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XIAOCAIYUAN INTERNATIONAL HOLDING LTD.

小菜園國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0999)

**RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2025
AND
APPOINTMENT OF MEMBER OF THE NOMINATION COMMITTEE**

FINANCIAL HIGHLIGHTS:

	For the six months ended June 30,		
	2025	2024	Change
	RMB'000	RMB'000	
	(unaudited)	(unaudited)	
Revenue	2,713,666	2,547,463	6.5%
Profit before taxation	542,313	380,860	42.4%
Income tax	(159,916)	(98,981)	61.6%
Profit for the period	382,397	281,879	35.7%
Attributable to:			
Equity shareholders of the Company	382,397	281,879	35.7%
Total comprehensive income for the period	382,139	282,463	35.3%
Basic earnings per share (RMB)	0.33	0.27	22.2%
Diluted earnings per share (RMB)	0.33	0.27	22.2%

The Board has resolved to declare an interim dividend of RMB0.2119 per share for the six months ended June 30, 2025.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Xiaocaiyuan International Holding Ltd. (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**us**”) for the six months ended June 30, 2025 (the “**Reporting Period**”) and the comparative figures for the same period in 2024. The aforementioned interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

FINANCIAL STATEMENTS

Consolidated statement of profit or loss for the six months ended 30 June 2025 (unaudited)

(Expressed in Renminbi)

		Six months ended 30 June	
	Note	2025	2024
		RMB'000	RMB'000
Revenue	3	2,713,666	2,547,463
Other revenue		15,156	22,784
Raw materials and consumables used		(801,662)	(819,839)
Staff costs		(666,396)	(726,273)
Depreciation of right-of-use assets		(128,706)	(125,170)
Other rentals and related expenses		(48,137)	(45,476)
Depreciation and amortisation of other assets		(89,830)	(82,692)
Utility expenses		(83,396)	(81,400)
Advertising and promotion expenses		(53,344)	(31,175)
Delivery service expenses		(181,884)	(163,279)
Other expenses		(115,779)	(121,497)
Other net income		2,780	27,413
Finance costs		(20,155)	(19,999)
Profit before taxation		542,313	380,860
Income tax	4	(159,916)	(98,981)
Profit for the period		382,397	281,879
Attributable to:			
Equity shareholders of the Company		382,397	281,879
Earnings per share			
Basic (RMB)	5	0.33	0.27
Diluted (RMB)	5	0.33	0.27

**Consolidated statement of profit or loss and other comprehensive income
for the six months ended 30 June 2025 (unaudited)**
(Expressed in Renminbi)

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	<u>382,397</u>	<u>281,879</u>
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	(1,284)	857
Item that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>1,026</u>	<u>(273)</u>
Other comprehensive income for the period	<u>(258)</u>	<u>584</u>
Total comprehensive income for the period	<u>382,139</u>	<u>282,463</u>
Attributable to:		
Equity shareholders of the Company	<u>382,139</u>	<u>282,463</u>
Total comprehensive income for the period	<u>382,139</u>	<u>282,463</u>

Consolidated statement of financial position
at 30 June 2025 (unaudited)
(Expressed in Renminbi)

		At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		698,480	699,251
Right-of-use assets		720,366	788,591
Intangible assets		2,060	2,512
Deferred tax assets		17,939	16,401
Rental deposits		43,142	41,419
		<u>1,481,987</u>	<u>1,548,174</u>
Current assets			
Inventories		74,114	109,566
Trade and other receivables	6	233,876	301,863
Financial assets at fair value through profit or loss ("FVPL")		1,190,643	788,280
Time deposits	7	76,000	223,356
Cash and cash equivalents	7	638,829	616,661
		<u>2,213,462</u>	<u>2,039,726</u>
Current liabilities			
Bank loans and other borrowings		100,000	—
Trade and other payables	8	270,848	228,500
Contract liabilities		72,396	77,334
Lease liabilities		220,392	223,830
Current taxation		73,303	77,024
		<u>736,939</u>	<u>606,688</u>
Net current assets		<u>1,476,523</u>	<u>1,433,038</u>
Total assets less current liabilities		<u>2,958,510</u>	<u>2,981,212</u>

Consolidated statement of financial position
at 30 June 2025 (unaudited) (continued)
(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current liabilities			
Lease liabilities		527,952	586,641
Provisions		29,820	29,156
Deferred tax liabilities		28,184	—
		<u>585,956</u>	<u>615,797</u>
Net assets		<u>2,372,554</u>	<u>2,365,415</u>
Capital and reserves			
Share capital	9(b)	77	77
Reserves		2,372,477	2,365,338
Total equity		<u>2,372,554</u>	<u>2,365,415</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

This unaudited interim financial information was extracted from the interim financial report of Xiaocaiyuan International Holding Ltd. (the “Company”) and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2025.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”), It was authorised for issue on 15 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

2 Changes in accounting policies

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Revenue

The principal activities of the Group are restaurant operations and delivery business in the PRC.

(i) Disaggregation of revenue

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Revenue from contracts with customers within the scope of IFRS 15		
– Restaurant operations	1,647,139	1,611,603
– Delivery business	1,057,411	929,709
– Others	9,116	6,151
	2,713,666	2,547,463
Disaggregated by timing of revenue recognition		
– Point in time	2,713,666	2,547,463

No revenue from individual customer contributed over 10% of total revenue of the Group for the six months ended 30 June 2025 (the six months ended 30 June 2024: Nil).

4 Income tax

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Current tax		
Provision for the period	133,270	93,912
	133,270	93,912
Deferred tax		
Origination and reversal of temporary differences	26,646	5,069
	159,916	98,981

Notes:

- (i) Pursuant to the tax rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The applicable profits tax rate of the Group’s subsidiaries incorporated in Hong Kong was 16.5% for the six months ended 30 June 2025 and 2024. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 million in assessable profits earned by the relevant subsidiary will be taxed at half of the current tax rate (8.25%) while the remaining profits will continue to be taxed at 16.5%.
- (iii) Taxable income for the subsidiaries of the Company in the PRC are subject to PRC income tax rate of 25% for the six months ended 30 June 2025 and 2024, unless otherwise specified below.

For the six months ended 30 June 2025, the Group’s certain subsidiaries fulfilled the criteria required for preferential income tax rate granted to small and low profit-making enterprise in the PRC, and were entitled to a preferential income tax rate of 5% (the six months ended 30 June 2024: 5%) on taxable income for the amounts within RMB3,000,000.

5 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB382,397,000 (six months ended 30 June 2024: RMB268,727,000) and the weighted average of 1,176,519,000 ordinary shares (2024: 1,000,000,000 shares, after adjusting for the share subdivision in December 2024 (see Note 9(b)(i))) in issue during the interim period.

(b) Diluted earnings per share

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

For for the six months ended 30 June 2024, preferred shares were not included in the calculation of diluted earnings per share because their effect would have been anti-dilutive. Accordingly, diluted earnings per share were the same as basic earnings per share.

6 Trade and other receivables

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

	At 30 June 2025	At 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	
Within 1 month	27,827	28,116
1 to 3 months	1,993	1,832
3 to 6 months	998	367
Over 6 months but within 1 year	532	415
Trade debtors	31,350	30,730
Other receivables and deposits	69,089	84,678
Prepayments	118,096	173,715
Value added tax recoverable	15,341	12,740
	233,876	301,863

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

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

7 Cash and cash equivalents

	At 30 June 2025	At 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	
Cash on hand	4	10
Cash at bank	714,825	840,007
Less: Time deposits	(76,000)	(223,356)
	638,829	616,661

8 Trade and other payables

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

	At 30 June 2025	At 31 December 2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Within one year	<u>86,463</u>	<u>56,932</u>
Trade payables	86,463	56,932
Staff cost payable	108,411	96,992
Other taxes payable	10,886	11,142
Other payables and accrued charges	<u>65,088</u>	<u>63,434</u>
	<u>270,848</u>	<u>228,500</u>

9 Capital, reserves and dividends

(a) Dividends

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

	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Interim dividend declared and will be paid after the interim period of RMB0.2119 per ordinary share (2024: nil)	<u>250,000</u>	<u>—</u>

The interim dividend has not been recognised as a liability at the end of the reporting period.

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB0.3187 per ordinary share (2024: RMB17,435 per share)	<u>375,000</u>	<u>187,500</u>

(b) Share capital

	Number of shares	Amount	Share capital
	<i>'000</i>	<i>USD'000</i>	<i>RMB'000</i>
Ordinary shares			
At 1 January 2024 and 30 June 2024	10	10	64
Effect of the share subdivision (i)	999,990	–	–
Shares issued upon the completion of initial public offering (ii)	101,181	1	7
Conversion of convertible preferred shares into ordinary shares (iii)	75,338	1	6
At 31 December 2024 and 30 June 2025	<u>1,176,519</u>	<u>12</u>	<u>77</u>

Notes:

- (i) Pursuant to a board resolution dated 2 December 2024, each share in the Company's issued and unissued share capital with a par value of USD1 was subdivided into 100,000 shares of the corresponding class with a par value of USD0.00001 each.
- (ii) On 20 December 2024, the Company issued 101,181,000 ordinary shares at an offer price of HKD8.50 per share through the Listing. Net proceeds from the Listing amounted to RMB776,579,000 equivalent, after deducting all capitalised listing expenses. Out of the net proceeds, RMB7,000 and RMB776,572,000 were credited to the Company's share capital and share premium account, respectively.
- (iii) Upon the completion of the Listing, 753.38 preferred shares were converted into 75,338,000 ordinary shares of the Company in aggregate (after adjusting for the effect of the share subdivision), resulting in a transfer of the carrying amount of financial instruments issued to investors of RMB592,313,000 and other reserve of RMB121,626,000 (negative) to ordinary share capital of RMB6,000 and share premium of RMB470,681,000 respectively.

10 Commitments

Commitments outstanding at 30 June 2025 not provided for in the interim financial report

	At 30 June 2025	At 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	
Contracted for acquisition of property, plant and equipment	<u>189,967</u>	<u>128,424</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

China's economic and social landscapes are experiencing complex and significant transformations. Firstly, the per capita disposable income of urban households remains stable but slight growth at a slower rate, fueling a growing demand for mass Chinese cuisine. Secondly, the mass Chinese cuisine market is further propelled by urbanization in China. Thirdly, substantial changes in the demographic structure also transform the development of the catering industry in China, in particular stimulating the growth of the sub-segment with average spending per consumer below RMB100. As a result, the dynamic and evolving mass Chinese cuisine market accommodates the persistent and increasing demand of the vast consumer base for affordable dining experiences, demonstrating its immense size and growth potential. Given the long-term established leadership of our *Xiaocaiyuan* brand in the mass Chinese cuisine market with average spending per consumer between RMB50 and RMB100, coupled with our expansion into the sub-segment with average spending per consumer below RMB50, we believe that the present market dynamics and future growth prospects present favorable external conditions and opportunities for our sustainable development.

Business Review

We are one of the renowned self-operated chain restaurants in China's mass Chinese cuisine market. Capitalizing on our deep comprehension of China's evolving catering industry, the anticipated modernization and industrialization in the industry, and the inherent consumer demand, we strategically ventured into the growing mass Chinese cuisine sector. Since our establishment in 2013, we have been striving to offer consumers home-style cooking flavor dishes and attentive services at affordable prices. We aspire to establish our *Xiaocaiyuan* restaurants as the "home kitchen" widely acknowledged by Chinese consumers. We continuously drive the steady improvement of business performance by continuously optimizing operational efficiency, strictly managing costs and expenses, and deepening refined management.

Revenue

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

	For the six months ended June 30,			
	2025		2024	
	<i>RMB'000</i> <i>(unaudited)</i>	<i>%</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>%</i>
Restaurant operations	1,647,139	60.7	1,611,603	63.3
Delivery business	1,057,411	39.0	929,709	36.5
Others	9,116	0.3	6,151	0.2
Total	2,713,666	100.0	2,547,463	100.0

The Group's revenue increased by 6.5% from RMB2,547.5 million for the six months ended June 30, 2024 to RMB2,713.7 million for the six months ended June 30, 2025, primarily reflecting an increase of RMB35.5 million in our restaurant operations and an increase of RMB127.7 million in our delivery business.

Restaurant Operations

Revenue from our restaurant operations increased by 2.2% from RMB1,611.6 million for the six months ended June 30, 2024 to RMB1,647.1 million for the six months ended June 30, 2025, primarily due to an increase in the number of restaurants in operation. We had 672 *Xiaocaiyuan* restaurants in operation as at June 30, 2025 as compared to 617 *Xiaocaiyuan* restaurants as at June 30, 2024.

Delivery Business

Revenue from our delivery business increased by 13.7% from RMB929.7 million for the six months ended June 30, 2024 to RMB1,057.4 million for the six months ended June 30, 2025, primarily due to an increase in the number of our delivery orders of our *Xiaocaiyuan* restaurants from 12.8 million for the six months ended June 30, 2024 to 16.8 million for the six months ended June 30, 2025, attributable to (i) an increase in the number of restaurants which offered delivery service aligned with the expansion of our restaurant network, and (ii) our increased appeal in online food delivery platforms.

Key Performance Indicators

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

	For the six months ended June 30,					
	2025			2024 ⁽¹⁾		
	<i>Number of restaurants</i>	<i>Total revenue (RMB'000)</i>	<i>%</i>	<i>Number of restaurants</i>	<i>Total revenue (RMB'000)</i>	<i>%</i>
First-tier cities	109	480,298.6	17.8	93	448,977.0	17.8
New first-tier cities	192	793,823.7	29.5	176	733,145.9	29.1
Second-tier cities	80	330,310.9	12.3	76	307,893.6	12.2
Third-tier cities and below (including county-level cities and counties)	291	1,086,906.3	40.4	272	1,030,830.8	40.9
Total	672	2,691,339.5	100.0	617	2,520,847.3	100.0

Note:

- (1) There were transformations of *Xiaocaiyuan* restaurants from *Fuxinglou* restaurants in June 2024 (initially opened in December 2020).

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

	For the six months ended June 30,	
	2025	2024⁽¹⁾
Average spending per dine-in customer⁽²⁾ (RMB)		
First-tier cities	58.5	62.7
New first-tier cities	56.8	60.4
Second-tier cities	57.9	60.7
Third-tier cities and below (including county-level cities and counties)	56.5	59.4
Total	57.1	60.4
Table turnover rate⁽³⁾ (times/day)		
First-tier cities	3.1	3.2
New first-tier cities	3.1	3.1
Second-tier cities	3.4	3.3
Third-tier cities and below (including county-level cities and counties)	3.0	3.0
Overall	3.1	3.1

Notes:

- (1) There were transformations of *Xiaocaiyuan* restaurants from *Fuxinglou* restaurants in June 2024 (initially opened in December 2020).
- (2) Average spending per dine-in customer is calculated by dividing the revenue generated from restaurant operations by total number of dine-in customers served for the period in the same tier cities.
- (3) Table turnover rate is calculated by dividing the aggregate number of orders placed by dine-in customers by the product of total restaurant operation days and average table count of *Xiaocaiyuan* restaurants for the period in the same tier cities.

Our overall table turnover rate for the six months ended June 30, 2025 was 3.1, which remained unchanged as compared with the overall table turnover rate for the six months ended June 30, 2024. Meanwhile, the table turnover rate in second-tier cities for the six months ended June 30, 2025 showed a slight increase as compared with that for the same period in the last year, mainly due to the improvement in store sales per square meter brought about by the optimization of store formats.

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

	For the six months ended June 30,	
	2025	2024⁽¹⁾
Number of same stores⁽²⁾		
First-tier cities	85	
New first-tier cities	144	
Second-tier cities	61	
Third-tier cities and below (including county-level cities and counties)	232	
Total	522	
Same store sales⁽³⁾(RMB'000)		
First-tier cities	385,846.2	430,712.9
New first-tier cities	604,472.8	662,234.0
Second-tier cities	265,125.0	281,117.1
Third-tier cities and below (including county-level cities and counties)	901,785.8	949,734.5
Total	2,157,229.8	2,323,798.5
Average same store sales per day⁽⁴⁾(RMB)		
First-tier cities	25,151.3	28,039.4
New first-tier cities	23,209.7	25,478.4
Second-tier cities	24,012.8	25,586.3
Third-tier cities and below (including county-level cities and counties)	21,489.5	22,631.0
Overall	22,854.4	24,641.0
Same store table turnover rate⁽⁵⁾(times/day)		
First-tier cities	3.0	3.2
New first-tier cities	3.0	3.1
Second-tier cities	3.4	3.4
Third-tier cities and below (including county-level cities and counties)	2.9	3.1
Overall	3.0	3.1

Notes:

- (1) There were transformations of *Xiaocaiyuan* restaurants from *Fuxinglou* restaurants in June 2024 (initially opened in December 2020).
- (2) For the purpose of calculating same store performance between two periods, we define same stores as those *Xiaocaiyuan* restaurants that were open for at least 150 days for both the six months ended June 30, 2024 and the six months ended June 30, 2025.
- (3) Same store sales refer to the aggregate restaurant revenue from our same stores, including revenue generated from restaurant operations and delivery business.
- (4) Average same store sales per day are calculated by dividing the aggregate restaurant revenue of our same stores, including revenue generated from restaurant operations and delivery business, by the total restaurant operation days of our same stores for the period in the same tier cities.
- (5) Same store table turnover rate is calculated by dividing the aggregate number of orders placed by dine-in customers at our same stores by the product of total restaurant operation days and average table count of our same stores for the period in the same tier cities.

Other Revenue

Our other revenue decreased by 33.5% from RMB22.8 million for the six months ended June 30, 2024 to RMB15.2 million for the six months ended June 30, 2025, primarily due to the decrease in interest income from bank deposits.

Raw Materials and Consumables Used

Our raw materials and consumables used decreased by 2.2% from RMB819.8 million for the six months ended June 30, 2024 to RMB801.7 million for the six months ended June 30, 2025, mainly due to centralized procurement resulting in a lower unit price of main ingredients. Our raw materials and consumables used as a percentage of our revenue decreased from 32.2% for the six months ended June 30, 2024 to 29.5% for the six months ended June 30, 2025, primarily benefiting from our advanced management capabilities and strong supply chain management.

Staff Costs

Our staff costs decreased by 8.2% from RMB726.3 million for the six months ended June 30, 2024 to RMB666.4 million for the six months ended June 30, 2025, primarily due to our improvements in restaurant management efficiency and labor efficiency. Our staff costs as a percentage of our revenue continued to optimize, reaching 28.5% for the six months ended June 30, 2024 and 24.6% for the six months ended June 30, 2025.

Depreciation of Right-of-use Assets

Our depreciation of right-of-use assets increased by 2.8% from RMB125.2 million for the six months ended June 30, 2024 to RMB128.7 million for the six months ended June 30, 2025, primarily due to the expansion of our restaurant network. Our depreciation of right-of-use assets as a percentage of our revenue remained relatively stable at 4.9% for the six months ended June 30, 2024 and 4.7% for the six months ended June 30, 2025.

Depreciation and Amortization of Other Assets

Our depreciation and amortization of other assets increased by 8.6% from RMB82.7 million for the six months ended June 30, 2024 to RMB89.8 million for the six months ended June 30, 2025, primarily due to the increase in the number of restaurants in operation. Our depreciation and amortization of other assets as a percentage of our revenue remained relatively stable at 3.2% for the six months ended June 30, 2024 and 3.3% for the six months ended June 30, 2025.

Other Rentals and Related Expenses

Our other rentals and related expenses increased by 5.9% from RMB45.5 million for the six months ended June 30, 2024 to RMB48.1 million for the six months ended June 30, 2025, primarily due to the increase in the number of restaurants in operation.

Utility Expenses

Our utility expenses increased by 2.5% from RMB81.4 million for the six months ended June 30, 2024 to RMB83.4 million for the six months ended June 30, 2025, primarily due to the increase in the number of restaurants in operation.

Advertising and Promotion Expenses

Our advertising and promotion expenses increased by 71.1% from RMB31.2 million for the six months ended June 30, 2024 to RMB53.3 million for the six months ended June 30, 2025, primarily due to our increased investment in offline advertising and marketing activities.

Delivery Service Expenses

Our delivery service expenses increased by 11.4% from RMB163.3 million for the six months ended June 30, 2024 to RMB181.9 million for the six months ended June 30, 2025, which was in line with the increase in revenue generated from our delivery business. Our delivery service expenses as a percentage of our revenue increased from 6.4% for the six months ended June 30, 2024 to 6.7% for the six months ended June 30, 2025, which was due to the increase in the revenue generated by our delivery business as a percentage of our total revenue from 36.5% for the six months ended June 30, 2024 to 39.0% for the six months ended June 30, 2025.

Other Expenses

Our other expenses decreased by 4.7% from RMB121.5 million for the six months ended June 30, 2024 to RMB115.8 million for the six months ended June 30, 2025, primarily due to the decrease in listing expenses.

Other Net Income

We recorded other net income of RMB27.4 million for the six months ended June 30, 2024 and recorded other net income of RMB2.8 million for the six months ended June 30, 2025, which was primarily due to the decrease in fair value change gains on convertible bonds and derivative financial instruments.

Finance Costs

Our finance costs increased by 0.8% from RMB20.0 million for the six months ended June 30, 2024 to RMB20.2 million for the six months ended June 30, 2025, which remained relatively stable.

Income Tax

Our income tax increased by 61.6% from RMB99.0 million for the six months ended June 30, 2024 to RMB159.9 million for the six months ended June 30, 2025, primarily due to the increase in our PRC dividend withholding tax. Our effective tax rate, calculated by dividing our income tax by our profit before taxation, increased from 26.0% for the six months ended June 30, 2024 to 29.5% for the six months ended June 30, 2025, primarily due to the increase in our PRC dividend withholding tax.

Profit for the Period

As a result of the cumulative effect of the above factors, our profit for the period increased by 35.7%, amounting to RMB382.4 million for the six months ended June 30, 2025 as compared to RMB281.9 million for the six months ended June 30, 2024.

Non-IFRS Measures

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

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

Adjusted Net Profit (non-IFRS measure) and Adjusted EBITDA (non-IFRS measure)

We define adjusted net profit (non-IFRS measure) as net profit for the period adjusted by adding the following: (i) changes in fair value of the convertible bonds and derivative financial instruments, (ii) changes in carrying amount of the redemption liability and (iii) listing expenses. We then add back (i) income tax, (ii) net finance costs, and (iii) depreciation and amortization of other assets to derive adjusted EBITDA (non-IFRS measure).

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

	For the six months ended June 30,	
	2025	2024
	<i>(RMB'000)</i> <i>(unaudited)</i>	<i>(RMB'000)</i> <i>(unaudited)</i>
Reconciliation of net profit to adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure)		
Net profit	382,397	281,879
Add:		
Changes in fair value of the convertible bonds and derivative financial instruments	—	(46,437)
Changes in carrying amount of the redemption liability	—	19,504
Listing expenses	—	9,419
Adjusted net profit (non-IFRS measure)	382,397	264,365
Add:		
Income tax	159,916	98,981
Net finance costs	14,823	8,101
Depreciation and amortization of other assets	89,830	82,692
Adjusted EBITDA (non-IFRS measure)	646,966	454,139

Right-of-use Assets

Our right-of-use assets consisted of the leases for our restaurants. Our right-of-use assets decreased by 8.7% from RMB788.6 million as of December 31, 2024 to RMB720.4 million as of June 30, 2025, mainly attributed to the increase in depreciation of right-of-use assets.

Inventories

Our inventories primarily consisted of food ingredients, condiment products, beverage and others. Our inventories decreased from RMB109.6 million as of December 31, 2024 to RMB74.1 million as of June 30, 2025, primarily due to the fact that our better supply chain management efficiency led to further optimization of the inventory level.

Our inventory turnover days (being the average of opening balance and closing balance of inventory for the period divided by raw materials and consumables used for the period and then multiplied by the number of days for such period) decreased from 23.6 days for the year ended December 31, 2024 to 20.7 days for the six months ended June 30, 2025, primarily due to our enhanced inventory management capabilities.

Trade and Other Receivables

The majority of our trade and other receivables were primarily in connection with (i) bills settled through third-party payment platforms such as Alipay or WeChat Pay, (ii) bills for our delivery business settled through online food delivery platforms, and (iii) prepayments. Our trade and other receivables decreased by 22.5% from RMB301.9 million as of December 31, 2024 to RMB233.9 million as of June 30, 2025, primarily due to the improvement in the efficiency of our supply chain management, which has further optimized the prepayments made by us under this account.

Our trade receivables turnover days (being the average of opening balance and closing balance of trade receivables for the period divided by revenue and then multiplied by the number of days for such period) remained relatively stable at 2.3 days for the year ended December 31, 2024 and 2.1 days for the six months ended June 30, 2025, respectively.

Trade and Other Payables

The majority of our trade and other payables were in connection with payables to our suppliers for raw materials and consumables and payables of utility expenses.

Our trade and other payables increased from RMB228.5 million as of December 31, 2024 to RMB270.8 million as of June 30, 2025, primarily because we typically accelerate the settlement process with suppliers at the end of the year.

Our trade payables turnover days (being the average of opening balance and closing balance of trade payables for the period divided by raw materials and consumables used for the relevant period and then multiplied by the number of days for such period) remained relatively stable at 15.2 days for the year ended December 31, 2024 and 16.2 days for the six months ended June 30, 2025, respectively.

Liquidity and Capital Resources

For the six months ended June 30, 2025, we had funded our cash requirements principally through equity and debt financing and cash generated from operations. We had cash and cash equivalents of RMB638.8 million as of June 30, 2025 as compared to RMB616.7 million as of December 31, 2024. We had net cash generated from operating activities of RMB764.8 million for the six months ended June 30, 2025 as compared to RMB455.0 million for the six months ended June 30, 2024.

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

Bank Loans and Other Borrowings

As at June 30, 2025, our bank loans amounted to RMB100 million, which were primarily the letters of credit borrowing for the purchase of food ingredients, and were guaranteed by Anhui Xiaocaiyuan Supply Chain Co., Ltd. (a wholly-owned subsidiary of the Company). All borrowings were denominated in RMB and born interest at fixed rates. The Group did not implement any interest rate hedging policy.

Pledged Assets

As at June 30, 2025, the Group did not pledge any of its assets.

Contingent Liabilities

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

Gearing Ratio

Our gearing ratio (calculated as bank loans and other borrowings divided by total equity and multiplied by 100%) was 4.2% as at June 30, 2025 as compared to 0% as at December 31, 2024, primarily due to the increase in bank loans.

Foreign Exchange Risk and Hedging

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

Employee and Remuneration Policy

As at June 30, 2025, the Group had a total of 12,498 employees (December 31, 2024: 12,034), most of whom were based in Tongling, Anhui Province, China. For the six months ended June 30, 2025, the Group's total staff costs (including salaries, wages, allowances and benefits) amounted to RMB666.4 million.

We recruit our employees from the open market, as well as through internal referrals. The restaurant manager and our human resources department are responsible for recruiting restaurant frontline staff of that particular restaurant. Our recruitment process usually includes interviews and an evaluation of a candidate's qualifications and experiences. We are committed to providing fair and equal opportunities in all of our employment practices and have adopted policies and procedures to ensure a fair hiring, selection and promotion process. As required by regulations of the PRC, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds. For example, for regional managers, their compensation package includes base salary depending on the number of restaurants they manage and a discretionary bonus depending on the performance of such restaurants. In terms of our key restaurant employees, their compensation packages include base salary and a certain percentage of the profits from their respective restaurants as a discretionary bonus. In particular, for the key restaurant employees who are engaged to run new restaurants, they are entitled to the discretionary bonus from both the new restaurants and their original restaurants for a certain period. In terms of restaurant frontline staff, their compensation package includes base salary, overtime pay and incentive bonus based on individual performance. We have developed and implemented a compensation mechanism that considers every task in the restaurant for bonus review, such as the number of signature dishes sold and positive customer reviews received.

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Material Investments and Future Plans for Capital Asset Investments

For the six months ended June 30, 2025, the Group subscribed for wealth management products issued by Agricultural Bank of China Limited with its working capital as part of the Group's financial management to maximize its return on the surplus cash received from its business operation while maintaining flexibility and liquidity. As at June 30, 2025, wealth management products held by the Group with a value of 5% or more of the Group's total assets as at June 30, 2025 were set out as follows:

Counterparty	Product Type	Amount subscribed for as of June 30, 2025 (RMB)	Unrealized profit or loss for the six months ended June 30, 2025 (RMB)	Changes in fair value as of June 30, 2025 (RMB)	Fair value as of June 30, 2025 (RMB)	Asset ratio ¹
Agricultural Bank of China Limited	Non-principal guaranteed with floating return	200,000,000	791,873.91	791,873.91	200,791,873.91	5.42%

Note:

1. The asset ratio set out in this table is calculated by dividing the fair value of the relevant products as at June 30, 2025 by the total assets of the Group as at June 30, 2025.

Save as disclosed above, for the six months ended June 30, 2025, the Group had no material investments with a value of 5% or more of the Group's total assets as of June 30, 2025 (including any investment in an investee company with a value of 5% or more of the Group's total assets as of June 30, 2025). The Group did not have definite plans for material investments and capital assets as at June 30, 2025.

Future Outlook

Looking ahead, we will continue to consolidate our leading position in China's rapidly growing mass Chinese cuisine sector. We remain committed to our cultural philosophy of "Gratitude, Responsibility, Growth and Win-Win", providing our customers with an exceptional dining experience and offering green, healthy and nutritious dishes at affordable prices. Leveraging our modern management system and market acumen, we will continue to harness the growth potential in the market, establishing a substantial competitive advantage and a formidable business stronghold against our rivals in the industry. In our future development plan, we will continue to enhance the dining experience of the operational restaurants, by optimizing service capabilities and introducing more value-added services to create greater value for our customers. We will continue to enhance our business intelligence system based on data insight, continue to strengthen and upgrade our supply chain management system, strategically expand our restaurant network, achieving a broader coverage and deeper market penetration, and continue our expansion and exploration in the Chinese cuisine community catering market, striving to build ourselves into a world-class chain restaurant group with a modern scientific management system.

OTHER EVENTS

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

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities (including the sale of treasury shares).

As of June 30, 2025, the Company did not hold any treasury shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our shareholders. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders. Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group to achieve effective accountability. The Company's corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Listing Rules**").

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

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

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

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) in Appendix C3 to the Listing Rules as the code of conduct governing Directors’ trading in the securities of the Company. Upon specific enquiries made by the Board, all Directors confirmed that they have complied with the provisions of the Model Code during the Reporting Period.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

Purpose	% of use of proceeds	Net proceeds (HKD in millions)	Amount of unutilized proceeds as at January 1, 2025 (HKD in millions)	Amount of proceeds utilized during the six months ended June 30, 2025 (HKD in millions)	Cumulative amount of utilized proceeds as at June 30, 2025 (HKD in millions)	Amount of unutilized proceeds as at June 30, 2025 (HKD in millions)	Expected timetable for the full utilization of unutilized proceeds
Expansion of our restaurant network to broaden our geographical coverage and deepen our market penetration	40.0%	317.9	317.9	57.9	57.9	260.0	December 31, 2026
Strengthen our supply chain capabilities	37.0%	294.1	294.1	77.6	77.6	216.5	December 31, 2026
Promote our information technology capabilities through upgrading our smart devices and digital systems	13.0%	103.3	103.3	4.5	4.5	98.8	December 31, 2026
Working capital and general corporate purposes	10.0%	79.5	79.5	0	0	79.5	December 31, 2026
Total	100%	794.8	794.8	140.0	140.0	654.8	

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

INTERIM DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to pay an interim dividend of RMB0.2119 per share, amounting to approximately RMB250 million in total, for the six months ended June 30, 2025. The HKD equivalent of the interim dividend is HKD0.2331 per share which is based on the exchange rate of RMB to HKD (i.e. RMB1 to HKD1.100267) in accordance with the average central parity rate as announced by the People's Bank of China on the business day preceding the Board meeting at which the interim dividend was considered (i.e. August 14, 2025). The interim dividends are expected to be paid on September 16, 2025. The Group is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

The record date for determining the entitlement to the interim dividends is September 2, 2025. For determining the shareholder entitlement to the interim dividends, the register of members of the Company will be closed from September 1, 2025 to September 2, 2025 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividends, all transfer documents of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on August 29, 2025.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as "Interim Dividends and Closure of Register of Members" disclosed in this results announcement, the Group did not experience any significant event from June 30, 2025 and up to the date of this announcement.

REVIEW OF INTERIM RESULTS

The Audit Committee comprises Mr. Zhu Nanjun (chairman), Mr. Qian Mingxing and Ms. Fang Xuan, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2025.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This results announcement has been published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xiaocaiyuan.com). The Company will publish its interim report for the six months ended June 30, 2025 in due course on the above websites of the Hong Kong Stock Exchange and the Company, and will dispatch it to shareholders who wish to receive printed version of the Company's corporate communications.

APPOINTMENT OF MEMBER OF THE NOMINATION COMMITTEE

At the Board meeting of the Company held on August 15, 2025, Ms. Fang Xuan, an independent non-executive Director, was appointed as a member of the nomination committee of the Company with effect from August 15, 2025.

By order of the Board
Xiaocaiyuan International Holding Ltd.
Mr. Wang Shugao
Chairman of the Board and Executive Director

Hong Kong, August 15, 2025

As at the date of this announcement, the Board comprises Mr. Wang Shugao, Mr. Li Daoqing, Mr. Tian Chunyong, Mr. Zhou Bin, Ms. Wang Weifang and Mr. Tao Xu'an as executive directors; Ms. Zhu Xuejing as the non-executive director; and Mr. Qian Mingxing, Mr. Zhu Nanjun, Mr. Zeng Xiaosong and Ms. Fang Xuan as independent non-executive directors.