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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

HIGHLIGHTS OF ANNUAL RESULTS

- The revenue for the year ended 31 December 2025 was RMB7,810.0 million, representing a year-on-year increase of 20.7%.
- The gross profit for the year ended 31 December 2025 was RMB1,686.6 million, representing a year-on-year increase of 19.0%. The gross profit margin for the year ended 31 December 2025 was 21.6%, compared to 21.9% in the same period of last year.
- The net profit for the year ended 31 December 2025 was RMB453.9 million, representing a year-on-year increase of 88.2%.
- The core operating profit (Non-IFRS measure)^{Note} for the year ended 31 December 2025 was RMB460.7 million, representing a year-on-year increase of 48.2%.
- The basic and diluted earnings per share for the year ended 31 December 2025 was RMB0.1630, representing a year-on-year increase of 93.8%.

Note:

Core operating profit is net profit after adjusting for (i) the gains or losses on fair value changes on unlisted convertible redeemable preferred shares; and (ii) donations for fire rescue in Tai Po, Hong Kong. Core operating profit is not IFRS Accounting Standards measure. 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 consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 prepared in accordance with the IFRS Accounting Standards (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2024. These results have been reviewed by the Audit Committee of the Board.

In this announcement, “**we**”, “**us**” and “**our**” refer to the Company and, where the context otherwise requires, the Group.

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 2025, adhering to the strategy of “community central kitchen”, the Group established a holistic and instant retail store network through a multi-channel, multi-scenario layout and the deep integration of online and offline operating models, providing consumers with the “Guoquan Instant Commerce” shopping experience. The Group continuously delved into consumers’ demand, developed and iterated a diverse product portfolio, deepened refined store operation and management, and strengthened the construction of membership ecosystem, effectively enhancing store operational efficiency and market competitiveness. The number of stores increased from 10,150 as at 31 December 2024 to 11,566 as at 31 December 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 1,004 net new township-level stores in 2025. As of 31 December 2025, the number of stores in township-level market reached 3,010. 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. At the same time, to better serve the consumption scenario of “eating at home” in the mid-to-high-end market, the Group also launched 24-hour unmanned retail stores, and more than 3,000 retail stores have completed intelligent and unmanned transformation and upgrade in 2025.

The table below sets forth the total number of franchised stores and self-operated stores of the Group as of 31 December 2025.

	As of 31 December			
	2025		2024	
	Number of stores	%	Number of stores	%
Franchised stores	11,554	99.9	10,135	99.9
Self-operated stores	12	0.1	15	0.1
Total	11,566	100.0	10,150	100.0

The Group achieved a total revenue of RMB7,810.0 million in 2025, representing a year-on-year increase of 20.7%. The table below sets forth a breakdown of the Group's product sales revenue contributions by channel during the Reporting Period:

	Year ended 31 December			
	2025		2024	
	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>				
Sales of meal products and related products				
Sales to franchisees	6,218,536	81.4	5,445,007	86.3
Other sales channels ^{Note}	1,417,302	18.6	867,239	13.7
Total	7,635,838	100.0	6,312,246	100.0

Note:

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 growth of the 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 channels. In 2025, the Group achieved over 9.41 billion impressions on platforms through its multi-level Douyin accounts matrix. Stores generated GMV of RMB1.49 billion via Douyin channel, representing a year-on-year increase of 75.3%. Through the spread of popular social media commerce platforms, the Group interacted more and had wider connection with consumers.

Membership operation

The Group's membership program built close online and offline connections and engagement with consumers and fostered consumer loyalty. As at 31 December 2025, the number of the Group's registered members reached approximately 64.9 million, representing a year-on-year increase of 57.1%. 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 year ended 31 December 2025 was approximately RMB1.2 billion, representing a year-on-year increase of 22.3%.

Meal products brand and product portfolio

The Group is committed to enhancing the efficiency of at-home food preparation, providing consumers with efficient solutions for at-home food. 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 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 282 new SKUs of hot pot and barbecue products. To better satisfy changing demands and preferences of consumers, the Group constantly expanded and iterated its product portfolio, successively launched or updated multiple set meals, such as "Barbecue Camping Container Set", "Crayfish Feast Set", "Six Popular Hot Pot Sets", etc. Moreover, the Group also elevated its drinks and beverage menu with a variety of NFC fruit juices, craft beer and flavored tea beverage, further enriching purchasing options for consumers. Our rich, extensive and cost-effective products and portfolio are well received by consumers.

Industrial cooperation layout

The Group continued to deepen its industrial layout and promote the integrated closed-loop construction of “production, supply and marketing”. 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. As of 31 December 2025, the Group totally 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, forming a comprehensive and well-defined production capacity matrix. In addition, the Group’s food production base in Danzhou, Hainan Province, has officially commenced construction. The layout of the base will further expand its geographical coverage, optimize the supply chain’s radiation radius, and provide solid production capacity support and logistics convenience for the Group’s continuous business expansion. 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.

Digital and intelligent supply chain management

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 all core segments such as 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 31 December 2025, the Group established cooperation with warehousing and logistics providers, plus our 20 digitalized central warehouses across China, achieving swift circulation of products through digital stock and barcode management.

BUSINESS OUTLOOK

Fully expand the sales network with four stores jointly advancing with concerted efforts

The Group plans to build a multi-level sales network, and improve the market penetration in the covered regions and expand the store network to new regions. In terms of store layout, the Group will continue to deepen its presence in county and rural markets, accelerate the expansion of large stores in townships, practice the philosophy of “food equality”, and precisely meet the consumption needs of residents in these markets. The Group will promote the strategic upgrading of existing community stores into large-store models, achieving a comprehensive expansion of product categories, consumption scenarios and service experiences. Meanwhile, the Group will actively explore innovative store formats such as Guoquan stir-fry and Guoquan camping, and extend value across different consumption scenarios and time periods, continuously tapping into new consumer demands.

The Group will continue to upgrade its franchisee management system, strengthen the organizational capacity, and solidify two organizations, namely the Franchisee Committee and Store Manager Home. By optimizing internal training system and middle platform structure, the Group will facilitate the efficient transfer and sharing of management experience, thereby continuously improving the overall operational efficiency of stores. The Group will focus on nurturing more business-oriented franchisees by encouraging existing high-quality franchisees to open more stores, and promote the long-term sustainable development of their regional integrated businesses, aiming to foster a synergistic and mutually beneficial ecosystem with the Group.

Deepen the strategy of community central kitchen to expand community consumption scenarios

The Group plans to deepen the strategy of “community central kitchen”, providing tens of millions of households with more affordable and more convenient retail solutions for “four meals a day”. Building on the enrichment of the consumption scenarios of hotpot and barbecue, the Group will gradually expand into such diverse products as Chinese and western cuisine, drinks and beverages, ice cream based on consumers full-scenario needs of having meals at home, thereby achieving organic growth in sales scale. In addition, based on deep insights into the lower-tier markets, the Group will precisely address the consumption preferences and demand differences in township-level markets, implement differentiated product strategies, and carefully build a more competitive product matrix to further consolidate its advantages in the lower-tier market layout.

Deepen membership operation and IP to advance the community brand project

The Group will continue to advance refined membership operation and build a comprehensive membership ecosystem. The Group will deeply integrate media resources such as popular TV commercials, offline community advertising and social media and e-commerce platforms (such as Douyin) to reach potential consumers through multiple dimensions and expand its membership base. The Group will persistently improve its multi-tiered and differentiated membership rights system, enrich membership points mall, and enhance member loyalty and stickiness. The Group will maintain its focus on communities around its stores, and establish a comprehensive public and private traffic ecosystem integrating “scenario experience + food services + social interaction” through scenarios like community neighborhood festival, community welfare initiatives, parent-child activities and camping experiences, to stimulate consumption scenarios for Guoquan members.

In addition, the Group will continue to deepen the operation of its brand IP image “Guobao”, by creating high-quality content such as graphics and short videos around “Guobao” that are both engaging and aligned with the brand tone, so as to strengthen emotional resonance with consumers, precisely convey the brand values and philosophy, and achieve mutual enhancement of brand value and membership operational effectiveness.

AI big data empower stores to innovate smart retail scenarios

The Group will continue to integrate Internet of Things, big data, and AI technology to drive the smart operation of stores with data, continuously optimize service processes, enrich sales scenarios, improve product mix and enhance user conversion, thereby improving store operation efficiency. The Group will promote the in-depth integration of the Guoquan stir-fry business format with smart cooking machines, accurately analyze consumers’ dining habits, optimize dish parameters and cooking procedures for smart cooking machines, and realize the standardized and efficient production of stir-fry dishes, ensuring both stable taste and fast preparation times. This will not only reduce the labor and operating costs of stores, but also provide consumers with a more convenient and high-quality Chinese stir-fry dining experience.

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 qualified domestic and overseas food suppliers who have market potential and can achieve synergy with the Group, developing a strong industrial supply chain. The Group will continue to advance the construction of the food production base in Danzhou, Hainan Province.

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 in different seasons 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.

Develop overseas markets in phases to deliver the good taste of China

Leveraging its core competitiveness, the Group plans to steadily explore and establish a presence in overseas regional markets in a phased manner. With the core objectives of exporting high-quality products, replicating successful models, and sharing the tastes of China, the Group aims to gradually achieve overseas product sales, continuously enhance its global visibility and brand influence, and unlock long-term growth opportunities in international markets. The Group also plans to take the lead in opening stores in Hong Kong Special Administrative Region, China to accumulate and gather overseas operational experience, thereby supporting the expansion into overseas markets.

2026 PERFORMANCE OUTLOOK

The Group targets that the total number of stores will exceed 14,500, representing a net increase of over 2,934 stores, with the estimated store closure rate of less than 4%. The Group targets high-single-digit growth in store efficiency. The number of registered members is targeted to exceed 95 million. The Group targets that the growth rate of core operating profit will be significantly higher than that of its revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the consolidated financial results of the Group for the year ended 31 December 2025 and comparative figures for the year ended 31 December 2024:

	Year ended 31 December	
	2025	2024
	RMB '000	RMB '000
Revenue	7,809,992	6,469,810
Cost of sales	<u>(6,123,424)</u>	<u>(5,053,058)</u>
Gross profit	1,686,568	1,416,752
Other income and gains, net	93,728	26,054
Selling and distribution expenses	(707,754)	(664,194)
Administrative expenses	(462,655)	(454,282)
Other expenses	(11,542)	(1,240)
Finance costs	(5,777)	(4,421)
Share of profits and losses of associates	9,234	80
Impairment losses on financial assets, net of reversal	(1,150)	797
Profit before tax	600,652	319,546
Income tax expense	<u>(146,792)</u>	<u>(78,308)</u>
Profit for the year	<u>453,860</u>	<u>241,238</u>
Profit attributable to		
Owners of the parent	432,886	230,558
Non-controlling interests	<u>20,974</u>	<u>10,680</u>

Revenue

The table below sets forth a breakdown of the Group's revenue by nature and channel for the year ended 31 December 2025 and 2024, in absolute amounts and as percentages of total revenue:

	Year ended 31 December			
	2025		2024	
	RMB '000	%	RMB '000	%
Sales of meal products and related products	7,635,838	97.8	6,312,246	97.6
Sales to franchisees	6,218,536	79.6	5,445,007	84.2
Other sales channels	1,417,302	18.2	867,239	13.4
Service income	<u>174,154</u>	<u>2.2</u>	<u>157,564</u>	<u>2.4</u>
Total	<u>7,809,992</u>	<u>100.0</u>	<u>6,469,810</u>	<u>100.0</u>

The Group's total revenue increased by approximately 20.7% from RMB6,469.8 million for the year ended 31 December 2024 to RMB7,810.0 million for the year ended 31 December 2025.

Revenue from sales of meal products and related products accounted for the majority of the Group's total revenue, representing 97.6% and 97.8% of the total revenue in 2024 and 2025, respectively. Such revenue increased by approximately 21.0% from RMB6,312.2 million for the year ended 31 December 2024 to RMB7,635.8 million for the year ended 31 December 2025, mainly due to the increase in the number of the Group's stores during the year, and the introduction of new products including meal suites, enhanced membership operations, alongside the organic integration of online and offline sales channels across stores, leading to an increase in sales revenue to franchisees, coupled with an increase in sales to corporate customers for the year. Service income increased by approximately 10.5% from RMB157.6 million for the year ended 31 December 2024 to RMB174.2 million for the year ended 31 December 2025, mainly due to the increase in the number of franchised stores in 2025.

Cost of Sales

Cost of sales increased by approximately 21.2% from RMB5,053.1 million for the year ended 31 December 2024 to RMB6,123.4 million for the year ended 31 December 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 19.0% from RMB1,416.8 million for the year ended 31 December 2024 to RMB1,686.6 million for the year ended 31 December 2025, and the gross profit margin slightly decreased from 21.9% for the year ended 31 December 2024 to 21.6% for the year ended 31 December 2025, mainly due to the gross profit margin from other sales channels being lower than that from sales to franchisees, and the increase in the proportion of sales revenue from other channels for the year, resulting in lower gross profit margin of the Group.

Other Income and Gains, Net

Other income and gains, net increased by 259.0% from RMB26.1 million for the year ended 31 December 2024 to RMB93.7 million for the year ended 31 December 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.

Selling and Distribution Expenses

Selling and distribution expenses increased by 6.6% from RMB664.2 million for the year ended 31 December 2024 to RMB707.8 million for the year ended 31 December 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 increased by 1.8% from RMB454.3 million for the year ended 31 December 2024 to RMB462.7 million for the year ended 31 December 2025, mainly due to a slight increase in the Group's employee benefit expenses accompanied by the business expansion.

Profit Before Tax

As a result of the foregoing, the Group recorded a profit before income tax of RMB600.7 million for the year ended 31 December 2025, representing an increase of approximately 88.0% from RMB319.5 million for the year ended 31 December 2024.

Income Tax Expense

Income tax expense increased by approximately 87.5% from RMB78.3 million for the year ended 31 December 2024 to RMB146.8 million for the year ended 31 December 2025, mainly due to the increase in the Group's taxable income.

Profit for the Year

As a result of the foregoing, the Group's net profit increased by approximately 88.2% from RMB241.2 million for the year ended 31 December 2024 to RMB453.9 million for the year ended 31 December 2025. The Group's net profit margin increased from 3.7% for the year ended 31 December 2024 to 5.8% for the year ended 31 December 2025.

Non-IFRS Measures

To supplement the Group's consolidated financial information prepared and presented in accordance with IFRS Accounting Standards, the Group also uses core operating profit and core operating margin (each a non-IFRS measure) as additional financial measures. The core operating profit refers to the net profit adjusted for (i) the gains or losses on fair value changes on unlisted convertible redeemable preferred shares; and (ii) donations for fire rescue in Tai Po, Hong Kong. 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 IFRS Accounting Standards. 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 forth a reconciliation of core operating profit and core operating margin (non-IFRS measures) for the years indicated to the most directly comparable financial measures measured and presented in accordance with IFRS Accounting Standards (i.e. net profit for the year and net profit margin for the year).

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Net profit for the year (as reported under IFRS Accounting Standards)	453,860	241,238
Adjusted for:		
Gains or losses on fair value changes on unlisted convertible redeemable preferred shares ⁽¹⁾	–	69,609
Donations for fire rescue in Tai Po, Hong Kong	6,840	–
Core operating profit for the year (non-IFRS measure)	460,700	310,847
Net profit margin (as reported under IFRS Accounting Standards)	5.8%	3.7%
Core operating margin (non-IFRS measure)	5.9%	4.8%

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 year ended 31 December 2025, the Group's cash generated from operating activities was RMB588.4 million, as compared to RMB530.9 million for the year ended 31 December 2024.

As at 31 December 2024, the Group's cash and bank deposits amounted to RMB2,124.7 million, as compared to RMB1,349.1 million as at 31 December 2025, comprising long-term bank deposits of RMB118.8 million, cash and bank balances of RMB1,121.2 million and restricted cash of RMB109.1 million. As at 31 December 2025, the Group's financial assets at fair value through profit or loss (wealth management products) amounted to RMB618.1 million.

As at 31 December 2025, the Group's interest-bearing bank and other borrowings amounted to RMB139.0 million, comprising non-current interest-bearing bank and other borrowings of RMB9.5 million and current interest-bearing bank and other borrowings of RMB129.5 million, representing an increase of 105.9% 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 has sufficient liquidity to meet its daily liquidity management and capital expenditure requirements.

Capital Structure

As at 31 December 2025, the net asset value of the Group was RMB3,179.3 million, as compared to RMB3,264.8 million as at 31 December 2024. The net asset value as at 31 December 2025 mainly comprised current assets of RMB3,472.5 million, non-current assets of RMB1,765.9 million, current liabilities of RMB1,935.8 million and non-current liabilities of RMB123.3 million.

As at 31 December 2025 and 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 equity attributable to owners of the parent at the end of the year, multiplied by 100%) increased from 3.2% as at 31 December 2024 to 6.7% as at 31 December 2025.

Financial Risk

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 exposes the Group to foreign exchange risk. The Group does not use any derivative contracts to hedge against foreign exchange risk. The Group manages its foreign exchange risk by closely monitoring the movement of foreign exchange rates and will take prudent measures to minimize the currency translation risk.

Inventories

The inventories of the Group increased by 16.1% from RMB691.8 million as at 31 December 2024 to RMB803.2 million as at 31 December 2025. Due to the Group's better inventory management, inventory turnover days decreased from 51.0 days in 2024 to 44.6 days in 2025.

Trade Receivables

The trade receivables of the Group increased from RMB233.8 million as at 31 December 2024 to RMB424.7 million as at 31 December 2025 mainly due to the increase in sales to corporate customers during the year. The trade receivables turnover days increased slightly from 8.1 days in 2024 to 15.4 days in 2025, mainly due to the increase in the credit terms of certain corporate customers during the year.

Financial Assets at Fair Value through Profit or Loss

As at 31 December 2025, the Group's financial assets at fair value through profit or loss amounted to RMB654.1 million, including RMB36 million of financial assets at fair value through profit or loss recorded as the non-current assets, representing investments in industrial funds as a limited partner, and RMB618.1 million of financial assets at fair value through profit or loss recorded as the current assets, representing a series of wealth management products purchased from certain banks in the Chinese mainland. As at 31 December 2024, the Group has no financial assets at fair value through profit or loss.

Trade Payables

The trade payables of the Group increased from RMB647.1 million as at 31 December 2024 to RMB897.3 million as at 31 December 2025. The trade payables turnover days increased slightly from 39.9 days in 2024 to 46.0 days in 2025, mainly due to the increase in the payment terms of certain suppliers during the year.

Pledged Assets

As at 31 December 2025, the Group had no pledged assets.

Capital Management

The primary objectives of our 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 our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment 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 31 December 2025, the Group had capital commitments of approximately RMB249.0 million, which were mainly used for purchase of property, plant and equipment.

Contingent Liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities.

Significant Investments, Material Acquisitions and Disposals

As at 31 December 2025, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments and Investments in Capital Assets

As at 31 December 2025, save as disclosed in this announcement and the prospectus, the Group did not have plans for material investments and capital assets.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*Year ended 31 December 2025*

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
REVENUE	<i>6</i>	7,809,992	6,469,810
Cost of sales		<u>(6,123,424)</u>	<u>(5,053,058)</u>
Gross profit		1,686,568	1,416,752
Other income and gains, net	<i>7</i>	93,728	26,054
Selling and distribution expenses		(707,754)	(664,194)
Administrative expenses		(462,655)	(454,282)
Other expenses		(11,542)	(1,240)
Finance costs	<i>9</i>	(5,777)	(4,421)
Share of profits and losses of associates		9,234	80
Impairment loss on financial assets, net of reversal	<i>13</i>	<u>(1,150)</u>	<u>797</u>
PROFIT BEFORE TAX	<i>8</i>	600,652	319,546
Income tax expense	<i>10</i>	<u>(146,792)</u>	<u>(78,308)</u>
PROFIT FOR THE YEAR		<u>453,860</u>	<u>241,238</u>
Attributable to:			
Owners of the parent		432,886	230,558
Non-controlling interests		<u>20,974</u>	<u>10,680</u>
		<u>453,860</u>	<u>241,238</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB cents)	<i>12</i>	<u>16.30</u>	<u>8.41</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>453,860</u>	<u>241,238</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(2,262)</u>	<u>(59)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(2,262)</u>	<u>(59)</u>
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	45,148	(176,968)
Income tax effect	<u>(11,287)</u>	<u>45,110</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>33,861</u>	<u>(131,858)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>31,599</u>	<u>(131,917)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>485,459</u>	<u>109,321</u>
Attributable to:		
Owners of the parent	464,485	98,641
Non-controlling interests	<u>20,974</u>	<u>10,680</u>
	<u>485,459</u>	<u>109,321</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2025*

	<i>Notes</i>	31 December 2025 RMB'000	31 December 2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		578,253	493,765
Right-of-use assets		234,129	150,750
Goodwill		138,010	138,010
Other intangible assets		53,520	50,899
Investments in associates		331,974	301,626
Equity investments designated at fair value through other comprehensive income		184,843	139,695
Other non-current assets		17,019	15,443
Financial assets at fair value through profit or loss		36,000	–
Long-term bank deposits		118,750	106,046
Deferred tax assets		73,411	86,793
Total non-current assets		<u>1,765,909</u>	<u>1,483,027</u>
CURRENT ASSETS			
Inventories		803,183	691,827
Trade receivables	<i>13</i>	424,733	233,804
Prepayments, other receivables and other assets		396,189	324,082
Restricted cash		109,110	88,838
Financial assets at fair value through profit or loss		618,144	–
Cash and bank balances		1,121,150	1,929,900
Total current assets		<u>3,472,509</u>	<u>3,268,451</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*31 December 2025*

	<i>Notes</i>	31 December 2025 RMB'000	31 December 2024 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade payables	<i>14</i>	897,303	647,055
Other payables and accruals		821,519	637,357
Interest-bearing bank and other borrowings		129,543	63,510
Lease liabilities		28,599	16,164
Tax payables		58,828	40,275
Total current liabilities		<u>1,935,792</u>	<u>1,404,361</u>
NET CURRENT ASSETS		<u>1,536,717</u>	<u>1,864,090</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,302,626</u>	<u>3,347,117</u>
NON-CURRENT LIABILITIES			
Deferred income		31,724	24,697
Interest-bearing bank and other borrowings		9,500	4,000
Lease liabilities		48,892	19,040
Deferred tax liabilities		33,168	34,559
Total non-current liabilities		<u>123,284</u>	<u>82,296</u>
Net assets		<u><u>3,179,342</u></u>	<u><u>3,264,821</u></u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		2,747,360	2,747,360
Treasury shares		(257,228)	(73,309)
Reserves		546,709	470,321
		<u>3,036,841</u>	<u>3,144,372</u>
Non-controlling interests		<u>142,501</u>	<u>120,449</u>
Total equity		<u><u>3,179,342</u></u>	<u><u>3,264,821</u></u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. GENERAL INFORMATION

Guoquan Food (Shanghai) Co., Ltd. was registered in the People's Republic of China (the "PRC"). The address of the registered office is No. 3, Lane 187, Xinghong Road, Minhang District, Shanghai. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 2 November 2023.

The Company and its subsidiaries (together as the "Group") were involved in the operation of a franchised retail network, processing and trading of meal products and related products in the Chinese mainland.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations as issued by the International Accounting Standards Board (the "IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance.

The 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 consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of an overseas subsidiary for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

4. ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34

Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements. So far, the Group considers that the new and amended standards are unlikely to have a significant impact on the Group's results of operations and financial position.

5. 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 is derived from customers based in the Chinese mainland during the reporting period and majority of the Group's non-current assets are located in the Chinese mainland, 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 for each of the years ended 31 December 2025 and 2024.

6. REVENUE

(a) An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Sale of meal products and related products	7,635,838	6,312,246
Operational support services	174,154	157,564
	<u>7,809,992</u>	<u>6,469,810</u>
Total revenue from contracts with customers	<u>7,809,992</u>	<u>6,469,810</u>
Timing of revenue recognition		
Goods transferred at a point in time	7,635,838	6,312,246
Services transferred over time	174,154	157,564
	<u>7,809,992</u>	<u>6,469,810</u>
Total revenue from contracts with customers	<u>7,809,992</u>	<u>6,469,810</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of meal products and related products	34,637	21,930
Operational support services	80,944	70,899
	<u>115,581</u>	<u>92,829</u>
Total	<u>115,581</u>	<u>92,829</u>

(b) 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.

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.

The Group has no revenue contract that has an original expected duration more than one year. Thus, management applied practical expedient under IFRS 15 and does not disclose the aggregate amount of the transaction prices allocated to the performance obligations that are unsatisfied or partially satisfied as of the end of the reporting period.

7. OTHER INCOME AND GAINS, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income		
Government grants related to		
– income (i)	59,173	48,313
– assets (ii)	2,783	2,063
Interest income	16,241	38,872
Others	11,119	13,782
Total other income	<u>89,316</u>	<u>103,030</u>
Gains, net		
Foreign exchange differences, net	(2,452)	6,140
Realised fair value gains from financial assets at fair value through profit or loss	5,920	5,512
Unrealised fair value changes on financial assets at fair value through profit or loss		
– Wealth management products	144	(31)
– Investment in Dmall Inc. (“Dmall”)	–	(92,812)
Dividend income from equity investments designated at fair value through other comprehensive income	750	2,000
Gain/(loss) on early termination of leases	272	(193)
Gain on sublease	–	2,408
Loss on disposal of items of property, plant and equipment, net	(222)	–
Total gains/(losses)	<u>4,412</u>	<u>(76,976)</u>
Total other income and gains	<u>93,728</u>	<u>26,054</u>

- (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 consolidated statements 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 consolidated statements of profit or loss over the useful lives of relevant assets.

8. PROFIT BEFORE TAX

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

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Cost of inventories sold*		5,882,482	4,841,516
Depreciation of property, plant and equipment		61,493	50,525
Depreciation of right-of-use assets		33,137	27,483
Expenses relating to short-term leases		11,510	12,117
Amortisation of other intangible assets**		7,634	7,932
Employee benefit expense (including directors', chief executive's and supervisors' remuneration):			
Wages and salaries		513,711	440,582
Pension scheme contributions, social welfare and other welfare***		67,425	65,807
Other employee benefits		16,716	21,951
Research and development costs****		12,844	12,383
Impairment loss on financial assets, net of reversal	<i>13</i>	1,150	(797)
Impairment losses on inventories, net of reversal		2,088	(538)
Auditor's remuneration		3,700	4,000
Gain on disposal of items of property, plant and equipment, net	<i>7</i>	222	–
Government grants	<i>7</i>	(61,956)	(50,376)
Foreign exchange differences, net	<i>7</i>	2,452	(6,140)
Interest income	<i>7</i>	(16,241)	(38,872)
Finance costs	<i>9</i>	5,777	4,421

* Cost of inventories sold includes expense relating to depreciation of property, plant and equipment, depreciation of right-of-use assets, staff costs and impairment losses on inventories, net of reversal, 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 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 costs 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.

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank and other borrowings	2,702	2,935
Interest on lease liabilities	3,075	1,486
Total	<u>5,777</u>	<u>4,421</u>

10. INCOME TAX

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current – PRC		
Charge for the year	145,343	89,044
Underprovision in prior years	745	2,642
Deferred income tax	704	(13,378)
Total	<u>146,792</u>	<u>78,308</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 the MOF and the 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 the MOF and the National Tax Bureau, 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.

Hong Kong profits 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%.

11. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interim – RMB0.0716 (2024: Nil) per ordinary share	190,067	–
Proposed final – RMB0.0381 (2024: RMB0.0746) per ordinary share	<u>100,173</u>	<u>200,136</u>

The proposed 2025 final dividend for the year is based on the total number of shares of the Group as of 12 March 2026 (excluding treasury shares), which is 2,629,209,600 shares and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. 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 year attributable to owners of the parent, and the weighted average number of ordinary shares of 2,655,352,000 (2024: 2,743,017,000) outstanding during the year.

	2025	2024
Profit attributable to owners of the parent (RMB'000)	<u>432,886</u>	<u>230,558</u>
Weighted average number of ordinary shares used in the basic earnings per share calculation	<u>2,655,352,000</u>	<u>2,743,017,000</u>
Basic earnings per share (RMB cents)	<u>16.30</u>	<u>8.41</u>

There were no dilutive potential ordinary shares in issue during both current and prior years.

13. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	431,373	240,309
Impairment	<u>(6,640)</u>	<u>(6,505)</u>
Net carrying amount	<u>424,733</u>	<u>233,804</u>

Included in the Group's trade receivables was an amount due from a related party of RMB87,258,000 as at 31 December 2025 (2024: RMB32,501,000), which is unsecured, interest-free and repayable within six months.

Advance payment is normally required for the sale to franchisees in the Chinese mainland 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. 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	110,767	120,548
1 to 3 months	205,288	93,410
3 to 6 months	91,591	18,287
6 to 12 months	17,087	1,559
	<hr/>	<hr/>
Total	424,733	233,804
	<hr/> <hr/>	<hr/> <hr/>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	6,505	7,302
Impairment loss, net of reversal (note 8)	1,150	(797)
Amount written off as uncollectible	(1,015)	–
	<hr/>	<hr/>
At end of year	6,640	6,505
	<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 three years and are not subject to enforcement activity.

14. 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	497,473	503,469
1 to 3 months	377,348	126,454
3 to 6 months	7,636	13,707
6 months to 1 year	5,825	2,442
Over 1 year	9,021	983
	<hr/>	<hr/>
Total	897,303	647,055
	<hr/> <hr/>	<hr/> <hr/>

Trade payables are non-interest-bearing and normally settled within 30 to 60 days.

Included in the Group's trade payables are amounts due to related parties of RMB28,355,000 as at 31 December 2025 (2024: RMB27,793,000).

OTHER INFORMATION

USE OF PROCEEDS FROM THE GLOBAL OFFERING

From 2 November 2023 on which the Company's shares listed (i.e. the Listing Date) to 31 December 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 31 December 2025, the Group has utilized approximately HK\$155.4 million of the proceeds in aggregate for the intended purposes set out in the Prospectus, accounting for 34.6% of gross net proceeds from the Global Offering, and the remaining unutilized proceeds are approximately HK\$293.3 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 <i>(HK\$ million)</i>	Unutilized amount as at 31 December 2024 <i>(HK\$ million)</i>	Actual amount utilized during the Reporting Period <i>(HK\$ million)</i>	Unutilized amount as at 31 December 2025 <i>(HK\$ million)</i>	Expected timeline for fully utilizing unutilized amount
Construction, investment or acquisition of plants	25%	112.1	52.5	50.3	2.2	On or before 31 December 2027
Upgrade and expand our existing plants and production lines	15%	67.3	67.3	–	67.3	On or before 31 December 2027
Open and operate our self-operated stores	40%	179.5	179.5	–	179.5	On or before 31 December 2027
Build product R&D centers as well as upgrade and purchase related equipment	10%	44.9	44.9	0.6	44.3	On or before 31 December 2027
Working capital and general corporate uses	10%	44.9	25.1	25.1	–	On or before 31 December 2027
Total		448.7	369.3	76.0	293.3	

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.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the year ended 31 December 2025, the Company repurchased a total of 78,027,200 H Shares on the Stock Exchange at a total consideration of approximately HK\$200.6 million (before expenses), and all the repurchased shares were held as treasury shares. As of 31 December 2025, the Company had not sold any treasury shares and held a total of 116,952,800 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 Shareholders. Details of the repurchases are set out below:

2025	Purchase consideration per share			
	Number of Shares purchased	Highest price paid HK\$	Lowest price paid HK\$	Aggregate consideration 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
July	—	—	—	—
August	—	—	—	—
September	3,118,400	3.25	3.12	9,992,788
October	12,862,000	3.30	3.07	41,280,528
November	—	—	—	—
December	8,172,000	3.64	3.28	28,465,820
Total:	78,027,200			200,633,212

Save disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of Company or sold any treasury shares during the year ended 31 December 2025.

AUDIT COMMITTEE

As at 31 December 2025 and as at the date of this announcement, the audit committee (the “**Audit Committee**”) of the Company comprises three independent non-executive Directors, including Mr. Shi Kangping, Ms. Yu Fang Jing and Mr. Li Jianfeng. Mr. Shi Kangping currently serves as the chairperson of the Audit Committee. The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 December 2025.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's independent auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this announcement.

DISTRIBUTABLE RESERVES

As of 31 December 2025, the Company had distributable reserves of approximately RMB189.1 million.

FINAL DIVIDEND

The Board recommended the distribution of a final dividend of RMB0.0381 (tax inclusive) per ordinary share, equivalent to an aggregate amount of RMB100.2 million^{Note}, for the year ended 31 December 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 final 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 final dividend, which will be announced by the Company separately then. The proposed final dividend shall be denominated and declared in RMB. Final dividend for Shareholders holding the H Shares of the Company through Hong Kong Stock Connect under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (the “**Hong Kong Stock Connect**”) and through the H Share “**Full Circulation**” will be paid in cash in Renminbi, and the final dividend for other H Shareholders of the Company will be paid in cash in Hong Kong dollars. The exchange rate adopted for currency conversion is the average of the central parity rate of the RMB against the Hong Kong dollar published by the People's Bank of China on the five working days immediately preceding the date on which the forthcoming annual general meeting declares dividends. If such profit distribution plan is approved by Shareholders at the annual general meeting to be held on 29 April 2026 (Wednesday), the final dividend will be paid no later than 18 June 2026 (Thursday), to the Shareholders whose names are listed on the register of members of the Company on 11 May 2026 (Monday). All treasury shares held by the Company are not entitled to the final dividend.

Note:

The accounting basis is founded on the total number of Shares (excluding the treasury shares) of 2,629,209,600 Shares of the Company as of 12 March 2026.

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

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

CLOSURES OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

For determining the entitlement to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 24 April 2026 (Friday) to 29 April 2026 (Wednesday), both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's headquarters and principal place of business in China at Room 802, No. 3 Lane 187, Xinghong Road, Minhang District, Shanghai, PRC (for shareholders holding the Company's H Shares through the H Share "**Full Circulation**"), or the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for other holders of H Shares) not later than 4:30 p.m. on 23 April 2026 (Thursday), for registration.

For determining the entitlement to the proposed final dividend, subject to approval by the Shareholders at the forthcoming annual general meeting, the register of members of the Company will be closed from 6 May 2026 (Wednesday) to 11 May 2026 (Monday), both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's headquarters and principal place of business in China at Room 802, No. 3 Lane 187, Xinghong Road, Minhang District, Shanghai, PRC (for shareholders holding the Company's H Shares through the H Share "**Full Circulation**") or the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for other holders of H shares) not later than 4:30 p.m. on 5 May 2026 (Tuesday), for registration.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on 29 April 2026 (Wednesday), the notice and circular of which will be published and despatched to the Shareholders who requested the printed copy in due course.

SUBSEQUENT EVENTS

Continuing Connected Transactions

From 4 February 2026 to the date of this announcement, Henan Songhe Liquor Co., Ltd. ("**Songhe Share**") and its subsidiaries ("**Songhe Group**") provided alcoholic beverages for the Group. In November 2025, Henan Guoquan Industry Development Co., Ltd., a wholly-owned subsidiary of Guoquan Industry, completed the transfer of operation management right with substantive consolidated restructuring administrator of Songhe Share and its subsidiaries. Songhe Share became a subsidiary of Henan Guoquan Industry, thereby becoming a connected person of the Company. Accordingly, on 4 February 2026, the Company (on behalf of the Group) entered into the procurement framework agreement ("**Procurement Framework Agreement**") with Songhe Group, pursuant to which the Group purchases alcoholic beverages from Songhe Group, for a term commencing on 4 February 2026 and ending on 31 December 2026. From 4 February 2026 to the eleven months ending 31 December 2026, the proposed annual caps for the transactions contemplated under the Procurement Framework Agreement was RMB200.0 million.

The entering into of the Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (as in effect from time to time) (the “**Listing Rules**”). As the highest applicable percentage ratio in respect of the annual caps for the Procurement Framework Agreement for the purposes of Chapter 14A of the Listing Rules exceeds 0.1% but is less than 5%, the transactions contemplated under the agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including the opinion of the independent financial adviser) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

For details of the entering into of the agreement and transactions, please refer to the announcements of the Company dated 4 February 2026 and 13 February 2026.

Proposed Appointment of the Non-employee Directors of the Second Session of the Board and Election of the Employee Director of the Second Session of the Board

The term of office of the first session of the Board of the Company expired on 19 February 2026. On 12 February 2026, upon the recommendation of the Nomination Committee of the Board, the Board of the Company nominated Mr. Yang Mingchao, Mr. Meng Xianjin, Mr. An Haolei, Ms. Luo Na, Ms. Yang Tongyu, Mr. Liu Zhengzheng, Mr. Zeng Xiaosong, Ms. Yu Fang Jing, Mr. Li Jianfeng and Mr. Shi Kangping as candidates for non-employee directors of the second session of the Board of the Company. The appointment of these candidates shall be subject to approval at the Company’s 2025 Annual General Meeting. On the same day, Ms. Zheng Min was elected as an employee director at a meeting of employee representatives, and she will, together with other directors elected by the 2025 Annual General Meeting, form the second session of the Board. The term of office of the second session of the Board shall be three years commencing from the date of the passing of their election at the 2025 Annual General Meeting, and they may be re-elected upon the expiry of their term of office. For details, please refer to the announcement of the Company dated 12 February 2026.

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 (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ and relevant employees’ (i.e. employees who may have inside information about the Company) dealings in securities of the Company.

The Company has made reasonable enquiry to all the Directors, and they have confirmed that they have complied with the required standards of dealing as set out in the Model Code for the Reporting Period.

No incident of non-compliance with the Model Code by the relevant employees of the Company were noted by the Company for the Reporting Period.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL 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 2025 annual report of the Company 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, 12 March 2026

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 non-executive director; Mr. Zeng Xiaosong, Ms. Yu Fang Jing, Mr. Li Jianfeng and Mr. Shi Kangping as independent non-executive directors; Ms. Zheng Min as employee director.