the Group amounted to RMB3,152.1 million, as compared to RMB3,264.8 million as at 31 December 2024. The net asset value as at 30 June 2025 mainly comprised current assets of RMB2,962.1 million, non-current assets of RMB1,639.5 million, current liabilities of RMB1,345.2 million and non-current liabilities of RMB104.3 million.

As at 30 June 2025, the Group's cash and cash equivalents were mainly denominated in RMB. As at 31 December 2024, the Group's cash and cash equivalents were mainly denominated in RMB.

The Group's gearing ratio (gearing ratio equals total interest-bearing borrowings and lease liabilities divided by total interest-bearing borrowings, lease liabilities and total equity attributable to owners of the parent at the end of the relevant period, multiplied by 100%) was 3.8% (2024: 3.2%).

Financial Risks

The Group is not subject to significant credit risk and liquidity risk. The Group is exposed to interest rate risk in relation to cash and bank balances, bank borrowings. The Group considers that the overall interest rate risk is insignificant. The Group has cash at bank in foreign currencies which expose the Group to foreign exchange risk. The Group does not use any derivative contracts to hedge its foreign exchange risk. The Group manages its foreign exchange risk by closely monitoring the fluctuations in foreign currency exchange rates and will take prudent measures to minimize the currency translation risk.

Use of Proceeds from Global Offering

From 2 November 2023 on which the Company's shares listed (i.e. the Listing Date) to 30 June 2025, the Group has gradually used the proceeds from the initial public offering for the intended purposes set out in the Prospectus. The aggregate net proceeds from the Global Offering, after deduction of the underwriting fees and other related expenses, amounted to approximately HK\$448.7 million.

As at 30 June 2025, the Group has utilized approximately HK\$92.6 million of the proceeds in aggregate for the intended purposes set out in the Prospectus, accounting for 20.6% of gross net proceeds from the Global Offering, and the remaining unutilized proceeds are approximately HK\$356.1 million. The balance of the proceeds from the listing will continue to be utilized in accordance with the purposes and proportions disclosed in the Prospectus. For details, please see the following table:

	% of total net proceeds	Net proceeds from the Global Offering (HK\$ million)	Unutilized amount as at 31 December 2024 (HK\$ million)	Actual amount utilized during the Reporting Period (HK\$ million)	Unutilized amount as at 30 June 2025 (HK\$ million)	Expected timeline for fully utilizing unutilized amount
Construction, investment or acquisition of plants	25%	112.1	52.5	–	52.5	On or before 31 December 2027
Upgrading and expansion of existing plants and production lines	15%	67.3	67.3	–	67.3	On or before 31 December 2027
Opening and operation of self- operated stores	40%	179.5	179.5	–	179.5	On or before 31 December 2027
Building of product R&D centers as well as upgrade and purchase related equipment	10%	44.9	44.9	–	44.9	On or before 31 December 2027
Working capital and general corporate uses	10%	44.9	25.1	13.2	11.9	On or before 31 December 2027
Total		448.7	369.3	13.2	356.1	

Save as disclosed above, the Company has not conducted any other equity fund raising activities during the Reporting Period and up to the date of this announcement.

Inventories

The inventories of the Group decreased by 33.3% from RMB691.8 million as at 31 December 2024 to RMB461.5 million as at 30 June 2025. Inventory turnover days decreased from 51.0 days in 2024 to 41.7 days for the six months ended 30 June 2025 due to the continuous growth of sales revenue.

Trade Receivables

The trade receivables of the Group increased from RMB233.8 million as at 31 December 2024 to RMB291.2 million as at 30 June 2025 mainly due to the increase in sales to corporate customers. The trade receivables turnover days increased slightly from 8.1 days in 2024 to 14.8 days for the six months ended 30 June 2025, mainly due to the increase in the collection periods of some corporate customers.

Trade Payables

The trade payables of the Group decreased from RMB647.1 million as at 31 December 2024 to RMB371.3 million as at 30 June 2025. The trade payables turnover days decreased slightly from 39.9 days in 2024 to 36.8 days in 2025.

Pledged Assets

As at 30 June 2025, the Group had pledged property, plant and equipment amounting to RMB121.1 million and right-of-use assets amounting to RMB11.4 million for its interest-bearing bank and other borrowings.

Capital Management

Our primary objectives for capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize equity holders value.

We manage and adjust our capital structure to take into account changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust dividends paid to equity holders, return capital to equity holders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Reporting Period.

Capital Commitments

As at 30 June 2025, the Group's capital commitments amounted to approximately RMB34.7 million, which was mainly used for purchase of property, plant and equipment.

Contingent Liabilities

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

Significant Investments, Material Acquisitions and Disposals

As at 30 June 2025, the Group did not have any material investments, material acquisitions or disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments and Investments in Capital Assets

As at 30 June 2025, save as disclosed herein and the Prospectus, the Group did not have plans for material investments and capital assets.

Employees and Employee Benefit Expenses

As at 30 June 2025, the Group had a total of 2,216 employees. During the Reporting Period, the Group incurred total employee benefit expenses of RMB278.0 million.

The Group recruits employees mainly through headhunting, referrals, on-campus recruiting programs and recruitment websites. The Group recognizes the importance of training its employees to enhance their technical skills and overall capabilities. The Group provides a comprehensive training system to enhance the technical skills and management skills of its employees in practical areas.

The Group is dedicated to providing fair and equal opportunities to its employees, and has formulated detailed career development and promotion plans covering all levels of employees, and conducts regular performance assessments. The salary and benefit levels of the Group's employees are determined with reference to the market and the individual's qualifications and competence, and performance bonuses and other incentive systems are established, which are paid based on the performance of individual employees and the overall performance of the Group's business, to recognize and encourage employees who have made outstanding contributions to the Group's business, and remuneration policy is generally competitive.

Environment, Society and Governance

We recognize that environmental, social and governance (“ESG”) matters are critical to our continued growth. We are committed to integrating ESG standards into our day-to-day business activities. We have been and will continue to be committed to sustainable business development with a focus on product quality and safety, consumer services, employment compliance, environmental protection and social responsibility. On 29 April 2025, we published our 2024 ESG Report.

Share Scheme

As at 30 June 2025, the Company has not adopted any employee share schemes, share option schemes or restricted share unit schemes.

Events after the Reporting Period

After the Reporting Period and up to the date of this announcement, there was no significant subsequent event which may affect the Group occurred.

Interim Dividend

The Board recommended the distribution of an interim dividend of RMB0.0716 (tax inclusive) per ordinary share, equivalent to an aggregate amount of RMB190.1 million⁽¹⁾, for the six months ended 30 June 2025. However, as the Shares will be repurchased and held as treasury shares by the Company from time to time, the actual aggregate amount of the interim cash dividend to be paid will be based on the total number of Shares (excluding the treasury shares) on the record date for the payment of the interim dividend, which will be announced by the Company separately then. The proposed interim dividend shall be declared in RMB and paid in Hong Kong dollars to the H shareholders. The interim dividend payable in Hong Kong dollars will be converted from RMB at the average exchange rate of RMB to Hong Kong dollars as published by the People's Bank of China for the five business days prior to the extraordinary general meeting held for consideration and approval of distribution of the interim dividend. If such profit distribution plan is approved by the shareholders of the Company (the “Shareholders”) at the extraordinary general meeting, the interim dividend will be paid no later than Friday, 17 October 2025, to the Shareholders whose names are listed on the register of members of the Company on Tuesday, 2 September 2025. All treasury shares held by the Company are not entitled to the interim dividend.

Note:

- (1) The accounting basis is founded on the total number of Shares (excluding the treasury shares) of 2,654,560,000 Shares of the Company as of 30 June 2025.

The Company will not be liable for any claim arising from any delay in, or inaccurate determination of the status of the Shareholders or any dispute over the withholding mechanism.

The Board is not aware of any Shareholders who have waived or agreed to waive any dividend.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	Notes	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
REVENUE	4	3,239,662	2,664,999
Cost of sales		<u>(2,522,262)</u>	<u>(2,056,079)</u>
Gross profit		717,400	608,920
Other income and gains, net	5	60,085	31,120
Selling and distribution expenses		(308,029)	(301,976)
Administrative expenses		(208,816)	(220,987)
Other expenses		(800)	(570)
Finance costs	7	(2,706)	(2,340)
Share of profits and losses of associates		(2,565)	230
(Impairment losses)/reversal of impairment losses on financial assets, net	6	<u>(250)</u>	<u>1,406</u>
PROFIT BEFORE TAX	6	254,319	115,803
Income tax expense	8	<u>(64,163)</u>	<u>(30,295)</u>
PROFIT FOR THE PERIOD		<u>190,156</u>	<u>85,508</u>
Profit attributable to:			
Owners of the parent		183,335	85,984
Non-controlling interests		<u>6,821</u>	<u>(476)</u>
		<u>190,156</u>	<u>85,508</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the period (RMB cents)	10	<u>6.84</u>	<u>3.13</u>
Diluted			
– For profit for the period (RMB cents)	10	<u>6.84</u>	<u>3.13</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	2025 <i>RMB'000</i> (unaudited)	2024 <i>RMB'000</i> (unaudited)
PROFIT FOR THE PERIOD	190,156	85,508
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss		
that may be reclassified to profit or		
loss in subsequent periods:		
Exchange differences on translation of foreign operations	(1,125)	(37)
Net other comprehensive loss that may be		
reclassified to profit or loss in subsequent periods	(1,125)	(37)
Other comprehensive income/(loss)		
that will not be reclassified to profit or		
loss in subsequent periods:		
Equity investments designated at fair value		
through other comprehensive income:		
Changes in fair value	21,895	(101,149)
Income tax effect	(5,474)	25,287
Net other comprehensive income/(loss) that will not be		
reclassified to profit or loss in subsequent periods	16,421	(75,862)
OTHER COMPREHENSIVE INCOME/(LOSS)		
FOR THE PERIOD, NET OF TAX	15,296	(75,899)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	205,452	9,609
Total comprehensive income attributable to:		
Owners of the parent	198,631	10,085
Non-controlling interests	6,821	(476)
	205,452	9,609

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2025

	<i>Notes</i>	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		532,239	493,765
Right-of-use assets		171,660	150,750
Goodwill		138,010	138,010
Other intangible assets		47,184	50,899
Investment in associates		299,385	301,626
Equity investments designated at fair value through other comprehensive income		161,590	139,695
Other non-current assets		12,170	15,443
Long-term bank deposits		197,875	106,046
Deferred tax assets		79,440	86,793
Total non-current assets		1,639,553	1,483,027
CURRENT ASSETS			
Inventories		461,460	691,827
Trade receivables	<i>11</i>	291,184	233,804
Prepayments, other receivables and other assets		495,588	324,082
Restricted cash		95,178	88,838
Financial assets at fair value through profit or loss		322,579	—
Cash and bank balances		1,296,158	1,929,900
Total current assets		2,962,147	3,268,451

	<i>Notes</i>	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
CURRENT LIABILITIES			
Trade payables	12	371,326	647,055
Other payables and accruals		873,439	637,357
Interest-bearing bank and other borrowings		54,011	63,510
Lease liabilities		20,618	16,164
Tax payables		25,827	40,275
Total current liabilities		1,345,221	1,404,361
NET CURRENT ASSETS		1,616,926	1,864,090
TOTAL ASSETS LESS CURRENT LIABILITIES		3,256,479	3,347,117
NON-CURRENT LIABILITIES			
Deferred income		24,411	24,697
Interest-bearing bank and other borrowings		11,000	4,000
Lease liabilities		35,053	19,040
Deferred tax liabilities		33,874	34,559
Total non-current liabilities		104,338	82,296
Net assets		3,152,141	3,264,821
EQUITY			
Share capital		2,747,360	2,747,360
Treasury shares		(184,489)	(73,309)
Reserves		470,922	470,321
		3,033,793	3,144,372
Non-controlling interests		118,348	120,449
Total equity		3,152,141	3,264,821

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2025

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income ("OCI") which have been measured at fair value. The interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information.

Amendments to IAS 21	<i>Lack of Exchangeability</i>
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The application of the amended IFRS Accounting Standard in the Reporting Period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations for the purpose of making decisions about resource allocation and performance assessment. Accordingly, no reportable segment information is presented.

Geographical information

Since all of the Group's revenue are derived from customers based in Mainland China during the reporting period and all the Group's non-current assets are located in Mainland China, no further geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about major customers

No sales to a single customer accounted for 10% or more of the Group's revenue during the reporting period.

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Sale of meal products and related products	3,155,399	2,587,178
Operational support services	84,263	77,821
Total revenue from contracts with customers	3,239,662	2,664,999
Timing of revenue recognition		
Goods transferred at a point in time	3,155,399	2,587,178
Services transferred over time	84,263	77,821
Total revenue from contracts with customers	3,239,662	2,664,999

Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of meal products and related products

The performance obligation is satisfied upon delivery of the meal products and related products and payment in advance is normally required, except for customers with credit terms, where payment is generally due within 30 days to 180 days from delivery. Some contracts provide customers with a right of return which gives rise to variable consideration.

Operational support services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. The franchisees are required to pay the Group a fixed sum of yearly operational support service fee for each franchised store at the beginning of each franchise period.

5. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Other income		
Government grants related to		
– income (i)	39,924	41,073
– assets (ii)	1,286	945
Interest income	9,477	21,956
Others	5,608	7,890
Total other income	56,295	71,864
Gains, net		
Foreign exchange differences, net	(1,370)	5,969
Realised fair value gains from financial assets at fair value through profit or loss	2,888	2,312
Unrealised fair value changes on financial assets at fair value through profit or loss		
– Wealth management products	1,579	1,107
– Investment in Dmall Inc. (“Dmall”)	–	(52,468)
Dividend income from equity investments designated at fair value through other comprehensive income	750	2,000
Gain on early termination of leases	52	91
(Loss)/gain on disposal of items of property, plant and equipment, net	(109)	245
Total gains/(losses)	3,790	(40,744)
Total other income and gains	60,085	31,120

- (i) The government grants related to income have been received to reward for the Group’s contribution to the local economic growth. These grants related to income are recognised in the interim condensed consolidated statement of profit or loss upon receipt of these rewards and the related conditions associated with the rewards, if any, are met. There are no unfulfilled conditions or other contingencies attaching to these grants.
- (ii) The Group has received certain government grants related to the investments in production plants. The grants related to assets were recognised in the interim condensed consolidated statement of profit or loss over the useful lives of relevant assets.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Six months ended 30 June	
	Notes	2025	2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Cost of inventories sold*		2,423,216	1,967,922
Depreciation of property, plant and equipment		29,181	22,835
Depreciation of right-of-use assets		14,944	16,592
Expenses relating to short-term leases		3,639	4,951
Amortisation of other intangible assets**		3,715	4,212
Employee benefit expense (including directors', chief executive's and supervisors' remuneration):			
Wages and salaries		240,309	203,700
Pension scheme contributions, social welfare and other welfare***		31,019	31,470
Other employee benefits		6,680	10,050
Research and development cost****		5,992	5,594
Impairment losses/(reversal of impairment losses) on financial assets, net		250	(1,406)
Impairment of inventories, net of reversal		(139)	(494)
Auditor's remuneration		500	700
Loss/(gain) on disposal of items of property, plant and equipment, net	5	109	(245)
Government grants	5	(41,210)	(42,018)
Foreign exchange differences, net	5	1,370	(5,969)
Interest income	5	(9,477)	(21,956)
Finance costs	7	2,706	2,340

* Cost of inventories sold include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** The amortisation of other intangible assets is included in administrative expenses and selling and distribution expenses in the interim condensed consolidated statement of profit or loss.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

**** Research and development cost include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on bank and other borrowings	1,381	1,652
Interest on lease liabilities	1,325	688
Total	<u>2,706</u>	<u>2,340</u>

8. INCOME TAX

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current – PRC		
Charge for the period	62,223	30,328
Under provision in prior years	746	2,642
Deferred income tax	1,194	(2,675)
Total	<u>64,163</u>	<u>30,295</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

PRC corporate income tax

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the EIT rate of the Group’s PRC subsidiaries is 25% unless subject to tax exemption.

Pursuant to “The Announcement on Relevant Tax Policies for Further Supporting the Development of Small-scaled Minimal Profit Enterprise and Individual Industrial and Commercial Households” (Announcement [2023] No. 12) issued by MOF and National Tax Bureau on 2 August 2023, for a small-scaled minimal profit enterprise with an annual taxable profit below RMB3,000,000 (RMB3,000,000 included), on top of the tax relief policies stipulated under “The Announcement of Implementation on Inclusive Tax Relief Policy of Small-scaled minimal profit enterprise” (Cai shui [2019] No. 13) and “The Announcement on the Further Implementation of Preferential Income Tax Policies for Small-scaled Minimal Profit Enterprise”(Cai shui [2022] No. 13) issued by MOF and National Tax Bureau. That is, for a small-scaled minimal profit enterprise whose annual taxable income does not exceed RMB3,000,000, the taxable income is reduced by 25% and the enterprise income tax shall be paid at a rate of 20% from 1 January 2023 to 31 December 2027.

HK profit tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the reporting period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit before tax	254,319	115,803
Tax at the PRC EIT rate of 25%	63,580	28,951
Effect of different tax rate	40	178
Adjustments in respect of current tax of previous years	746	2,642
Lower tax rate for specific provinces or enacted by local authority	(1,148)	(592)
Expenses not deductible for tax	2,101	1,673
Research and development super deduction	(1,466)	(1,110)
Tax losses and deductible temporary differences not recognised	1,958	985
Tax losses utilised from previous years	(1,648)	(2,432)
	<hr/>	<hr/>
Tax charge at the Group's effective rate	64,163	30,295
	<hr/>	<hr/>

9. DIVIDENDS

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Final declared	198,030	143,137
	<hr/>	<hr/>

On 27 June 2025, the Company's shareholders approved 2024 final dividend of RMB0.0746 per ordinary share, amounting to a total of approximately RMB198,030,000.

On 27 June 2024, the Company's shareholders approved 2023 final dividend of RMB0.0521 per ordinary share, amounting to a total of approximately RMB143,137,000.

The proposed 2025 interim dividend for the period of RMB0.0716 per ordinary share is subject to the approval of the Company's shareholders at the forthcoming extraordinary general meeting, amounting to a total of approximately RMB 190,066,000 (30 June 2024: nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 2,678,770,300 (30 June 2024: 2,747,360,400) in issue during the period.

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Profit attributable to owners of the parent (RMB'000)	<u>183,335</u>	<u>85,984</u>
Weighted average number of ordinary shares used in the basic earnings per share calculation	<u>2,678,770,300</u>	<u>2,747,360,400</u>
Basic earnings per share (RMB cents)	<u><u>6.84</u></u>	<u><u>3.13</u></u>

No diluted earnings per share for both periods was presented as there were no dilutive potential ordinary shares in issue during both current and prior periods.

11. TRADE RECEIVABLES

	30 June	31 December
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade receivables	297,939	240,309
Impairment	<u>(6,755)</u>	<u>(6,505)</u>
Net carrying amount	<u><u>291,184</u></u>	<u><u>233,804</u></u>

The amounts due from a related party included in the Group's trade receivables are RMB30,000 as at 30 June 2025 (31 December 2024: RMB32,501,000).

Advance payment is normally required for the sale to franchisees in Mainland China except for direct sales customers where credits are granted. The credit period is generally one month, extending up to six months for major direct sales customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Within 1 month	84,587	120,548
1 to 3 months	147,711	93,410
3 to 6 months	28,096	18,287
6 to 12 months	30,684	1,559
1 to 2 years	106	—
	<hr/>	<hr/>
Total	291,184	233,804
	<hr/> <hr/>	<hr/> <hr/>

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The Group overall considers the characteristics of the shared credit risk and the days past due of the trade receivables to measure the expected credit losses. Majority of the receivables were neither past due nor impaired and relate to diversified customers for whom there was no recent history of default and in general, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Within 1 month	206,413	503,469
1 to 3 months	120,716	126,454
3 to 6 months	32,869	13,707
6 months to 1 year	10,022	2,442
Over 1 year	1,306	983
	<hr/>	<hr/>
	371,326	647,055
	<hr/> <hr/>	<hr/> <hr/>

Trade payables are non-interest-bearing and normally settled within 30 days.

The amounts due to related parties included in the Group's trade payables are RMB4,021,000 (31 December 2024: RMB27,793,000).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. During the Reporting Period, the Company has complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules, except for the deviation from code provision C.2.1 in part 2 of the CG Code as disclosed below.

Under the code provision C.2.1 in part 2 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. During the Reporting Period, the chairperson of the Board and chief executive officer of the Company were assumed by one person, Mr. Yang Mingchao, who was mainly responsible for the strategic decisions of the Company. The Board believes that, in view of his experience, personal profile and his roles in the Company as mentioned above, Mr. Yang is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our chief executive officer. The Board also believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding dealings in securities of the Company by Directors and relevant employees of the Company (i.e. employees who may have inside information of the Company).

The Company has made specific enquiry of all Directors and they have confirmed that they have fully complied with the required standard of dealings set out in the Model Code throughout the Reporting Period.

During the Reporting Period, no incident of non-compliance with the Model Code by relevant employees of the Company has been identified.

Compliance with Laws and Regulations

During the six months ended 30 June 2025, to the best knowledge of the Board, the Group has complied in all material respects with the relevant PRC laws and regulations which may have a significant impact on the Group.

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

During the Reporting Period, the Company repurchased a total of 53,874,800 H Shares on the Stock Exchange at a total consideration of approximately HK\$120.89 million (before expenses), and all the repurchased shares were held as treasury shares. As of 30 June 2025, the Company had not sold any treasury shares and held a total of 92,800,400 treasury shares, which will be used in share schemes, sold for cash or cancelled to the extent permitted by applicable laws and regulations, depending on the specific circumstances. The repurchases were made for the benefit of the Company and to create value for the Shareholders. Details of the repurchases are set out below:

For the six months ended 30 June 2025	Number of shares purchased	Purchase consideration per share		Aggregate consideration paid HK\$
		Highest price paid HK\$	Lowest price paid HK\$	
January	12,061,200	1.89	1.65	21,200,892
February	13,590,400	1.94	1.81	25,490,696
March	200,000	1.91	1.91	382,000
April	14,955,200	2.40	2.00	33,550,160
May	—	—	—	—
June	13,068,000	3.13	3.01	40,270,328
Total:	53,874,800			120,894,076

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities or sold any treasury shares of Company during the Reporting Period.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2025, and concluded that they have complied with appropriate accounting principles, standards and regulations, and adequate disclosures have been made. The interim results for the six months ended 30 June 2025 are unaudited but have been reviewed by the Company's independent auditor, Ernst & Young, 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.

PUBLICATION OF 2025 INTERIM RESULTS AND 2025 INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (<https://ir.zzgqsh.com>). The interim report of the Company for the six months ended 30 June 2025 will also be available on the above websites and dispatched to the Shareholders who requested the printed copy in due course.

By order of the Board
Guoquan Food (Shanghai) Co., Ltd.
鍋圈食品(上海)股份有限公司
Mr. Yang Mingchao
*Chairperson of the Board, Executive
Director and Chief Executive Officer*

Hong Kong, 4 August 2025

As at the date of this announcement, the Board of the Company comprises Mr. Yang Mingchao, Mr. Meng Xianjin, Mr. An Haolei, Ms. Luo Na and Ms. Yang Tongyu as executive directors; Mr. Liu Zhengzheng as a non-executive director; Mr. Zeng Xiaosong, Ms. Yu Fang Jing, Mr. Li Jianfeng and Mr. Shi Kangping as independent non-executive directors; and Ms. Zheng Min as an employee director.