

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025**

The board of directors (the “**Board**”) of Xiaocaiyuan International Holding Ltd. (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2025. This announcement contains the full text of the annual report of the Group for the year ended December 31, 2025 (the “**2025 Annual Report**”) and complies with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) regarding the information to be included in the preliminary announcement of annual results.

The annual results announcement is available for viewing on the Company’s website (www.xiaocaiyuan.com) and the Hong Kong Stock Exchange’s website (www.hkexnews.hk). The Company will dispatch the 2025 Annual Report to shareholders when applicable in the manner they have elected to receive corporate communications, and will also publish it on the websites of both the Company and the Hong Kong Stock Exchange.

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

Hong Kong, March 25, 2026

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

CONTENTS

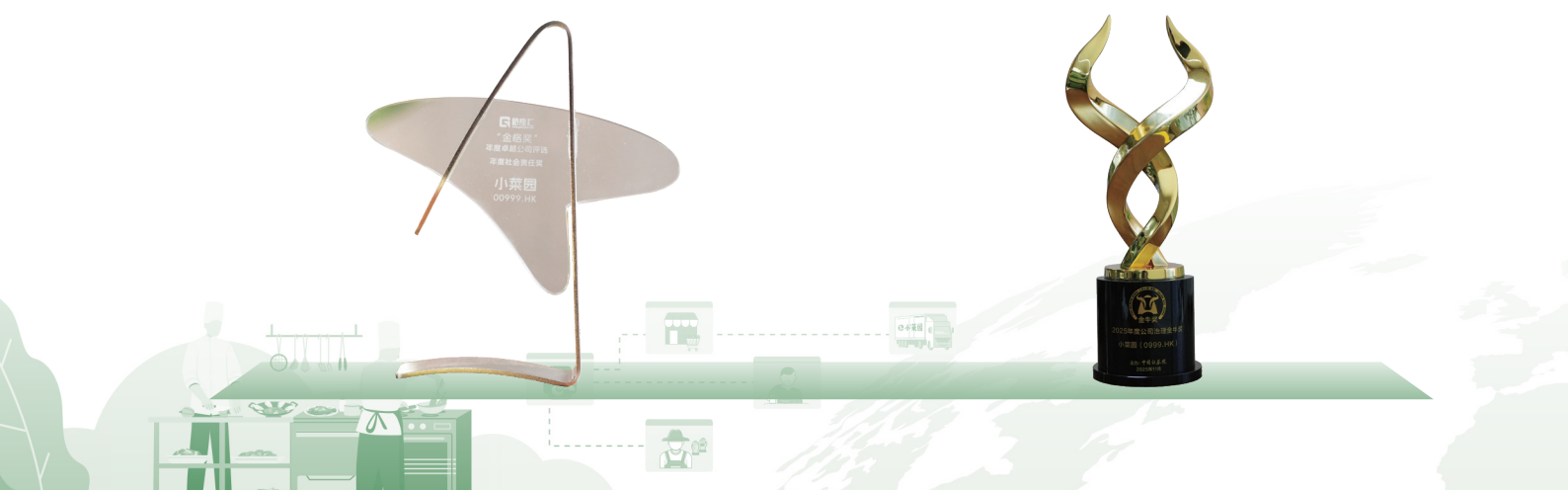
Honors and Awards	2
Corporate Information	3
Financial Summary	5
Chairman's Statement	6
Management Discussion and Analysis	10
Biographies of Directors and Senior Management	23
Corporate Governance Report	31
Directors' Report	52
Environmental, Social and Governance Report	70
Independent Auditor's Report	122
Consolidated Statement of Profit or Loss	127
Consolidated Statement of Profit or Loss and Other Comprehensive Income	128
Consolidated Statement of Financial Position	129
Consolidated Statement of Changes in Equity	131
Consolidated Cash Flow Statement	133
Notes to the Financial Statements	135
Definitions	197



HONORS AND AWARDS

As a testament to the popular appeal of our brands and the quality of the dining experiences with us, we have received various honors and awards. The table below sets forth our major honors and awards received for the year.

Honors and Awards	Issuing Authority
Most Investment-Potential Listed Company on Hong Kong Stocks in 2025	National Business Daily
Most Valuable Large Consumption Company in the 10th Listed Company Selection	Zhitong Finance
2025 Corporate Governance Golden Bull Award	China Securities Journal
Most Notable IPO Company of the Year 2025	Top 100 Hong Kong Listed Companies Research Center
2025 Douyin NKA Annual Growth Brand Award	Douyin Life Services
Breakthrough Brand for Catering Operation in Central China	Douyin Life Services NKA
Annual Innovative Brand at the 8th Catering Industry Conference	Meituan
2025 Gelonghui Annual Social Responsibility Award	Gelonghui
Top 100 Service Enterprises among Private Enterprises in Anhui Province in 2025	Anhui Federation of Industry and Commerce/ Anhui Provincial Development and Reform Commission/ Anhui Provincial Department of Economy and Information Technology/ Anhui Provincial Market Supervision Administration
Benchmark Enterprise for Brand Leadership in the Dual-Brand Project in 2025	Dual-Brand Project Brand Building Committee



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wang Shugao (*Chairman and general manager*)
 Mr. Tian Chunyong
 Mr. Zhou Bin
 Ms. Wang Weifang
 Mr. Tao Xu'an
 Mr. Li Daoqing (*resigned on December 29, 2025*)

Non-executive Directors

Ms. Zhu Xuejing (*appointed on March 7, 2025, resigned upon the expiration of the term on March 7, 2026*)
 Mr. Law Wing Cheung Ryan (*resigned on March 7, 2025*)

Independent Non-executive Directors

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

JOINT COMPANY SECRETARIES

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

AUTHORIZED REPRESENTATIVES

Mr. Wang Shugao (*appointed on December 29, 2025*)
 Ms. She Mingzhu
 Mr. Li Daoqing (*resigned on December 29, 2025*)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Wang Shugao (*Chairman*)
 Mr. Qian Mingxing
 Mr. Zhu Nanjun
 Ms. Fang Xuan (*appointed on August 15, 2025*)

HONG KONG SHARE REGISTRAR

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKERS

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

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

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

LEGAL ADVISORS TO THE COMPANY

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

As to PRC law:

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

As to Cayman Islands law:

Harney Westwood & Riegels
3501, The Center
99 Queen's Road Central
Hong Kong

COMPLIANCE ADVISER

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

AUDITOR

KPMG
Certified Public Accountants and Registered Public
Interest Entity Auditor
8/F, Prince's Building
10 Chater Road, Central
Hong Kong

COMPANY'S WEBSITE

www.xiaocaiyuan.com

STOCK CODE

0999



FINANCIAL SUMMARY

Set out below is a summary of the results, assets and liabilities of the Group for the historical five financial years:

RESULTS

	For the year ended December 31,				
	2025	2024	2023	2022	2021
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	5,345,091	5,209,874	4,549,415	3,213,420	2,645,773
Profit before taxation	985,615	771,254	744,119	349,775	309,046
Income tax	(270,523)	(190,632)	(212,060)	(112,201)	(81,927)
Profit for the year	715,092	580,622	532,059	237,574	227,119
Attributable to:					
Equity shareholders of the Company	715,092	580,622	532,059	237,574	227,119
Total comprehensive income					
for the year	699,079	585,417	530,876	237,604	227,116
Basic earnings per share (RMB)	0.61	0.56	0.53	N/A	N/A
Diluted earnings per share (RMB)	0.61	0.56	0.53	N/A	N/A

ASSETS AND LIABILITIES

	As at December 31,				
	2025	2024	2023	2022	2021
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Total assets	3,797,723	3,587,900	2,340,077	1,303,136	1,199,927
Total liabilities	1,357,484	1,222,485	1,716,985	978,246	1,097,421
Net assets	2,440,239	2,365,415	623,092	324,890	102,506

CHAIRMAN'S STATEMENT

Dear Shareholders and partners,

On behalf of the Board of Directors of Xiaocaiyuan International Holding Ltd., I am pleased to present the Company's performance for the year ended December 31, 2025, and extend heartfelt gratitude to the Shareholders, customers, partners and employees for their unwavering support over the years.

BUSINESS REVIEW

Looking back on 2025, the catering industry has achieved steady development amidst the dual backdrop of structural upgrading and intensified market competition. Facing a complex and ever-changing external environment, we have consistently adhered to our original aspiration of creating a "home kitchen for the people". By focusing on standardized operations, digital management and supply chain upgrades as our key drivers, we have steadily advanced our nationwide expansion. As a result, our business scale, operational efficiency and brand influence have continued to grow, enabling our overall business to achieve high-quality and sustainable development. Our efforts have primarily focused on the following aspects.

I. Delving into the Needs of the People to Achieve Scalable and Sustainable Expansion

The Company remained committed to focusing on the mass catering market segment, accurately grasping the daily consumption trends of residents, continuously optimizing its store models, regional layouts and steadily enhancing market penetration. Through the replication of mature stores, refined site selection and efficient operations, the breadth and density of our store network have further increased. In 2025, we recorded a net increase of 146 stores throughout the year, bringing the total number of stores to 819. Among them, 807 were Xiaocaiyuan stores, covering 14 provinces across China. 42.5% of Xiaocaiyuan stores were located in third-tier and lower-tier cities, representing strong momentum and competitiveness for market penetration in lower-tier areas.

In 2025, the Company recorded annual operating revenue of RMB5,345 million, gross profit of RMB3,763 million, a gross profit margin of 70.4%, net profit of RMB715 million, with a net profit margin maintained at 13.4%, and the average daily table turnover rate across stores reached 3.0 times. The continuous improvement in our excellent profitability and risk resilience has formed a closed loop of scale effects and virtuous development.

II. Adhering to Management Incentives to Enhance Operational Management Efficiency

We upheld the "Xiaocaiyuan-style" equity incentive mechanism, establishing an incentive system for management and core talents that aligned with the Company's long-term development goals. We shared our business and its fruits with a group of outstanding and hardworking individuals who identify with our corporate values and have grown alongside the Company. At the same time, we clarified rights and responsibilities and strengthen performance evaluations, ensuring that those who made greater contributions received more rewards. This fully stimulated the team's enthusiasm and motivation, organizational efficiency, execution capabilities and operational decision-making levels, thus providing solid talent support for the Company's steady expansion.



CHAIRMAN'S STATEMENT

III. Digital and Information-Based Operations Continuing to Empower Store Management

In 2025, the Group continued to enhance its digital management capabilities, empowering standardized operations, so as to ensure consistent store experiences and product quality across all stores. In 2026, we will continue to advance digital transformation: through integrating data collaboration across the entire chain, including front-end operations, mid-level management and back-end supply chain, with the aim to achieve rapid diagnosis and resolution of issues, refine gross profit control, and highly efficient supply chain coordination; this will comprehensively improve operational quality, providing solid support for the Group's scale expansion and long-term value growth. In terms of membership management in 2025, we introduced a wider variety of membership formats, including the "88VIP", offering differentiated membership policies and benefits, which played a more effective role in enhancing customer consumption experiences and driving repeat purchases.

IV. Intelligent Upgrades of Central Factory Continuing to Advance Standardization Processes

In 2025, the construction of the Ma'anshan central factory project in Anhui Province, China, proceeded as planned, with expected commissioning and operation in the first half of 2026. The Ma'anshan central factory implements intelligent, digital, process-oriented management across its entire chain, encompassing procurement, production, warehousing, logistics and quality management. This will effectively enhance the standardized supply chain management capabilities of Xiaocaiyuan, while empowering store management more efficiently and ensuring consistent product quality, uniform taste, and safety control, thus further strengthening its cost and scale advantages.

FUTURE STRATEGIES

Looking ahead, the Company will continue to adhere to a development approach that emphasizes steady progress and long-termism, focusing on building core competencies and seizing structural opportunities within the industry, thus driving high-quality business growth.

I. Deepening Product Quality and Focusing on Consumer Experience

We will always place products at the core, strictly upholding food safety and quality standards. In response to evolving consumer demands, we will create a diversified brand experience encompassing "value-for-money dine-in" and "high-quality delivery". By leveraging premium ingredients, offering cost-effective options, and delivering exceptional service, we aim to solidify and enhance consumer reputation and brand loyalty.



CHAIRMAN'S STATEMENT

II. Increasing Investment in Innovation, Including Product and Technological Innovation

On one hand, we will continue to advance culinary R&D and optimize product combinations to meet the diverse and youthful consumption trends. On the other hand, we will increase investment in digital and intelligent equipment and continuously refine operations in areas such as ordering, kitchen management and supply chain to improve quality and efficiency, optimize cost and create value.

III. Advancing Overseas Expansion Plans

Building on our solid domestic market advantages, we will steadily advance our international expansion strategy. In the initial phase, we will choose Hong Kong as the first stop for overseas expansion.

IV. Continuing to Explore Diversified Operations

While maintaining steady growth in our core catering business, the Company will actively explore opportunities in new retail formats by extending consumer scenarios, so as to diversify our revenue streams, enhance our resilience against economic cycles and achieve synergistic development across multiple sectors.

Despite ongoing global economic uncertainties, the Board remains fully confident in our strategy of pursuing steady progress. By adhering to regulatory requirements of the Stock Exchange, we will continue to optimize our capital structure and create long-term value for shareholders through transparent and efficient management.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

I. Compliance and Risk Management

The Company strictly adheres to the Listing Rules and the Corporate Governance Code. In 2025, we conducted multiple director training sessions on duty performance and established a dedicated ESG task force to strengthen internal ESG training and promotion. Additionally, we engaged professional institutions to provide specialized training for key personnel.

II. Sustainability Commitments

The Company actively advances its “Green Kitchen” initiative to continuously reduce carbon emission intensity. We have donated a cumulative total of RMB3,018,340 to charitable causes; we also provided standardized training and enhanced compensation and benefits packages for employees to safeguard occupational health and safety, and actively participated in social welfare catering services and anti-food waste campaigns.



CHAIRMAN'S STATEMENT

SHAREHOLDER RETURNS

The Company places great emphasis on delivering long-term value and reasonable returns to shareholders. The Board recommends a final dividend of RMB0.2125 per share for the year ended December 31, 2025, with a full-year payout ratio (including interim dividend) of 69.8%, and the specific proposal will be submitted to the general meeting for approval, which can be effective only upon approval.

ACKNOWLEDGMENTS

On behalf of the Board of Directors of Xiaocaiyuan International Holding Ltd., I would like to express our heartfelt gratitude to all shareholders, partners, customers and employees for their unwavering support and trust in the Company. This trust and support serve as the core driving force behind our commitment to deepening our presence in the catering industry and pursuing excellence.

Wang Shugao

Chairman

Xiaocaiyuan International Holding Ltd.

Hong Kong, March 25, 2026



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

In 2025, China's economic and social development witnessed complex and profound structural changes. Driven by three key factors – demographic shifts, deepening urbanization and rationalized consumption – the catering industry was accelerating its transition towards meeting essential needs and offering better value for money. On one hand, trends towards smaller households and an aging population, coupled with steady growth in the urbanization rate, continued to amplify residents' demand for dining out. On the other hand, the slowing growth rate of urban residents' per capita disposable income was driving catering consumption back to daily necessities, with a greater emphasis on practicality and cost-effectiveness when dining out. Mass-market catering has thus become the mainstream in the market. Nationwide catering revenue in 2025 reached approximately RMB5.8 trillion, representing a year-on-year increase of 3.2%. The industry as a whole has been evolving towards quality and efficiency improvements, with popular, mass Chinese cuisine emerging as the core sector with the greatest resilience and growth potential.

The consumer side exhibited a distinct trend of “delicious and affordable”. Consumers showed a stronger preference for mass Chinese cuisine that is frequent, essential and highly repurchasable. Industry data indicates that under the dominance of rational consumption, the average per capita spending on dining out has steadily declined. Mass Chinese cuisine, with its strong essential demand and high adaptability, demonstrated significant anti-cyclical capabilities and maintains steady expansion. Against this backdrop, our brand “Xiaocaiyuan”, as a leading player in the popular, mass Chinese cuisine sector, leveraged its supply chain and operational advantages to steadily increase its market share. With chain operation and standardization as its main development strategies, it precisely aligned with demographic shifts and consumption trend changes, continuously consolidating its leading position.

The rigid demand and growth potential of mass Chinese cuisine, along with current consumption habits and market structure, collectively created a favorable environment for development, providing us with external opportunities for sustained expansion. The long-term growth certainty of the industry was further enhanced.

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 flavor dishes and attentive services at affordable prices. We aspire to establish our Xiaocaiyuan restaurants as the “home kitchen” widely acknowledged by Chinese consumers.



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

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

	For the year ended December 31,			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Restaurant operations	3,261,042	61.0	3,191,554	61.3
Delivery business	2,065,072	38.6	2,004,766	38.5
Others	18,977	0.4	13,554	0.2
Total	5,345,091	100.0	5,209,874	100.0

The Group's revenue increased by 2.6% from RMB5,209.9 million in 2024 to RMB5,345.1 million in 2025, primarily reflecting an increase of RMB69.5 million in our restaurant operations and an increase of RMB60.3 million in our delivery business.

Restaurant Operations

Revenue from our restaurant operations increased by 2.2% from RMB3,191.6 million in 2024 to RMB3,261.0 million in 2025, primarily due to an increase in the number of restaurants in operation. We had 807 *Xiaocaiyuan* restaurants in operation as of December 31, 2025 as compared to 667 *Xiaocaiyuan* restaurants as of December 31, 2024.

Delivery Business

Revenue from our delivery business increased by 3.0% from RMB2,004.8 million in 2024 to RMB2,065.1 million in 2025, primarily due to an increase in the number of our delivery orders of our *Xiaocaiyuan* restaurants from 29.0 million in 2024 to 34.3 million in 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 year ended December 31,					
	2025			2024 ⁽¹⁾		
	<i>Total revenue</i>		<i>%</i>	<i>Total revenue</i>		<i>%</i>
	<i>Number of restaurants</i>	<i>(RMB in thousands)</i>		<i>Number of restaurants</i>	<i>(RMB in thousands)</i>	
First-tier cities	137	964,367	18.3	106	929,899	18.0
New first-tier cities	229	1,566,000	29.6	189	1,525,477	29.6
Second-tier cities	98	649,969	12.3	81	630,825	12.2
Third-tier cities and below (including county-level cities and counties)	343	2,101,896	39.8	291	2,071,996	40.2
Total	807	5,282,232	100.0	667	5,158,167	100.0

Note:

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the year ended December 31,	
	2025	2024 ⁽¹⁾
Average spending per dine-in customer⁽²⁾ (RMB)		
First-tier cities	57.0	61.1
New first-tier cities	55.6	59.1
Second-tier cities	57.0	59.9
Third-tier cities and below (including county-level cities and counties)	55.7	58.4
Total	56.1	59.2
Table turnover rate⁽³⁾ (times/day)		
First-tier cities	3.1	3.1
New first-tier cities	3.0	3.0
Second-tier cities	3.3	3.2
Third-tier cities and below (including county-level cities and counties)	2.9	2.8
Overall	3.0	3.0

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the year ended December 31,	
	2025	2024 ⁽¹⁾
Number of same stores⁽²⁾		
First-tier cities	84	
New first-tier cities	148	
Second-tier cities	64	
Third-tier cities and below (including county-level cities and counties)	238	
Total	534	
Same store sales⁽³⁾ (RMB in thousands)		
First-tier cities	734,455.4	835,377.5
New first-tier cities	1,196,197.9	1,323,543.9
Second-tier cities	529,855.3	572,972.9
Third-tier cities and below (including county-level cities and counties)	1,726,917.3	1,888,403.2
Total	4,187,425.9	4,620,297.5
Average same store sales per day⁽⁴⁾ (RMB in thousands)		
First-tier cities	24.0	27.4
New first-tier cities	22.2	24.7
Second-tier cities	22.8	24.9
Third-tier cities and below (including county-level cities and counties)	19.9	21.8
Overall	21.5	23.9
Same store table turnover rate⁽⁵⁾ (times/day)		
First-tier cities	2.9	3.1
New first-tier cities	2.9	3.1
Second-tier cities	3.3	3.4
Third-tier cities and below (including county-level cities and counties)	2.8	2.9
Overall	2.9	3.1



MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) There were transformations of *Xiaocaiyuan* restaurants from *Fuxinglou* restaurants in June 2024 (initially opened in December 2020).
- (2) For purposes of calculating same store performance, between two periods, we define same stores as those *Xiaocaiyuan* restaurants that were open for at least 300 days in both 2024 and 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.

Our same store sales decreased by 9.4% from RMB4,620.3 million in 2024 to RMB4,187.4 million in 2025, primarily due to our optimization of the delivery business strategy in the second half of 2025, where we shifted our focus to enhancing the dine-in experience and adjusted menu item prices to strengthen product competitiveness, underscoring our long-term commitment to bringing cost-effective experience to our customers.

Other Revenue

Our other revenue increased by 7.5% from RMB42.5 million in 2024 to RMB45.7 million in 2025, primarily due to an increase in government grants received in 2025, partially offset by a decrease in interest income from bank deposits.

Raw Materials and Consumables Used

Our expenditure on raw materials and consumables used decreased by 4.7% from RMB1,661.0 million in 2024 to RMB1,582.2 million in 2025, primarily due to economies of scale achieved through centralized procurement, which lowered the unit prices of key ingredients. The percentage of raw materials and consumables used to revenue decreased from 31.9% in 2024 to 29.6% in 2025, mainly benefiting from our robust supply chain management and effective cost optimization efforts.

Staff Costs

Our staff costs decreased by 3.4% from RMB1,421.6 million in 2024 to RMB1,373.4 million in 2025, primarily attributable to improvements in store management efficiency and enhanced labor productivity. Our staff costs as a percentage of our revenue continued to optimize, reaching 27.3% in 2024 and 25.7% in 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation of Right-of-use Assets

Our depreciation of right-of-use assets increased by 4.5% from RMB256.5 million in 2024 to RMB268.0 million in 2025, primarily due to an increase in the number of our restaurants in operation. Our depreciation of right-of-use assets as a percentage of our revenue remained relatively stable at 4.9% in 2024 and 5.0% in 2025.

Depreciation and Amortization of Other Assets

Our depreciation and amortization of other assets increased by 7.9% from RMB175.5 million in 2024 to RMB189.4 million in 2025, primarily due to an increase in the number of our restaurants in operation. Our depreciation and amortization of other assets as a percentage of our revenue remained relatively stable at 3.4% in 2024 and 3.5% in 2025.

Other Rentals and Related Expenses

Our other rentals and related expenses increased by 4.2% from RMB93.1 million in 2024 to RMB97.0 million in 2025, primarily due to an increase in lease payments for leases with a term of 12 months or less in relation to the expansion of our restaurant network.

Utility Expenses

Our utility expenses increased by 1.6% from RMB171.8 million in 2024 to RMB174.6 million in 2025, primarily due to an increase in the number of restaurants in operation.

Advertising and Promotion Expenses

Our advertising and promotion expenses increased by 22.1% from RMB63.4 million in 2024 to RMB77.4 million in 2025, primarily due to an increase in investments in offline advertising and marketing campaigns.

Delivery Service Expenses

Our delivery service expenses increased by 1.3% from RMB354.8 million in 2024 to RMB359.3 million in 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 remained relatively stable from 6.8% in 2024 to 6.7% in 2025, which was in relation to the stable revenue generated by our delivery business as a percentage of our total revenue from 38.5% in 2024 to 38.6% in 2025.

Other Expenses

Our other expenses decreased by 6.8% from RMB273.5 million in 2024 to RMB254.8 million in 2025, primarily due to the non-recurrence of listing expenses in relation to our Global Offering in 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

Other Net Income

We recorded other net income of RMB31.1 million in 2024 and recorded other net income of RMB14.1 million in 2025, which was primarily due to the derecognition of the convertible bonds and derivative financial instruments upon listing and no such gains in 2025, partially offset by an increase in gains from changes in the fair value of wealth management products.

Finance Costs

Our finance costs increased by 4.7% from RMB41.1 million in 2024 to RMB43.1 million in 2025, primarily due to an increase in interest on lease liabilities in line with the increase in the number of our leases as a result of the expansion of our restaurant network.

Income Tax

Our income tax increased by 41.9% from RMB190.6 million in 2024 to RMB270.5 million in 2025, primarily due to an increase in our China dividend withholding tax. Our effective tax rate, calculated by dividing our income tax by our profit before taxation, increased from 24.7% in 2024 to 27.4% in 2025, primarily due to the increase in our China dividend withholding tax.

Profit for the Year

As a result of the cumulative effect of the above factors, our profit for the year was RMB715.1 million in 2025, representing an increase of 23.2%, compared to RMB580.6 million in 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 year adjusted by adding (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 from net profit to adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) for the years indicated:

	For the year ended December 31,	
	2025	2024
	(RMB'000)	(RMB'000)
Reconciliation of net profit to adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure)		
Net profit	715,092	580,622
Add:		
Changes in fair value of the convertible bonds and derivative financial instruments	–	(112,233)
Changes in carrying amount of the redemption liability	–	80,889
Listing expenses	–	36,911
Adjusted net profit (non-IFRS measure)	715,092	586,189
Add:		
Income tax	270,523	190,632
Net finance costs	32,652	16,499
Depreciation and amortization of other assets	189,431	175,536
Adjusted EBITDA (non-IFRS measure)	1,207,698	968,856

Right-of-use Assets

Our right-of-use assets consisted of the leases for our restaurants. Our right-of-use assets increased by 4.2% from RMB788.6 million as of December 31, 2024 to RMB821.9 million as of December 31, 2025, mainly attributed to an increase in the number of restaurants.

Inventories

Our inventories primarily consisted of food ingredients, condiment products, beverage and others. Our inventories increased from RMB109.6 million as of December 31, 2024 to RMB111.1 million as of December 31, 2025, primarily due to the expansion of our restaurant network.



MANAGEMENT DISCUSSION AND ANALYSIS

Our inventory turnover days (being the average of opening balance and closing balance of inventory for the year divided by raw materials and consumables used for the relevant year and multiplied by 365 days) increased from 23.6 days in 2024 to 25.4 days in 2025, primarily due to the economies of scale achieved through centralized procurement by the Company, which reduced procurement costs, along with the full-scale inventory preparation at the initial stage of new store openings at the end of 2025, leading to an increase in inventory turnover days.

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 from RMB301.9 million as of December 31, 2024 to RMB272.2 million as of December 31, 2025, primarily due to the increase of supply chain management efficiency, which further optimized the level of advance payments under this category.

Our trade receivables turnover days (being the average of opening balance and closing balance of trade receivables for the year divided by revenue and multiplied by 365 days) remained relatively stable at 2.3 days in 2024 and 2.2 days in 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 RMB241.8 million as of December 31, 2025, primarily due to an increase in payables for asset purchases related to the Ma'anshan supply chain and newly added stores 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 year divided by raw materials and consumables used for the relevant year and multiplied by 365 days) decreased from 15.2 days in 2024 to 12.8 days in 2025, primarily due to the optimizing of our settlement process with suppliers.

Liquidity and Capital Resources

For the year ended December 31, 2025, we had funded our cash requirements principally from equity and debt financing and cash generated from operations. We had cash and cash equivalents of RMB297.8 million for the year ended December 31, 2025 as compared to RMB616.7 million for the year ended December 31, 2024, primarily due to our optimization of capital management strategies, increasing our purchases of wealth management products to enhance the efficiency of capital utilization in 2025. We had net cash generated from operating activities of RMB1,162.2 million for the year ended December 31, 2025 as compared to RMB902.9 million for the year ended December 31, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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

As of December 31, 2025, our bank loans amounted to RMB100 million, primarily comprising letter of credit borrowings for the purchase of food ingredients, guaranteed by Anhui Xiaocaiyuan Supply Chain Limited, a wholly-owned subsidiary of the Company, which was repayable within one year. All borrowings are denominated in RMB and bear interest at a fixed rate of 1.75%. The Group did not implement any interest rate hedging policy.

Pledged Assets

As at December 31, 2025, the Group did not pledge any of its assets.

Contingent Liabilities

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

Gearing Ratio

Our gearing ratio (calculated as bank loans divided by total equity and multiplied by 100%) was 4.1% as at December 31, 2025 as compared to nil as at December 31, 2024, primarily due to an increase in bank loans during the Reporting Period.

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 not exposed to significant foreign currency 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 December 31, 2025, the Group had a total of 13,540 full-time employees (December 31, 2024: 12,034), most of whom were located in Tongling, Anhui Province, China. For the year ended December 31, 2025, the Group's total staff costs (including salaries, wages, allowances and benefits) amounted to RMB1,373.4 million (December 31, 2024: RMB1,421.6 million).



MANAGEMENT DISCUSSION AND ANALYSIS

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.

Future Plans for Material Investments and Capital Asset Investments

As of December 31, 2025, the Group had no material investments (including any investments in investee companies whose value accounted for 5% or more of the Group's total assets as of December 31, 2025) with a value representing 5% or more of the Group's total asset value as of December 31, 2025.

As at December 31, 2025, save as disclosed in this annual report and expansion plan that set out in "Future Plans and Use of Proceeds" of the Prospectus, the Group did not have any material investments or capital asset plans.



MANAGEMENT DISCUSSION AND ANALYSIS

Future Outlook

Looking ahead, the Company will adhere to the development approach of seeking progress while maintaining stability and embracing a long-term perspective; the Company will seize structural opportunities in the catering industry by prioritizing high-quality development, thus consolidating its leading position in the sector. While continuing to focus on enhancing product quality and strictly upholding food safety standards, the Company will build its reputation and customer loyalty through the use of premium ingredients, high cost-effectiveness and attentive service. Simultaneously, the Company will increase investment in product and technological innovation to optimize its menu structure and cater to diverse scenario demands.

In the future development, the Company will remain committed to the mass-market catering segment, leveraging its extensive management experience, keen data insights and efficient supply chain management to support the steady expansion of its store network and deepen its penetration in the mainland market. At the same time, with an open mindset, the Company will keep an eye on the challenges and opportunities in overseas markets to achieve a more diversified and expansive business layout. The Company will consistently uphold its cultural philosophy of “Gratitude, Responsibility, Growth and Win-Win”, providing customers with green and healthy dishes at affordable prices, along with a thoughtful service experience, positioning itself as a “home kitchen” trusted by consumers. We are committed to becoming a world-class chain restaurant group with a modern scientific management system.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Wang Shugao (汪書高), aged 53, the founder of the Group, was appointed as the chairman of the Board, an executive Director and the general manager of the Company in October 2021. Mr. Wang has been serving as the chairman of the board of directors of Xiaocaiyuan Catering since June 2013.

Mr. Wang has over 20 years of experience in catering industry. Prior to founding the Group, Mr. Wang successively founded Tongling Wang Wang Food Court (銅陵市旺旺美食林), Tongling Suburb Hexie Hotel (銅陵市郊區和諧大酒店) and Tongling Hexie Catering Co., Ltd. (銅陵市和諧餐飲有限責任公司) in March 2006, May 2007 and December 2010, respectively. Mr. Wang has received multiple prestigious awards and recognitions, named as a vice president by Anhui Enterprise Operation and Management Research Association (安徽省企業經營與管理研究會) in November 2019, awarded as “National Outstanding Entrepreneur in Business” (全國商業優秀企業家) by China Commercial Enterprise Management Association (中國商業企業管理協會) in December 2020, and appointed as a vice president by Anhui Cooking Association (安徽省烹飪協會) in May 2021.

Mr. Wang graduated from Cheung Kong Graduate School of Business (長江商學院) majoring in business administration in Shanghai, the PRC in October 2024.

Mr. Wang is the uncle of Ms. Wang Weifang, an executive Director.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tian Chunyong (田春永), aged 51, was appointed as an executive Director in February 2023. Mr. Tian has been serving as a director and a vice general manager of Xiaocaiyuan Catering since October 2014.

Prior to joining the Group, Mr. Tian served as a general manager in Nanjing Qin Dynasty Waguan Catering Co., Ltd. (南京秦朝瓦罐餐飲有限公司) from October 2006 to December 2007, Nanjing Yuqin Shangpin Catering Management Co., Ltd. (南京御秦上品餐飲管理有限公司) from January 2008 to January 2011 and Nanjing Lafei Catering Management Co., Ltd. (南京辣啡餐飲管理有限公司) from January 2011 to December 2013, respectively.

Mr. Tian is currently pursuing his junior college's degree through long distance learning in The Open University of China (國家開放大學) in Beijing, the PRC.

Mr. Zhou Bin (周斌), aged 47, was appointed as an executive Director in February 2023. Mr. Zhou has been serving as a director and a regional general manager of Xiaocaiyuan Catering since June 2013.

Mr. Zhou has more than 15 years of experience in catering industry. Prior to joining the Group, Mr. Zhou served as an executive chef in Tongling Hexie Catering Co., Ltd. (銅陵市和諧餐飲有限責任公司) from December 2010 to March 2013.

Mr. Zhou graduated from Zongyang County Laozhou Middle School (縱陽縣老洲中學) in Tongling, Anhui, the PRC in May 1996. He is currently pursuing his junior college's degree through long distance learning in The Open University of China (國家開放大學) in Beijing, the PRC.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Wang Weifang (汪維芳), aged 35, was appointed as an executive Director in February 2023. She has been serving as a director and a regional general manager of the Xiaocaiyuan Catering since June 2013.

Ms. Wang has over 10 years of experience in catering industry. Prior to joining the Group, Ms. Wang worked in Tongling Suburb Hexie Hotel (銅陵市郊區和諧大酒店) from March 2008 to December 2010 with her last position as a manager. She also served as a manager of Tongling Hexie Catering Co., Ltd. (銅陵市和諧餐飲有限責任公司) from December 2010 to March 2013.

Ms. Wang graduated from Tongling Suburb Hongyang Junior Middle School (銅陵市郊區紅陽初級中學) in Tongling, Anhui, the PRC in July 2004.

Ms. Wang is the niece of Mr. Wang Shugao, the chairman of the Board and an executive Director.

Mr. Tao Xu'an (陶旭安), aged 37, was appointed as an executive Director in February 2023. Mr. Tao has been serving as a director and regional general manager of Xiaocaiyuan Catering since June 2013.

Mr. Tao has over 10 years of experience in catering industry. Prior to joining the Group, Mr. Tao served as a head chef in Tongling Wang Wang Food Court (銅陵市旺旺美食林) from March 2006 to May 2007. He also served as an executive chef in Tongling Hexie Catering Co., Ltd. (銅陵市和諧餐飲有限責任公司) from December 2010 to March 2013.

Mr. Tao graduated from Tongling County Phoenix Agricultural High School (銅陵縣鳳凰農業中學), currently known as Yi'an District Phoenix School (義安區鳳凰學校) in Tongling, Anhui, the PRC in June 2002. He is currently pursuing his junior college's degree through long distance learning in The Open University of China (國家開放大學) in Beijing, the PRC.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Qian Mingxing (錢明星), aged 63, was appointed as an independent non-executive Director in December 2024.

Mr. Qian has extensive experience in legal practice. Mr. Qian was a professor at Peking University Law School (北京大學法學院) from August 1999 to April 2023. He worked as a teaching assistant and a lecturer of the law department at Peking University from August 1986 to August 1988 and August 1988 to August 1993, respectively. From August 1993 to August 1999, Mr. Qian was an associate professor at Peking University Law School. Mr. Qian has been serving as an independent non-executive Director in Yihai International Holding Ltd. (頤海國際控股有限公司), a company listed on the Stock Exchange (stock code: 1579.HK), since June 2016. Mr. Qian also currently serves as an arbitrator in China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) (CIETAC), South China International Economic and Trade Arbitration Commission (華南國際經濟貿易仲裁委員會), and Beijing Arbitration Commission (北京仲裁委員會) (BAC), respectively.

Mr. Qian obtained a bachelor's degree in law and a master's degree in law from Peking University (北京大學) in July 1983 and July 1986, respectively. In June 2001, Mr. Qian obtained a doctoral degree of laws from Peking University.

Mr. Zhu Nanjun (朱南軍), aged 53, was appointed as an independent non-executive Director in December 2024.

Mr. Zhu, professor and doctoral supervisor at the School of Economics of Peking University (北京大學經濟學院), started his career as a postdoctoral researcher at the School of Economics of Peking University (北京大學經濟學院), and then worked as a lecturer and an associate professor successively since 2002. Mr. Zhu has extensive experience in finance and accounting. He served as an independent director at Lushang Freda Pharmaceutical Co., Ltd. (魯商福瑞達醫藥股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600223.SH), from June 2015 to July 2021; he has been serving as an independent director and chairman of the audit committee of the board of directors at China Aerospace Times Electronics Co., Ltd. (航天時代電子技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600879.SH), from June 2020 to July 2025.

Mr. Zhu obtained his bachelor's degree in economics in July 1994 from Wuhan University (武漢大學) in Hubei, the PRC, his master's degree and doctoral degree in management (accounting) respectively in July 1999 and June 2002 from Renmin University of China (中國人民大學) in Beijing, the PRC.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zeng Xiaosong (曾曉松), aged 51, was appointed as an independent non-executive Director in December 2024.

Mr. Zeng has extensive experience in investment management and corporate finance. Mr. Zeng worked at Bank of China's New York Branch (中國銀行紐約分行) from February 1999 to July 2005 with his last position as a vice president of the corporate banking department. He joined J.P. Morgan (摩根大通投資銀行) in July 2005 as an equity analyst of the equity research department before moving to the investment banking department which focuses on the share listing and mergers and acquisitions of financial institutions, including Chinese banks, securities houses, insurers, and fund managers. From August 2008 to September 2022, Mr. Zeng worked at Greenwoods Asset Management Hong Kong Limited (景林資產管理香港公司), a private fund manager focusing on the management of Greater China investments with his last position as the general manager and partner. Mr. Zeng started and served as the chairman and the chairman of investment committee of Arcadia Fund Management Group Asia Limited (奧愷基金管理集團亞洲有限公司) in December 2022 to be focused on investments into listed and unlisted Asian companies. He is also a director of its parent company, Arcadia Fund Management Group Limited (奧愷基金管理集團有限公司), and its affiliated company, Arcadia Fund Management GP Limited (奧愷基金管理普通合夥人有限公司). Mr. Zeng has served as an independent non-executive director and the chairperson of the remuneration committee in Guoquan Food (Shanghai) Co., Ltd. (鍋圈食品(上海)股份有限公司), a company listed on the Stock Exchange (stock code: 2517.HK), since October 2023.

Mr. Zeng has been a holder of the Chartered Financial Analyst (CFA) designation (特許金融分析師) since 2003. He is also a member of the board and a Vice Chairman of the Greater China Committee of the Hong Kong Venture Capital and Private Equity Association (HKVCA) (香港創業及私募投資協會).

Mr. Zeng graduated from Wuhan University (武漢大學) in the PRC with a major in International Finance in July 1995, and then attended the International Finance program at the Graduate School of the People's Bank of China (中國人民銀行研究生部) (currently the PBC School of Finance, Tsinghua University) from 1995 to 1997. Mr. Zeng graduated with a Master of Science degree in Accounting & Finance from the London School of Economics and Political Science (LSE) in the United Kingdom in August 1998, where he received the Robert Fleming scholarship.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Fang Xuan (方璇), aged 55, was appointed as an independent non-executive Director in December 2024.

Ms. Fang has extensive experience in finance and treasury industry. She worked at Beijing Enterprises Holdings Ltd (北京控股有限公司), a company listed on the Stock Exchange (stock code: 0392.HK), from June 2000 to July 2019, with her last position as a financial accounting manager of Hong Kong capital finance department. She has been serving as a financial director at CR Construction Group Holdings Ltd (華營建築集團控股有限公司), a company listed on the Stock Exchange (stock code: 1582.HK) from August 2019 to May 2022, and has been serving as the chief financial officer since June 2022. Ms. Fang served as a finance director at Mingxi Charity Foundation (明曦公益基金會) from August 2016 to July 2019. Ms. Fang has been serving as a member of the consultative committee of the Liaison Office of the Association of Certified Public Accountants of China in Hong Kong (中國註冊會計師協會駐香港聯絡處) and a member of the Shaanxi Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議陝西省委員會) since June 2022 and January 2023, respectively. She currently also serves at The Hong Kong Chinese Enterprises Association Financial & Accounting Affairs Steering Committee (香港中國企業協會財會專業委員會) as the Executive Vice Secretary General, the Hong Kong Girl Guides Association as a member of Council Committee and the Hong Kong Junior Leaders Corps as a director. Ms. Fang has been appointed as an independent non-executive director of China Development Bank International Investment Limited (國開國際投資有限公司), a company listed on the Stock Exchange (stock code: 1062.HK) since March 2024; she has been appointed as an independent non-executive director of China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company listed on the Stock Exchange (stock code: 0308.HK) since March 2025.

Ms. Fang has been a member of the Association of International Accountant (國際會計師公會) since June 2015 and a fellow member of the Association of International Accountant since September 2020. She has also been a member of the China Association of Chief Financial Officers (中國總會計師協會) (CACFO) since December 2016. She became a certified management accountant starting from October 2025.

Ms. Fang obtained her bachelor's degree in accounting in October 2006 from University of Bolton (博爾頓大學) in England. She also completed a senior program on public administration in Tsinghua University (清華大學) in Beijing, the PRC, in August 2022 and obtained an EMBA degree from the City University of Hong Kong in October 2021.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Wang Shugao is the chairman of the Board, an executive Director and the general manager of the Company. For the biographical details of Mr. Wang, see “Directors – Executive Directors” above.

Mr. Tian Chunyong is an executive Director and a vice general manager of the Company. For the biographical details of Mr. Tian, see “Directors – Executive Directors” above.

Ms. Zhu Zhenghui (朱正慧), aged 49, joined the Group in September 2019 and was appointed as the chief financial officer of the Company in October 2021. She has been serving as the chief financial officer of Xiaocaiyuan Catering since September 2019.

Prior to joining the Group, Ms. Zhu worked as an accountant in Tongling Suburb Finance Bureau Chenyaohu Branch (銅陵市郊區財政局陳瑤湖分局) from January 1998 to May 2017. She also worked in Tongling Rushi Accounting Firm (銅陵如是會計師事務所) from May 2018 to August 2019.

Ms. Zhu obtained her bachelor’s degree in international economics and trade from School of Adult Education of Tongling College (銅陵學院成人教育學院) through correspondence education in Anhui, the PRC, in January 2007. She was admitted as a Certified Public Accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in April 2003 and a Certified Tax Agent jointly by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) and the State Taxation Administration of the PRC (中華人民共和國國家稅務總局) in August 2007.

Ms. She Mingzhu (佘明珠), aged 41, joined the Group in July 2015 and was appointed as the Board secretary and the head of general manager’s office since October 2021, and was appointed as the joint company secretary of the Company in December 2024. She served as a senior officer from July 2015 to December 2016, and an office director and an assistant to the chairman of Xiaocaiyuan Catering from January 2017 to November 2020.

Prior to joining the Group, Ms. She served in Foshan Linghang Human Resources Service Co., Ltd. (佛山市領航人力資源服務有限公司) from May 2009 to April 2015 with her last position as the head of Changzhou Branch.

Ms. She received a junior college diploma in human resources from Guilin University of Electronic Technology (桂林電子科技大學) in Guangxi, the PRC, in June 2018 and obtained a bachelor’s degree in Financial Management from Xiangtan University in June 2025. She was named as a member of the Second Tongling Tongguan District Committee of the Chinese People’s Political Consultative Conference (中國人民政治協商會議第二屆銅陵市銅官區委員會委員) in January 2022 and “Corporate Chief Quality Officer” (企業首席質量官) by Tongling Quality Association (銅陵市質量協會) in June 2022.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Ms. She Mingzhu (佘明珠) is the Board secretary and a joint company secretary of the Company. For the biographical details of Ms. She, see “Senior Management” above.

Ms. Au Wing Han (區泳嫻) is the joint company secretary of the Company. Ms. Au is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司) and has over ten years of experience in corporate secretarial field and is responsible for providing corporate service to listed and private companies. Ms. Au is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Au holds a degree of Bachelor of Business Administration (Hons).

CHANGE IN INFORMATION ABOUT THE DIRECTORS AND SENIOR MANAGEMENT

Ms. Fang Xuan was appointed as an independent non-executive director of China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司)(0308.HK) in March 2025.

Mr. Zhu Nanjun resigned as an independent director and the chairman of the Audit Committee of the Board of Directors of China Aerospace Times Electronics Co., Ltd. (航天時代電子技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600879.SH) in July 2025.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



CORPORATE GOVERNANCE REPORT

The Board hereby presents the corporate governance report for the year ended December 31, 2025.

CORPORATE CULTURE

- Our Slogan: Xiaocaiyuan, Mother's Taste!
- Our Vision: Helping more employees to achieve their career goals!
- Our Goal: Where there are Chinese, there is Xiaocaiyuan!

The Company is committed to cultivating a corporate culture based on the value of “everything we do is to solve the customer's confusion, so that customers save efforts, time and money; everything we do is for the employees, for their growth and realization of dreams; everything we do is to pay more taxes to the government, to provide more jobs” that enables employees at all levels of the Group can achieve growth and realize their full potential by acting law-abidingly, ethically and responsibly, thus allowing the Company to deliver sustainable long-term performance and to operate in a way that is beneficial to society and the environment.

The Company's vision, goal and values provide guidelines for employees' conduct and behavior, ensuring that they are integrated into the Company's operating practices, workplace policies and rules, and stakeholder relationships. The management is responsible for setting the tone and creating the corporate culture of the Company, defining the mission, values and strategic direction of the Group, which are reviewed by the Board. The Group's culture, mission, values and strategies remain consistent given that the corporate culture is reflected in various environments such as workforce participation, employee retention and training, legal and regulatory compliance, employee safety, welfare and support.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders. 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 set out in Appendix C1 to 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 provisions C.2.1 and C.5.1 of the Corporate Governance Code, which is further explained in the section headed “CHAIRMAN OF THE BOARD AND GENERAL MANAGER” and “BOARD MEETINGS AND GENERAL MEETINGS” below.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

Composition of the Board

During the Reporting Period and as of the Latest Practicable Date, the members of the Board are set out below:

Executive Directors

Mr. Wang Shugao (*Chairman of the Board and general manager*)

Mr. Tian Chunyong

Mr. Zhou Bin

Ms. Wang Weifang

Mr. Tao Xu'an

Mr. Li Daoqing (*resigned on December 29, 2025*)

Non-executive Directors

Ms. Zhu Xuejing (*appointed on March 7, 2025,
resigned upon the expiration of the term on March 7, 2026*)

Mr. Law Wing Cheung Ryan (*resigned on March 7, 2025*)

Independent Non-executive Directors

Mr. Qian Mingxing

Mr. Zhu Nanjun

Mr. Zeng Xiaosong

Ms. Fang Xuan

Biographical details of the Directors are set out in the section headed “Biographies of Directors and Senior Management” in this annual report.

Ms. Zhu Xuejing confirms that she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on March 6, 2025, and (ii) understands her obligations as a Director under the Listing Rules.

Save as disclosed in the section headed “Biographies of Directors and Senior Management” in this annual report, there are no relationships (including financial, business, family, or other material/related relationships) between the members of the Board.



CORPORATE GOVERNANCE REPORT

During the Reporting Period and as of the Latest Practicable Date, the Company has been in compliance with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of the independent non-executive directors possessing appropriate professional qualifications of accounting or related financial management expertise.

The Company has also complied with the requirement of Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the Board.

RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is responsible for, and has the general authority of, the management and operation of the Company, and is responsible for all major decisions of the Company, including the approval and monitoring of all major policies and overall strategies, internal control and risk management systems, notifiable transactions and connected transactions, nomination of the Director(s) and joint company secretary(ies), and other significant financial and operational matters of the Group. The Board has also delegated the senior management to be responsible for the day-to-day management of the Company's business.

The Board, directly and indirectly through its committees, discharges the corporate governance functions of the Company, including (but not limited to):

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Company;
- (e) to review the Company's compliance with the Corporate Governance Code and disclosure made in the Company's corporate governance report; and
- (f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

During the Reporting Period, the Board has performed such corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices in response to the implementation of the Corporate Governance Code; (ii) reviewed and monitored the training and continuous professional development of Directors and senior management; (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; (iv) reviewed and monitored the compliance of the Model Code; and (v) reviewed the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

CHAIRMAN OF THE BOARD AND GENERAL MANAGER

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 the establishment and his extensive experience, the Company considers that having Mr. Wang acting as both the chairman of the Board and general manager will provide strong and consistent leadership to the Group and facilitate the efficient execution of the Company's business strategies. The Board believes that this arrangement will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by the Board requires approval by at least a majority of our Directors, and the Board comprises four independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. Wang and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of the 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 the 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 of the Board and general manager is necessary.

MECHANISM FOR DIRECTORS TO OBTAIN INDEPENDENT VIEWS AND OPINIONS

Directors are free to express their views at the Board meetings, and material decisions shall be made only after thoughtful discussion. Directors may engage an independent professional institution at the Company's expense in accordance with the procedures, if they consider it necessary to seek advice from an independent professional institution. If a Director has a material interest in a matter proposed to the Board, such Director shall abstain from the discussion and voting on relevant proposals, and such Director shall not be counted towards the quorum of that proposal. In addition, independent non-executive Directors should express objective and impartial independent opinions on the matters discussed by the Company. Apart from being the Directors of the Company, the independent non-executive Directors do not hold any other positions in the Company, do not have any relationship with the Company and the substantial Shareholders of the Company that may affect them from making independent and objective judgments, and do not have any business or financial interests in the Company and its subsidiaries. Thus, during the Reporting Period, the participation of the independent non-executive Directors can effectively ensure that there is a strong and sufficient independent element in the Board.

During the Reporting Period, the Board has complied with the aforesaid relevant regulations, and the aforesaid mechanisms are effective to provide independent views and opinions to the Board. The Board will review the implementation and effectiveness of the aforesaid mechanisms annually.



CORPORATE GOVERNANCE REPORT

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation from each of its independent non-executive Directors regarding his or her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent individuals.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors of the Company has entered into a service contract with the Company pursuant to which they agreed to act as executive Directors from the date of their appointment and shall be automatically renewed upon expiration and subject to retirement by rotation at least once every three years in accordance with the Articles of Association. Either party has the right to give not less than three months' written notice to terminate the agreement.

Mr. Law Wing Cheung Ryan, the former non-executive Director of the Company, has entered into an appointment letter with the Company pursuant to which he agreed to act as a non-executive Director for a term for his appointment letter shall commence from the date of his appointment as a Director or since the Listing Date (whichever ends earlier) and shall continue for three years (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. Mr. Law Wing Cheung Ryan has resigned as a non-executive director due to other work arrangements, effective from March 7, 2025. Ms. Zhu Xuejing, a non-executive Director of the Company, has entered into an appointment letter with the Company on March 7, 2025, pursuant to which she agreed to act as a non-executive Director for an initial term for her appointment letter shall commence from the date of her appointment as a Director on March 7, 2025 and shall continue for one year (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. Ms. Zhu Xuejing has confirmed that she resigned upon the expiration of her term on March 7, 2026.

Each of the independent non-executive Directors of the Company has entered into an appointment letter with the Company on December 10, 2024. The initial term for their appointment letters shall be three years from December 11, 2024 (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

During the Reporting Period, none of the Directors entered into any service contracts with the Company or its subsidiaries which could not be terminated without payment of compensation (other than statutory compensation) within one year.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to Article 15.1 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if such number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years.

CORPORATE GOVERNANCE REPORT

Pursuant to Article 15.5 of the Articles of Association, the Board may at any time appoint any person to be a Director either to fill a casual vacancy or as an additional Director, subject to any maximum number fixed by the members in the general meeting or the Articles. Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting.

Ms. Wang Weifang, Mr. Tao Xu'an and Mr. Zeng Xiaosong shall retire by rotation at the annual general meeting in accordance with the Articles of Association, and shall be eligible and offer themselves for re-election. Details of such re-election are set out in the circular of the annual general meeting to be issued by the Company in due time.

DIRECTOR TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision C.1.4 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contributions to the Board remain informed and relevant. The Company pays attention to the continuous professional development of its Directors by arranging adequate training programs and encouraging the Directors to participate in such training to ensure that they have a proper understanding of the Company's business and operations as well as a full understanding of the duties and responsibilities of Directors under the Listing Rules and relevant laws.

During the Reporting Period, the Company organized two specialized training sessions on the duties of the Board and specialized committees of listed companies for all Directors. The training content covered corporate governance, the Listing Rules, and other relevant regulations, and all Directors attended the aforementioned training sessions. In addition, the Company provided all directors with relevant reading materials, including those on directors' duties and responsibilities, for their reference and study.

SECURITIES TRADING AND HANDLING OF INSIDE INFORMATION

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

The Company has also formulated and implemented policies and procedures in relation to information disclosure, including but not limited to disclosure of inside information, including monitoring of potential inside information, to ensure that relevant facts and circumstances that could have a material impact on the Company's share price are promptly identified and assessed, and where necessary, bring to the attention of the Board to determine whether a disclosure is necessary. Directors, senior management and relevant employees in possession of inside information or potential inside information are required to take reasonable steps to maintain confidentiality and to ensure that their recipients are aware of their obligations of confidentiality.



CORPORATE GOVERNANCE REPORT

BOARD MEETINGS AND GENERAL MEETINGS

During the Reporting Period, the Company held two board meetings and one general meeting. The Company strictly adhered to the corresponding legal procedures for board meetings and general meetings. The main matters considered at board meetings included: receiving reports from various committees and approving relevant matters, reviewing and approving the Group's financial statements, results announcements, annual reports, interim reports and other documents, reviewing the risk management and internal control systems, and making arrangements for the annual general meeting, dividends, and matters related to Directors and auditors. The main matters considered at the general meeting included: reviewing and adopting the annual financial and related reports, declaring final dividends, re-electing directors, re-appointing auditors, and granting authorities for share issuance, repurchase, and expanded issuance.

Code provision C.5.1 of the Corporate Governance Code stipulates that the Board should hold meeting regularly, and board meetings should be held at least four times a year, approximately once every quarter. During the Reporting Period, despite the Company's deviation from the aforementioned code provision, each director has gained a comprehensive understanding of the Group's business and affairs and has been able to effectively fulfill their duties through various board committee meetings and the Company's monthly financial and operational updates.

During the Reporting Period, the attendance records of each Director at the general meeting, board meetings, and meetings of specialized board committees are as follows:

Name of Director	Number of Board Meetings Attended/ Number of Board Meetings that require attendance	Number of Audit Committee Meetings that require attendance	Number of Nomination Committee Meetings that require attendance	Number of Remuneration Committee Meetings that require attendance	Number of General Meetings Attended/ Number of General Meetings that require attendance
Wang Shugao	2/2	–	1/1	1/1	1/1
Zhou Bin	2/2	–	–	–	1/1
Tao Xu'an	2/2	–	–	–	1/1
Tian Chunyong	2/2	–	–	–	1/1
Wang Weifang	2/2	–	–	–	1/1
Li Daoqing ¹	2/2	–	–	–	1/1
Zhu Xuejing ²	2/2	–	–	–	1/1
Zhu Nanjun	2/2	2/2	1/1	–	1/1
Fang Xuan	2/2	2/2	– ³	1/1	1/1
Qian Mingxing	2/2	2/2	1/1	–	1/1
Zeng Xiaosong	2/2	–	–	1/1	1/1

Notes:

1. Mr. Li Daoqing resigned as an executive director on December 29, 2025. During his tenure within the Reporting Period, the Company convened a total of 2 board meetings and 1 general meeting;
2. Ms. Zhu Xuejing was appointed as a non-executive director on March 7, 2025. During her tenure within the Reporting Period, the Company convened a total of 2 board meetings and 1 general meeting. Ms. Zhu Xuejing resigned as a non-executive director upon the expiration of her term on March 7, 2026;
3. Ms. Fang Xuan, an independent non-executive director, was appointed as a member of the Nomination Committee on August 15, 2025. During her tenure within the Reporting Period, the Company did not convene Nomination Committee Meetings;
4. Mr. Law Wing Cheung Ryan resigned as a non-executive director on March 7, 2025. During his tenure within the Reporting Period, the Company did not convene any general meetings, board meetings, or meetings of specialized committees.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Company has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference which are available at the website of the Stock Exchange and the Company. The Board committees are provided with sufficient resources to discharge their duties.

Audit Committee

At the end of the Reporting Period, the Audit Committee consisted of three independent non-executive Directors, namely Mr. Zhu Nanjun, Mr. Qian Mingxing and Ms. Fang Xuan. Mr. Zhu Nanjun served as the chairman of the Audit Committee. The main responsibilities of the Audit Committee include, but are not limited to, the following:

- (i) to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of appointment of the external auditor, and to deal with any issue of his/her resignation or dismissal;
- (ii) to review and monitor the independence and objectivity of the external auditor and the effectiveness of the audit process under the applicable standards. The Audit Committee shall discuss with the auditor the nature and scope of the audit and the reporting responsibility prior to the commencement of the audit;
- (iii) to formulate and enforce policies on the engagement of external auditors to provide non-audit services;
- (iv) to monitor the integrity of the Company's financial statements, annual reports and accounts, semi-annual reports and, if intended to publish, quarterly reports, and to review significant financial reporting judgments contained therein;
- (v) to review the Company's financial controls, risk management and internal control systems;
- (vi) to discuss risk management and internal control systems with management to ensure that management has performed its duty to establish effective systems;
- (vii) to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; and
- (viii) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the shares of the Company are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.



CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Audit Committee held two meetings, the details of which are as follows:

Name of Meeting	Date of Meeting	Content of Meeting
Audit Committee	March 25, 2025	<ol style="list-style-type: none"> <li data-bbox="643 433 1409 541">1. Reviewed and discussed the report submitted by the auditors to the Audit Committee and other matters brought to the Committee's attention by the auditors; <li data-bbox="643 590 1409 698">2. Considered the draft audited consolidated financial statements of the Group for the year ended December 31, 2024, and made recommendations to the Board; <li data-bbox="643 748 1409 855">3. Reviewed the draft annual results announcement of the Group for the year ended December 31, 2024, and made recommendations to the Board; <li data-bbox="643 905 1409 1013">4. Reviewed the draft annual report of the Group for the year ended December 31, 2024, and made recommendations to the Board; <li data-bbox="643 1062 1409 1127">5. Considered the reappointment of the auditors for the year 2025 and made recommendations to the Board; <li data-bbox="643 1177 1409 1317">6. Received reports on the risk management and internal control systems of the Group, reviewed the risks related to the Group's risk management and internal control systems, and made recommendations to the Board as necessary; and <li data-bbox="643 1366 1409 1429">7. Reviewed the whistle-blowing and anti-corruption management system.



CORPORATE GOVERNANCE REPORT

Name of Meeting	Date of Meeting	Content of Meeting
Audit Committee	August 14, 2025	<ol style="list-style-type: none"> 1. Reviewed and discussed the report submitted by the auditors to the Audit Committee in connection with their review of the Group's interim results for the six months ended June 30, 2025, and other matters brought to the Committee's attention by the auditors; 2. Reviewed the draft unaudited consolidated financial statements of the Group for the six months ended June 30, 2025, and made recommendations to the Board; 3. Reviewed the draft interim results announcement of the Company for the six months ended June 30, 2025, and made recommendations to the Board; and 4. Reviewed the draft interim report of the Company for the six months ended June 30, 2025, and made recommendations to the Board.

During the Reporting Period, the Audit Committee held two meetings to review the annual results announcement and the annual report for the year ended December 31, 2024, as well as the interim financial results and the interim report for the six months ended June 30, 2025. It also reviewed significant matters related to financial reporting and compliance procedures, internal control and risk management systems, as well as the effectiveness of the Company's internal audit function.

Remuneration Committee

At the end of the Reporting Period, the Remuneration Committee consisted of one executive Director (Mr. Wang Shugao) and two independent non-executive Directors (Ms. Fang Xuan and Mr. Zeng Xiaosong). Ms. Fang Xuan served as the chairlady of the Remuneration Committee. The main responsibilities of the Remuneration Committee include, but are not limited to, the following:



CORPORATE GOVERNANCE REPORT

- (i) to make recommendations to the Board on the overall remuneration policy and structure of the Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (ii) to review and approve the remuneration proposals of the management in the light of the corporate policies and objectives resolved by the Board from time to time;
- (iii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including non-pecuniary benefits, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (iv) to make recommendations to the Board on the remuneration of non-executive Directors;
- (v) to consider factors such as the level of remuneration paid by comparable companies, time commitment and responsibilities of Directors and senior management, as well as employment conditions of the Company, its subsidiaries and consolidated affiliated entities;
- (vi) to ensure that none of the Directors or any of their associates are involved in determining their own remuneration;
- (vii) to review and approve compensation payments and arrangements relating to Directors and senior management for loss or termination of office or appointment, or dismissal or removal for misconduct, and to assess whether any proposed compensation or arrangements are fair, adequate, reasonable, in accordance with relevant contractual terms or otherwise appropriate;
- (viii) to make recommendations to the Shareholders of the Company on how to vote on any Directors' service contracts subject to their approval under the Listing Rules; and
- (ix) to review and/or approve matters relating to the share scheme under Chapter 17 of Listing Rules.



CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Remuneration Committee held one meeting, the details of which are as follows:

Name of Meeting	Date of Meeting	Content of Meeting
Remuneration Committee	March 21, 2025	<ol style="list-style-type: none"> 1. Reviewed the remuneration policy and structure for the Directors and senior management of the Company and made recommendations to the Board; 2. Reviewed and made recommendations to the Board regarding the remuneration for individual executive directors and senior management for the year 2025; and 3. Reviewed and made recommendations to the Board regarding the remuneration for non-executive directors (including independent non-executive directors) for the year 2025.

Remuneration Policy

The Directors receive compensation in the form of salaries, bonuses, other allowances and benefits in kind, including the Company's contribution to the pension scheme on their behalf. We determine the salaries of the Directors based on each Director's responsibilities, qualification, position and seniority.

Nomination Committee

At the end of the Reporting Period, the Nomination Committee consisted of one executive Director (Mr. Wang Shugao) and three independent non-executive Directors (Mr. Qian Mingxing, Mr. Zhu Nanjun and Ms. Fang Xuan). Mr. Wang Shugao served as the chairman of the Nomination Committee. The main responsibilities of the Nomination Committee include, but are not limited to, the following:

- (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in preparing a board skills matrix and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (ii) to develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship;



CORPORATE GOVERNANCE REPORT

- (iii) to develop and maintain a policy for the nomination of the Directors which includes the nomination procedures and the process and criteria adopted by the Nomination Committee to identify, select and recommend candidates for directorship during the year, and to review periodically and disclose the policy and progress made towards achieving the objectives set in the nomination policy in the corporate governance report of the Company;
- (iv) to identify individuals who are suitably qualified to serve as Directors (including whether such individuals can bring to the Board the views and perspectives, skills and experiences and how they can contribute to the diversity of the Board), and to select or make recommendations to the Board on the individuals nominated for directorship in accordance with the nomination policy of the Company;
- (v) to assess the independence of the independent non-executive Directors in accordance with the requirements of the Listing Rules;
- (vi) to assess the number of directorships of other listed companies held by candidates to be nominated as the independent non-executive Directors of the Company;
- (vii) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the chairman of the Board and general manager of the Company;
- (viii) to support the Company in conducting regular evaluations of the Board's performance; and
- (ix) to develop policies concerning the diversity of Board members, and disclose the policies or a summary of the policies in the corporate governance report.

During the Reporting Period, the Nomination Committee held one meeting, the details of which are as follows:

Name of Meeting	Date of Meeting	Content of Meeting
Nomination Committee	March 21, 2025	<ol style="list-style-type: none"> 1. Reviewed the structure, size, composition and diversity of the Board; 2. Reviewed the implementation and effectiveness of the Board diversity policy; 3. Considered matters relating to the retirement and re-election of the Company's Directors and provided recommendations to the Board in this regard; 4. Assessed the independence of the Company's independent non-executive directors; 5. Evaluated the time commitment of the Directors; and 6. Reviewed the training and continuous professional development of the Company's Directors and company secretary.

The Board adopted the revised terms of reference for the Nomination Committee in August 2025. The amendments aim to supplement the functions of the Nomination Committee in assisting the Board in preparing a board skills matrix and supporting the Company in conducting regular evaluations of the Board's performance.

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

We have adopted a Board diversity policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from a wider pool of available talent.

Pursuant to the Board diversity policy, the selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection of Director candidates will be based on the merits of the candidates and the contribution that the candidates will bring to the Board.

The Board currently consists of two female Directors and seven male Directors (the female Directors represent approximately 22% of the Board) with a balanced mix of knowledge and skills, including but not limited to overall management and strategic development, finance, accounting and risk management. The Board's goal is to maintain female representation within the Board. The Company is of the view that the Board satisfies the Board diversity policy, and the Board diversity policy of the Company would ensure that the Board will have alternative and potential successors to extend the existing gender diversity of the Board.



CORPORATE GOVERNANCE REPORT

The Nomination Committee of the Company is responsible for the implementation of the Board diversity policy. The Nomination Committee and the Board will review the Board diversity policy annually to ensure its continued effectiveness and the Company will disclose the implementation of its Board diversity policy in its corporate governance report on an annual basis.

Employee Diversity

As at the end of the Reporting Period, the gender diversity of the Group's employees (including senior management) was generally balanced, with the gender ratio of 42.58% female and 57.42% male. The Company aims to maintain gender balance among its employees and will continuously optimize its workforce structure while steadily promoting gender diversity within its staff team.

The Group is always committed to creating a fair, respectful, and inclusive working environment. We make decisions on recruitment, training, promotion, dismissal, and retirement policies without taking into account age, gender, race, ethnicity, nationality, religion, marital status, family status, or any other non-work-related factors. We will continue to strive for an appropriate balance of employee diversity.

Director Nomination Policy

The Board has delegated to the Nomination Committee the responsibility to determine the procedures, process and criteria to be adopted for purposes of selecting and recommending candidates for directorship. The Board may, however, rescind its delegation and assume the responsibilities it previously delegated to the Nomination Committee.

The Board has delegated to the Nomination Committee the responsibility to identify candidates for nomination to the Board (including candidates to fill vacancies) and assess their qualifications in light of the diversity policy and the terms of reference of the Nomination Committee. The Nomination Committee will recommend director candidates for the Board's consideration and review the candidates' qualifications with the Board. The Board retains the authority to nominate a candidate for election by the Shareholders as a director and to fill vacancies. In identifying director candidates, the Nomination Committee may consider all facts and circumstances it deems appropriate, including, among other things, the skills of the candidate, his or her depth and breadth of business experience and other background characteristics, his or her independence and the needs of the Board.

The Nomination Committee and Board may consider a broad range of factors relating to the qualifications and background of nominees, which may include diversity as set forth in the Board diversity policy. The Nomination Committee's and Board's priority in selecting Board members is identification of persons who will further the interests of the Shareholders through their established record of professional accomplishment, depth and breadth of business experience and other background characteristics.



CORPORATE GOVERNANCE REPORT

Nomination of Directors by Shareholders

If a Shareholder wishes to propose a person other than a Director of the Company for election as a Director, the Shareholder must deposit a written notice (the “Notice”) to the principal place of business in Hong Kong, Room 1808, 18 Floor, Tai Yau Building, No. 181 Johnston Road, Wanchai, Hong Kong, for the attention of Ms. She Mingzhu, the joint company secretary of the Company. The Notice must state clearly the name, the contact information of the Shareholder and his/her/their shareholding, the full name of the person proposed for election as a Director, including the person’s biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned (not by the person to be proposed). The Notice must also be accompanied by a letter of consent (the “Letter of Consent”) signed by the person proposed to be elected on his/her willingness to be elected as a Director.

The period for lodgement of the Notice and the Letter of Consent will commence from the day after the dispatch of the notice by the Company of the general meeting appointed for the election of Directors and end no later than seven days prior to the date of such general meetings and the minimum length of the period during which the Notice to the Company may be given will be at least seven days. The Notice will be verified by the joint company secretaries with the Company’s branch share registrar and upon their confirmation that the request is proper and in order, the joint company secretaries will ask the Nomination Committee and the Board to consider including the particulars of such proposed person for election as a Director in its announcement or supplementary circular and to include the resolution in the agenda for the general meeting proposing such person to be elected as a Director.

DIRECTORS’ RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the Company’s consolidated financial statements for the year ended December 31, 2025. The statement of the Company’s independent auditor’s reporting responsibilities in relation to the financial statements is set out in the independent auditor’s report.

The Directors are not aware of any material uncertainties or conditions that may significantly affect the Company’s ability to continue as a going concern.

EMOLUMENT OF AUDITORS

For the year ended December 31, 2025, the emolument paid/payable by the Company to its external auditor, KPMG for the audit services and non-audit services provided, is as follows:

Service Category	Fees Paid/Payable (RMB’000)
Audit and audit-related services	4,200
Non-audit services	
– tax service	100
Total	4,300



CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARIES

Both Ms. She Mingzhu and Ms. Au Wing Han were appointed on December 2, 2024 as the joint company secretaries of the Company.

Ms. She Mingzhu is the primary contact person of Ms. Au Wing Han in the Company, and cooperates and communicates with Ms. Au Wing Han on the corporate governance matters of the Company. Biographical details of Ms. She Mingzhu and Ms. Au Wing Han are set out in the section headed “Biographies of Directors and Senior Management” in this annual report.

For the year ended December 31, 2025, Ms. She Mingzhu and Ms. Au Wing Han have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

RELATIONSHIP WITH SHAREHOLDERS

Communications with Shareholders

The Board believes that effective communication with Shareholders is essential for enhancing investor relations and investors’ understanding of the Group’s business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of its corporate information, which enables Shareholders and investors to make the best investment decisions.

The Company communicates with Shareholders and the investment community mainly through the Company’s financial reports (including interim and annual reports), annual general meetings and other general meetings that may be convened, as well as provision of all disclosure data submitted to the Hong Kong Stock Exchange and corporate communications and other company publications published on the Company’s website and other manners.

General Meetings

The general meetings of the Company serve as an opportunity for the Directors and senior management to communicate with the Shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxy(ies) to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. The Company shall give written notice to Shareholders at least 21 days prior to the annual general meetings and at least 14 days prior to any other general meeting.

Members of the Board, in particular, the chairmen of Board committees or their proxies, appropriate management personnel and external auditors will attend annual general meetings to answer Shareholders’ questions.

The process of the Company’s general meeting will be monitored and reviewed on a regular basis, and, if necessary, amended to ensure that Shareholders’ needs are best served.



CORPORATE GOVERNANCE REPORT

Corporate Communications

Corporate communications will be provided to Shareholders in plain language and in both English and Chinese to facilitate Shareholders' understanding of the content of the communications. Shareholders have the right to choose the language (either English or Chinese) or means of receipt (in hard copy or through electronic means) of corporate communication. Shareholders are encouraged to provide, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Company's Website

The Company maintains a website at www.xiaocaiyuan.com as a communication platform with the Shareholders and investors. Information on the Company's website will be updated on a regular basis. Information released by the Company on the website of the Stock Exchange will also be posted on the Company's website for corporate communications in real time thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents, etc.

Shareholders' Enquiries

Shareholders and investors may send written enquiries or requests to the Company for the attention of the Board. The contact details are as follows:

Address: Room 1808, 18 Floor, Tai Yau Building, No. 181 Johnston Road, Wanchai, Hong Kong, China
Email: mingzhu@xiaocaiyuan.com

Shareholders may raise questions about their equity with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited. The Company ensures that the Hong Kong Share Registrar maintains up-to-date data on the Shares at all times to respond effectively to the Shareholders' enquiries.

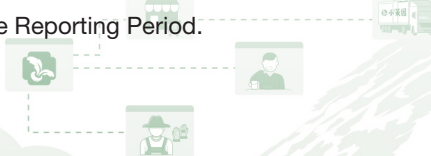
POLICIES RELATING TO SHAREHOLDERS

Shareholders Communication Policy

The Company believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of corporate information, which enables the Shareholders and investors to make the best investment decision.

The Company communicates with Shareholders and investors mainly through the Company's financial reports (including interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by publishing all disclosure information submitted to the Stock Exchange and corporate communications and other company publications on the Company's website.

Considering the implementation and effectiveness of the above communication methods with shareholders and investors, the Company has reviewed and considered the implementation of the Shareholders Communication Policy to be effective during the Reporting Period.



CORPORATE GOVERNANCE REPORT

Dividend Policy

In accordance with the Company's revised dividend policy, effective on August 15, 2025, the Company shall distribute to the Shareholders at 50% to 60% of the profit attributable to equity shareholders of the Company for a financial year, subject to the conditions and factors set out below.

The Company is a holding company incorporated in the Cayman Islands and operate our businesses through the Company's operating subsidiaries in the PRC. Therefore, the availability of funds to pay dividends to the Shareholders depends upon dividends received from these subsidiaries. The PRC laws and regulations require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. The PRC laws and regulations also require enterprise incorporated in the PRC to set aside 10% of after-tax profits based on the relevant accounting standards set out by the PRC regulatory authorities at the end of each year to fund certain statutory reserves until such reserve funds reach and remain at or above 50% of the relevant PRC entity's registered capital. Distributions from the Company's subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that the Company or the Company's subsidiaries may enter into in the future.

According to the revised dividend policy, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its share value. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the articles of association of the Company, all applicable laws and regulations and the revised dividend policy. The Board shall also consider the following factors of the Group when considering the declaration and payment of dividends: (a) actual and expected operating results; (b) cash flow; (c) financial condition; (d) general business condition and strategies; (e) expected operating capital requirements; (f) future expansion plan and prospects; (g) any legal, regulatory and other contractual restrictions on payment of dividends; and (h) any other factors that the Board may consider relevant.

Depending on the financial conditions of the Group and the conditions and factors set out above, the Board may recommend and/or declare the following dividends: (a) final dividends; (b) interim dividends; (c) special dividends; and (d) any distribution of net profits that the Board may deem appropriate. Any final dividends for a financial year will be subject to Shareholders' approval. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

The revised dividend policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividends and/or in no way obligate the Company to declare a dividend at any time or from time to time.

The Board will review the Company's dividend policy on a regular basis.



CORPORATE GOVERNANCE REPORT

Shareholders' Rights

To safeguard Shareholders' interests and rights, separate resolutions should be proposed at general meetings for each significant matter, including the election of individual Directors, for consideration and voting by Shareholders. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules, and the results of the voting will be published on the websites of the Company (www.xiaocaiyuan.com) and the Hong Kong Stock Exchange (www.hkexnews.hk) after each general meeting.

In accordance with the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. One or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a general meeting. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the consideration of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

CONSTITUTIONAL DOCUMENTS

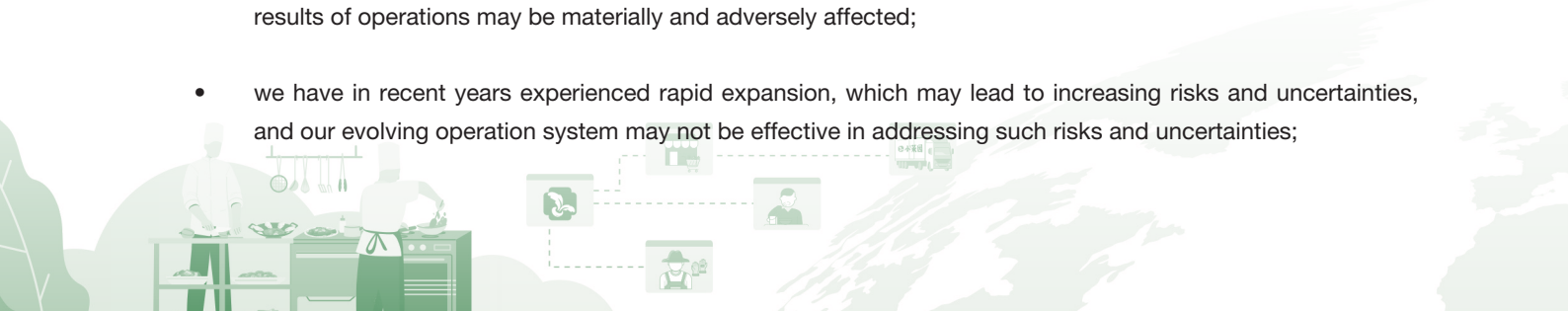
The Articles of Association of the Company have been effective from the Listing Date, and are available on the websites of the Company and the Stock Exchange. There were no changes in the Company's constitutional documents during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board to maintain adequate risk management and internal control systems to safeguard Shareholder investments and the Company's assets and review the effectiveness of such systems on an ongoing basis at least annually. The Board shall also oversee the design, implementation and monitoring of risk management and internal control systems by the management, who should provide the Board with confirmation of the effectiveness of such systems. The Board considers that such systems are designed to manage rather than eliminate the risks of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misrepresentation or loss.

We have implemented a series of risk management policies and procedures to identify, assess and manage risks we are exposed to in our operations. Some of the major risks we face include:

- our business depends significantly on the market recognition of our Xiaocaiyuan brand, and if we are not able to maintain or enhance the image of our Xiaocaiyuan brand recognition, our business, financial conditions and results of operations may be materially and adversely affected;
- we have in recent years experienced rapid expansion, which may lead to increasing risks and uncertainties, and our evolving operation system may not be effective in addressing such risks and uncertainties;



CORPORATE GOVERNANCE REPORT

- we may not be able to maintain and increase the sales and profitability of our existing restaurants, and our future growth also depends on our ability to open and profitably operate in existing and new geographical markets;
- increases in the cost of food ingredients used in our restaurants and other associated costs as a result of market forces may lead to declines in our margins and operating results;
- if we cannot obtain desirable restaurant sites or secure the renewal of existing leases on commercially reasonable terms, or our current restaurant sites are affected by other unfavourable factors beyond our control, our business, results of operations and ability to implement our growth strategy may be materially and adversely affected;
- if the quality of our offerings or dining experiences declines, our restaurants may not continue to be successful;
- we may be unable to continue to successfully develop our new brands;
- failures to meet food safety and hygiene standards could have a material and adverse effect on our reputation, financial conditions and results of operations; and
- intense competition in China's catering industry could prevent us from increasing or sustaining our revenue and profitability.

To monitor the ongoing implementation of our risk management policies and corporate governance measures, we have established an internal audit function and will continue to adopt the following risk management measures:

- we have established an Audit Committee to review and supervise our financial reporting process and internal control system;
- we have adopted various policies to ensure compliance with the Listing Rules, including, but not limited to, requirements regarding connected transactions and information disclosure;
- we will continue to organize training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong; and
- we have engaged an internal control consultant to review the effectiveness of our internal controls associated with our major business processes, identify deficiencies and areas for improvement, provide recommendations for and review the implementation status of these remedial actions. In addition to the internal control measures we adopted in relation to non-compliant incidents, we have also taken measures to improve internal controls in relation to other respects of our operations. The Company has implemented various policies and procedures to ensure effective management in our operations, production, financial reporting and recording, and compliance with applicable laws and regulations.

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's risk management and internal control systems, as well as the effectiveness of the internal audit function and considers such systems in place for the year ended December 31, 2025, to be effective and adequate.

DIRECTORS' REPORT

The Board is pleased to present the Directors' report together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

LIST OF DIRECTORS

During the Reporting Period and as of the Latest Practicable Date, the list of Directors of the Company is set out below:

Executive Directors

Mr. Wang Shugao (汪書高) (*Chairman of the Board and general manager*)

Mr. Tian Chunyong (田春永)

Mr. Zhou Bin (周斌)

Ms. Wang Weifang (汪維芳)

Mr. Tao Xu'an (陶旭安)

Mr. Li Daoqing (李道慶) (*resigned on December 29, 2025*)

Non-executive Directors

Ms. Zhu Xuejing (朱雪菁)

(*appointed on March 7, 2025, resigned upon the expiration of the term on March 7, 2026*)

Mr. Law Wing Cheung Ryan (羅永祥) (*resigned on March 7, 2025*)

Independent Non-executive Directors

Mr. Qian Mingxing (錢明星)

Mr. Zhu Nanjun (朱南軍)

Mr. Zeng Xiaosong (曾曉松)

Ms. Fang Xuan (方璇)

Details of the Directors' biographies are set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

Mr. Law Wing Cheung Ryan has resigned as a non-executive Director due to other work arrangements, effective from March 7, 2025.

Ms. Zhu Xuejing has been appointed as a non-executive Director, effective from March 7, 2025. Then Ms. Zhu Xuejing resigned as a non-executive director upon the expiration of her term, effective from March 7, 2026.

Mr. Li Daoqing has resigned as an executive Director, vice general manager, and authorized representatives of the Company due to other work commitments, effective from December 29, 2025.



DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

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 flavor dishes and attentive services at affordable prices. We aspire to establish our Xiaocaiyuan restaurants as the "home kitchen" widely acknowledged by Chinese consumers.

A fair review of the Group's business and analysis using financial key performance indicators, the major risks and uncertainties facing the Group and a discussion of the future development of the Group's business are set out in the section headed "Management Discussion and Analysis" in this annual report. This section forms an integral part of this directors' report.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company maintains good relationships with its employees, customers and suppliers. The Company provides employees with a good working environment and an effective incentive mechanism, continuously optimizes employee training system to offer employees varied career development paths, which encourages the common growth of employees with enterprise and ensures their rights and interests.

We have a large and fragmented customer base, and we generally offer dishes directly to consumers through an extensive network of self-operated restaurants. For the year ended December 31, 2025, the revenue we derived from our five largest customers accounted for 0.04% (less than 30%) of our total revenue during such period.

We have established a comprehensive supply chain network, consisting of 1 central factory and 16 warehouses in China. We also have an in-house transportation fleet of over 200 vehicles to ensure effective delivery of supplies to each restaurant. Our self-built supply chain system empowers us to execute efficient cost control strategies by procuring high-quality supplies at advantageous prices, enabling us to present our consumers delicious meals at affordable prices. The network of our central factory and warehouses enables us to ensure supply stability at our restaurants by stocking products in reserve and centralizing the procurement process. Each of our restaurants is able to realize stock replenishment on a daily basis. The food ingredients we purchase primarily include chicken, beef, pork, aquatic products, vegetables, rice and condiments. For the year ended December 31, 2025, the purchases from our five largest suppliers accounted for 18.64% (less than 30%) of our total purchases during such period.

SEGMENT INFORMATION

An analysis of the Group's results by business segments during the Reporting Period is set out in Note 4 to the financial statements.



DIRECTORS' REPORT

RESULTS

The operating results of the Group during the Reporting Period are set out in the consolidated statements of profit or loss on page 127 of this annual report.

SHARE CAPITAL

As at December 31, 2025, the authorised share capital of the Company was US\$50,000 divided into 5,000,000,000 shares with par value of US\$0.00001 each. Details of the changes in the share capital of the Company during the Reporting Period are set out in Note 26(c) to the financial statements.

FINAL DIVIDENDS

The Board has resolved to recommend a final dividend of RMB0.2125 per share, amounting to RMB250 million in total, for the year ended December 31, 2025, which is subject to the approval of the Shareholders at the forthcoming annual general meeting. The final dividends are expected to be paid on May 11, 2026. The HK\$ equivalent amount of the final dividend will be calculated based on the central parity rate of the exchange rate published by the People's Bank of China for the three business days preceding (excluding the day of) the date of the annual general meeting. The Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

The proposed final dividends are subject to the approval of the Shareholders at the forthcoming annual general meeting. The record date for entitlement to the proposed final dividends is April 27, 2026. For determining the Shareholder entitlement to the proposed final dividends, the register of members of the Company will be closed from April 24, 2026 to April 27, 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividends, all transfer documents 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 April 23, 2026.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on April 20, 2026. To determine the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from April 15, 2026 to April 20, 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting, all transfer documents 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 April 14, 2026. Shareholders whose names appear on the register of members of the Company on April 20, 2026 are eligible to attend and vote at the annual general meeting.



DIRECTORS' REPORT

DONATION

For the year ended December 31, 2025, the donation expenditure of the Group was approximately RMB3,018,340.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board and the management are aware, the Group has complied with the relevant laws and regulations that have significant impacts on the Group's business and operations in all material respects during the Reporting Period. There was no material breach of or non-compliance with the applicable laws and regulations by the Group for the year ended December 31, 2025.

ISSUANCE OF DEBENTURES

The Group has not issued any debentures for the year ended December 31, 2025.

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

The Company or any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including the sale of treasury shares) during the Reporting Period.

The Company did not hold any treasury shares as of December 31, 2025.

THE 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 US\$0.00001 per Share. Based on the final Offer Price of HK\$8.50 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 HK\$794.8 million, which will be used in accordance with the use of proceeds as disclosed in the Prospectus as follows:



DIRECTORS' REPORT

Purpose	% of use of proceeds	Net proceeds (HK\$ in millions)	Unutilized	Utilized	Unutilized	Expected
			proceeds as of December 31, 2024 (HK\$ in millions)	proceeds for the year ended December 31, 2025 (HK\$ in millions)	proceeds as of December 31, 2025 (HK\$ in millions)	timetable for the fully utilizing of unutilized proceeds December 31, 2026
Expansion of our restaurant network to broaden our geographical coverage and deepen our market penetration	40.0%	317.9	317.9	254.5	63.4	December 31, 2026
Strengthen our supply chain capabilities	37.0%	294.1	294.1	218.5	75.6	December 31, 2026
Promote our information technology capabilities through upgrading our smart devices and digital systems	13.0%	103.3	103.3	45.8	57.5	December 31, 2026
Working capital and general corporate purposes	10.0%	79.5	79.5	30.2	49.3	December 31, 2026
Total	100%	794.8	794.8	549.0	245.8	

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.

PRINCIPAL SUBSIDIARIES

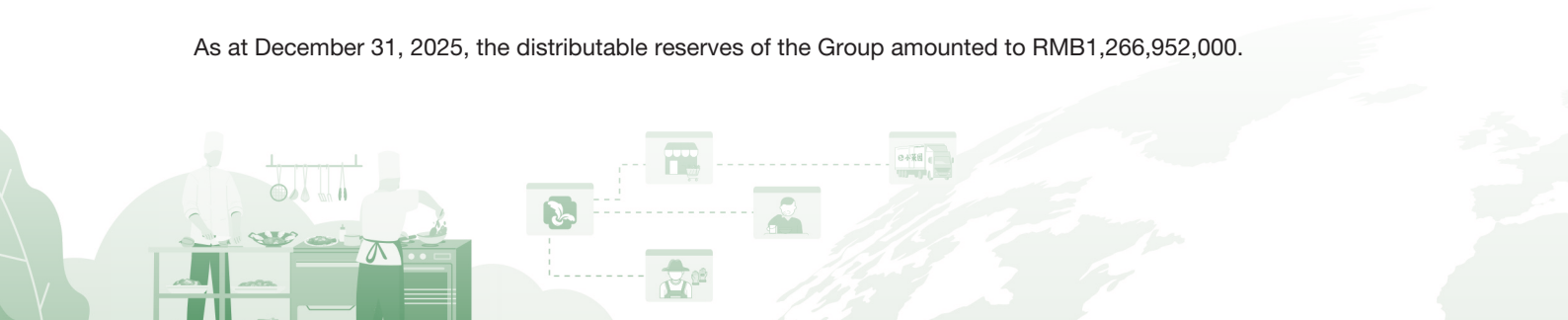
Details of the names, principal places of business, places of incorporation and issued share capital of the Company's principal subsidiaries are set out in Note 14 to the financial statements.

RESERVES

For the year ended December 31, 2025, details of movements in the reserves of the Group and the Company are set out in Note 26(d) to the financial statements, respectively.

DISTRIBUTABLE RESERVES

As at December 31, 2025, the distributable reserves of the Group amounted to RMB1,266,952,000.



DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group for the year ended December 31, 2025 are set out in Note 11 to the financial statements.

BANK LOANS

Details of bank loans of the Group as at December 31, 2025 are set out in Note 19 to the financial statements.

PERMITTED INDEMNITY PROVISION

Subject to the relevant regulations, each Director shall be indemnified by the Company against all costs, charges, expenses, losses and liabilities that he/she may sustain or incur for the performance of his/her duties or the relevant matters. The Company has purchased insurance to cover the liabilities and expenses incurred in the possible proceedings against the Directors.

CONNECTED TRANSACTION

Details of the related party transactions for the year ended December 31, 2025 are set out in Note 29 to the financial statements. None of such related party transactions constitutes a “connected transaction” or a “continuing connected transaction” which is required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules.

During the Reporting Period, the Group had no connected transaction or continuing connected transaction which was required to be disclosed in accordance with the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the Reporting Period.

SERVICE CONTRACTS OF DIRECTORS

During the Reporting Period, none of our Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND THE FIVE INDIVIDUALS WITH THE HIGHEST REMUNERATION

Details of the remuneration of the Directors and the five individuals with the highest remuneration are set out in Note 8 and Note 9 to the financial statements, respectively. Pursuant to code provision E.1.5 of the CG Code, the remuneration of the senior management (other than the Directors) for the year ended December 31, 2025 by band is set out below:



DIRECTORS' REPORT

Remuneration grades	Number of persons
HK\$0 to HK\$500,000	0
HK\$500,001 to HK\$1,000,000	0
HK\$1,000,001 to HK\$1,500,000	2

During the Reporting Period, no Director waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the Directors or the five individuals with the highest remuneration as an inducement to join or upon joining the Group or as compensation for loss of office.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, none of the Directors or their connected entities had any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the Company, to which the Company or any of its subsidiaries was a party.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their associates was engaged in or interested in any business which competes or is likely to compete, directly or indirectly, with the business of the Group and would require disclosure under the Listing Rules.

THE RIGHTS OF DIRECTORS AND CHIEF EXECUTIVES TO ACQUIRE SHARES OR BONDS

None of the Company, its holding company or any of its subsidiaries was engaged in any arrangement during any time of the Reporting Period, which enabled the Directors and chief executives to obtain benefits through the acquisition of shares or debt securities (including debentures) of the Company or any other corporation.

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

As at December 31, 2025, the interests and/or short positions (including interests and/or short positions which he/she is taken or deemed to have under such provisions of the SFO) of our Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or interests and/or short positions which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:



DIRECTORS' REPORT

Interest in the shares of the Company

Name of Director or chief executive	Nature of interest	Number of Shares interested ¹	Approximate percentage of interest in the Company as of December 31, 2025 ²
Mr. Wang Shugao ^{3,4}	Interest in controlled corporation	1,000,000,000	85.00%
Mr. Tian Chunyong ⁴	Interests held jointly with other person	429,714,000	36.52%
Mr. Zhou Bin ⁴	Interests held jointly with other person	429,714,000	36.52%
Ms. Wang Weifang ⁴	Interests held jointly with other person	429,714,000	36.52%
Mr. Tao Xu'an ⁴	Interests held jointly with other person	429,714,000	36.52%

Notes:

- All interests stated are long positions.
- The calculation is based on the total number of 1,176,518,800 Shares of the Company in issue as of December 31, 2025.
- Mr. Wang Shugao is the sole director of each of the BVI Entities and therefore entitled to control the voting power of each of the BVI Entities. In light of the above, Mr. Wang Shugao is deemed to be interested in 85.00% of the Shares of the Company, including the equity interest held by XCY Yongqing Limited, XCY Xuyuan Limited, XCY Zhiyuan Limited, XCY Huiming Limited, XCY Weiyuan Limited, XCY Liyuan Limited and XCY Future Limited.
- Mr. Wang Shugao, Mr. Li Daoqing, Mr. Tian Chunyong, Mr. Zhou Bin, Mr. Tao Xu'an, Mr. Ye Hongli, Mr. Fang Zhiguo, Ms. Wang Weifang, Mr. Chen Haiyan, Mr. Wang Enpeng and Mr. Tian Jiawen held 26.60%, 9.84%, 7.18%, 9.84%, 9.84%, 8.51%, 8.51%, 7.18%, 7.18%, 2.66% and 2.66% of the equity interests in XCY Yongqing Limited, respectively. Since the incorporation of the Company in 2021, Mr. Wang Shugao and the other individual Shareholders have been acting in concert by aligning their votes of XCY Yongqing Limited. On October 10, 2023, Mr. Wang Shugao entered into the acting in concert agreement with the other individual Shareholders, pursuant to which they confirmed that they have been acting in concert since the incorporation of the Company in 2021 and will continue to act in concert by aligning their votes of XCY Yongqing Limited, and that the other individual Shareholders will follow Mr. Wang Shugao's decisions in relation to the exercise of the voting rights by XCY Yongqing Limited. On November 19, 2025, Mr. Wang Shugao and Mr. Tian Chunyong respectively transferred their equity interests in 1,329.8 shares of XCY Yongqing Limited to Mr. Wang Enpeng and Mr. Tian Jiawen. On the same day, Mr. Wang Enpeng and Mr. Tian Jiawen each signed an undertaking letter confirming their commitment to comply with the concert party agreement entered into on October 10, 2023, by Mr. Wang Shugao, Mr. Li Daoqing, Mr. Tian Chunyong, Mr. Zhou Bin, Mr. Tao Xu'an, Mr. Ye Hongli, Mr. Fang Zhiguo, Ms. Wang Weifang and Mr. Chen Haiyan. In light of above, each of the other individual Shareholders, Mr. Wang Enpeng and Mr. Tian Jiawen is deemed to be jointly interested in the shares held by XCY Yongqing Limited in the Company under the SFO.

DIRECTORS' REPORT

Save as set out above, as at December 31, 2025, none of the Directors nor the chief executive of the Company had any interests and/or short positions (including interests and/or short positions which he/she was taken or deemed to have under such provisions of the SFO) in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at December 31, 2025, to the best knowledge of the Company and Directors, the following persons (other than our Directors or chief executive) had interests and/or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register required to be kept under Section 336 of Part XV of the SFO:

Name of Shareholders	Capacity/nature of interest	Number of Shares held ¹	Approximate percentage of interests in the Company as of December 31, 2025 ²
XCY Yongqing Limited ³	Beneficial owner	429,714,000	36.52%
XCY Xuyuan Limited ³	Beneficial owner	275,429,000	23.41%
XCY Zhiyuan Limited ³	Beneficial owner	69,714,000	5.93%
XCY Huiming Limited ³	Beneficial owner	56,000,000	4.76%
XCY Weiyuan Limited ³	Beneficial owner	26,857,000	2.28%
XCY Liyuan Limited ³	Beneficial owner	20,571,000	1.75%
XCY Future Limited ³	Beneficial owner	121,715,000	10.35%
Mr. Li Daoqing ⁴	Interests held jointly with other person	429,714,000	36.52%
Mr. Ye Hongli ⁴	Interests held jointly with other person	429,714,000	36.52%
Mr. Fang Zhiguo ⁴	Interests held jointly with other person	429,714,000	36.52%
Mr. Chen Haiyan ⁴	Interests held jointly with other person	429,714,000	36.52%
Mr. Wang Enpeng ⁴	Interests held jointly with other person	429,714,000	36.52%
Mr. Tian Jiawen ⁴	Interests held jointly with other person	429,714,000	36.52%
Harvest Delicacy ⁵	Beneficial owner	58,322,000	4.96%



DIRECTORS' REPORT

Notes:

1. All interests stated are long positions.
2. The calculation is based on the total number of 1,176,518,800 shares of the Company in issue as of December 31, 2025.
3. Mr. Wang Shugao is the sole director of each of the BVI Entities and therefore entitled to control the voting power of each of the BVI Entities. In light of the above, Mr. Wang Shugao is deemed to be interested in 85.00% of the shares of the Company, including the equity interest held by XCY Yongqing Limited, XCY Xuyuan Limited, XCY Zhiyuan Limited, XCY Huiming Limited, XCY Weiyuan Limited, XCY Liyuan Limited and XCY Future Limited.
4. Mr. Wang Shugao, Mr. Li Daoqing, Mr. Tian Chunyong, Mr. Zhou Bin, Mr. Tao Xu'an, Mr. Ye Hongli, Mr. Fang Zhiguo, Ms. Wang Weifang, Mr. Chen Haiyan, Mr. Wang Enpeng and Mr. Tian Jiawen held 26.60%, 9.84%, 7.18%, 9.84%, 9.84%, 8.51%, 8.51%, 7.18%, 7.18%, 2.66% and 2.66% of the equity interests in XCY Yongqing Limited, respectively. Since the incorporation of the Company in 2021, Mr. Wang Shugao and the other individual Shareholders have been acting in concert by aligning their votes of XCY Yongqing Limited. On October 10, 2023, Mr. Wang Shugao entered into the acting in concert agreement with the other individual Shareholders, pursuant to which they confirmed that they have been acting in concert since the incorporation of the Company in 2021 and will continue to act in concert by aligning their votes of XCY Yongqing Limited, and that the other individual Shareholders will follow Mr. Wang Shugao's decisions in relation to the exercise of the voting rights by XCY Yongqing Limited. On November 19, 2025, Mr. Wang Shugao and Mr. Tian Chunyong respectively transferred their equity interests in 1,329.8 shares of XCY Yongqing Limited to Mr. Wang Enpeng and Mr. Tian Jiawen. On the same day, Mr. Wang Enpeng and Mr. Tian Jiawen each signed an undertaking letter confirming their commitment to comply with the concert party agreement entered into on October 10, 2023, by Mr. Wang Shugao, Mr. Li Daoqing, Mr. Tian Chunyong, Mr. Zhou Bin, Mr. Tao Xu'an, Mr. Ye Hongli, Mr. Fang Zhiguo, Ms. Wang Weifang and Mr. Chen Haiyan. In light of above, each of the other individual shareholders, Mr. Wang Enpeng and Mr. Tian Jiawen also constitute controlling shareholders of the Company. In light of above, each of the other individual Shareholders, Mr. Wang Enpeng and Mr. Tian Jiawen is deemed to be jointly interested in the shares held by XCY Yongqing Limited in the Company under the SFO.
5. Harvest Delicacy is ultimately controlled by Mr. Song Xiangqian.

Save as disclosed above, as at December 31, 2025, the Directors were not aware of any other person who had any interest and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register required to be kept under Section 336 of Part XV of the SFO.

PENSION SCHEME

Details of the pension scheme are set out in Note 6(b) to the financial statements.

For the year ended December 31, 2025, no forfeited contributions were utilised by the Group to reduce its contributions during the Reporting Period.

SUBSTANTIAL LITIGATION AND ARBITRATION MATTERS

During the Reporting Period, the Group did not have any litigation or arbitration matters that had a significant impact on its operating activities.



DIRECTORS' REPORT

MATERIAL CONTRACTS

During the Reporting Period, (i) no material contract was entered into and/or subsisted among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries; and (ii) there was no material contract in relation to the provision of services by the Controlling Shareholders or any of their subsidiaries to the Group.

EQUITY-LINKED AGREEMENT

For the year ended December 31, 2025, no equity-linked agreement was entered into by the Group or existed.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the Cayman Companies Act which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

PUBLIC FLOAT

According to the information that is publicly available to the Company, and so far as the Directors are aware, as of the Latest Practicable Date, approximately 15.00% of the total issued share capital of the Company was held by the Public, which is in compliance with the requirements of the Listing Rules and the public float waiver approved by the Stock Exchange. For details of the public float waiver, please refer to the section headed "Waivers from strict compliance with the Listing Rules – Waiver in respect of public float" in the Prospectus.

MANAGEMENT CONTRACTS

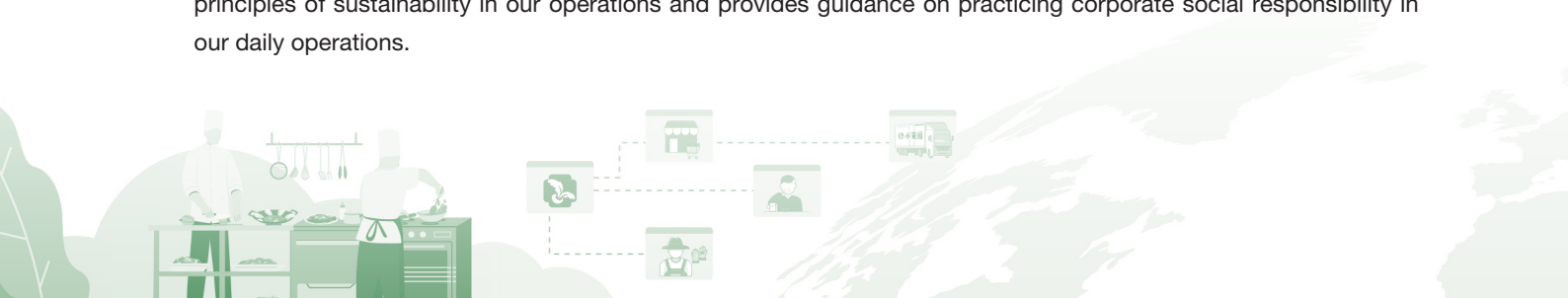
Save for the Directors' service contracts, no contract concerning the management or administration of the whole or a substantial part of the business of the Company was entered into or existed for the year ended December 31, 2025.

TAX RELIEF

The Company is not aware of any tax relief available to the holders of any securities of the Company by reason of their holding of such securities.

ENVIRONMENTAL POLICY AND PERFORMANCE

We adhere to all applicable environmental regulations and legal requirements, striving to minimize our negative impact on the environment. We established a sustainable development policy that commits to incorporating the principles of sustainability in our operations and provides guidance on practicing corporate social responsibility in our daily operations.



DIRECTORS' REPORT

For environmental protection, we maintain a strong commitment to strict adherence to all relevant environmental laws and regulations. To ensure compliance, we have established an Environmental Protection Management System within our restaurants and offices. For food waste management, we emphasize reducing food waste and incorporate it into our operations. We are committed to efficient utilization of natural resources, minimizing environmental impact and reducing food waste. For packaging material usage, we ensure product quality and safety.

For details of the Group's environmental policy and performance, please refer to the section headed "Environmental, Social and Governance Report" of this annual report.

HUMAN RESOURCES AND REMUNERATION POLICY

As of December 31, 2025, the Group had 13,540 full-time employees (December 31, 2024: 12,034), most of whom were located in Tongling, Anhui Province, the PRC.

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.



DIRECTORS' REPORT

SHAREHOLDING PLAN

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

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

SHARE INCENTIVE SCHEME

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

Purpose and Objectives

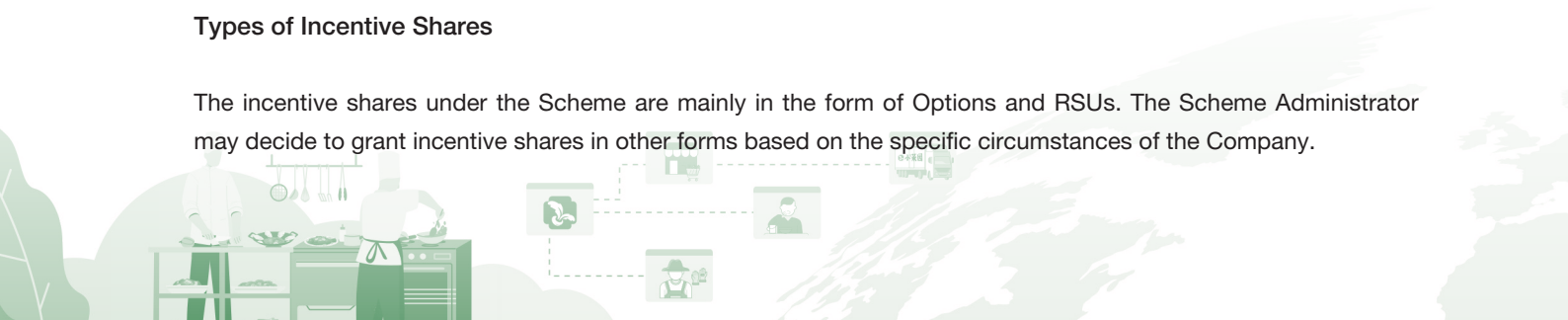
The Company has formulated the Scheme to further complete the corporate governance structure, improve a medium and long-term incentive mechanism integrated with incentives and restraints, and fully motivate the management and technical and business core staff.

Administration

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

Types of Incentive Shares

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



DIRECTORS' REPORT

Validity Period

According to the rules of the Scheme (the “Scheme Rules”), unless the Board may determine any early termination, the Scheme shall be valid and effective for a term of ten (10) years commencing on its adoption date (the “Adoption Date”), after which no further options or restricted share units shall be granted. As of the date of this report, the remaining validity period is 9 years and 7 months.

Source of the Incentive Shares

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

Eligible Participants

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

Options

(1) Grant

- (A) Grant date. The date on which the Company grants the Options to the Eligible Participants, as specified in the share incentive grant agreement.
- (B) Grant conditions. The Scheme Administrator may establish different grant conditions for the Eligible Participants across different batches, which may be specified in the Incentive Shares Grant Agreement.

(2) Vesting

- (A) Vesting arrangements. The Options or RSUs granted under the Scheme may be vested in one go or by batches, and the specific vesting period arrangements shall be subject to the shares incentive grant agreement.
- (B) Vesting conditions. The Company may set certain vesting conditions for the Eligible Participants based on their years of service and performance appraisal, which may be specified in the shares incentive grant agreement. The Scheme Administrator may also set other vesting conditions based on the specific circumstances of the Company.

DIRECTORS' REPORT

(3) Exercise

- (A) **Exercisable Date.** The specific exercise time shall be uniformly arranged by the Scheme Administrator based on the Company's shareholding situation, and shall be subject to the Options Grant Agreement, Trust Deed and the arrangements of the Scheme Administrator.
- (B) **Exercise Price.** The exercise price of the Options under the Scheme shall be subject to the agreement in the Options Grant Agreement signed between the Scheme Administrator and the Eligible Participants.

RSUs

(1) Grant

- (A) **Grant date.** The date on which the Company grants the RSUs to the Eligible Participants, as specified in the share incentive grant agreement.
- (B) **Grant conditions.** The Scheme Administrator may establish different grant conditions for the Eligible Participants across different batches, which may be specified in the Incentive Shares Grant Agreement.
- (C) **Grant Price.** The Grant Price of the RSUs under the Scheme shall be subject to the agreement in relation to the RSUs Grant Agreement entered into between the Company and the Eligible Participants.

(2) Vesting

- (A) **Vesting arrangements.** The RSUs granted under the Scheme may be vested in one go or by batches, and the specific vesting period arrangements shall be subject to the shares incentive grant agreement.
- (B) **Vesting conditions.** The Company may set certain vesting conditions for the Eligible Participants based on their years of service and performance appraisal, which may be specified in the shares incentive grant agreement. The Scheme Administrator may also set other vesting conditions based on the specific circumstances of the Company.



DIRECTORS' REPORT

Share Reduction Undertakings

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

1. The Eligible Participants will not sell any Shares of the Company directly or indirectly held by them within 18 months from the Listing Date;
2. Upon the expiration of the 18-month period after the Listing Date, the Eligible Participants may, directly or indirectly, in total decrease their granted Shares to the extent no more than 45%, subject to the condition that during the period of 18 months to 30 months, 30 months to 42 months, 42 months to 54 months, 54 months to 66 months from the Listing Date and upon the expiration of the 66-month period after the Listing Date, they shall decrease their granted Shares in the Company, directly or indirectly, to the extent no more than 27%, 4.5%, 4.5%, 4.5% and 4.5% at each respective period.

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

Cancellation of Share Incentives

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

- (1) Options and/or RSUs not yet granted after the expiry of the scheme period of the Scheme;
- (2) Upon early termination of the Scheme, Options and/or RSUs granted but not yet vested;
- (3) If a fault event occurs to an Eligible Participant, the incentive shares granted to him/her will be deemed canceled. Unexercised Options terminate exercise, and unvested RSUs terminate vesting. For vested but unsold Options and/or vested but unsold RSUs held by Eligible Participants, the Scheme Administrator has the right to require them to return the cash or other proceeds to the entity designated by the Scheme Administrator when reducing their shareholding. If the incentive shares have been sold for profit, the Scheme Administrator has the right to require the Eligible Participant to return the cash or other proceeds to the entity designated by the Scheme Administrator. When an Eligible Participant commits an event of default, he/she shall simultaneously bear any losses, compensation, and expenses caused to the Company or its affiliates as a result. Unless otherwise provided or determined by the Incentive Shares Award Agreement or the Scheme Administrator. Eligible Participants are obliged to actively cooperate in completing the signing of relevant legal documents;
- (4) Other circumstances as determined by the Scheme Administrator.

DIRECTORS' REPORT

Lapse of Share Incentives

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

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

As of the Latest Practicable Date, no options and awards have been granted, vested, cancelled or lapsed under the Share Incentive Scheme by the Company.

AUDIT COMMITTEE

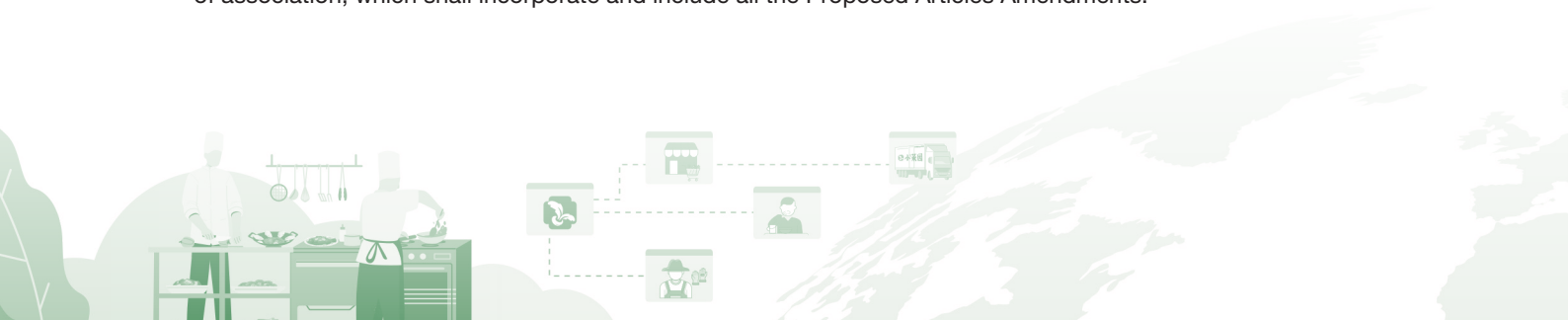
The Audit Committee has reviewed the annual results and annual report of the Company for the year ended December 31, 2025, as well as the audited consolidated financial statements prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2025.

AUDITOR

For the year ended December 31, 2025, KPMG served as the independent auditor of the Company. The financial statements contained in this annual report have been audited by KPMG and there has been no change in the auditor of the Company during the preceding three years.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On March 25, 2026, the Board of Directors proposes to make certain amendments to the existing Articles of Association to (i) clarify that Shareholders may utilize technology to attend general meetings virtually and vote electronically; (ii) align the wording with the new treasury share system under the Listing Rules; (iii) make certain corresponding minor amendments (collectively, the “Proposed Articles Amendments”). The Board proposes the adoption of the Proposed Articles Amendments by replacing and superseding the second amended and restated memorandum and Articles of Association, and adopting the third amended and restated memorandum and articles of association, which shall incorporate and include all the Proposed Articles Amendments.



DIRECTORS' REPORT

The Proposed Articles Amendments and the adoption of the third amended and restated memorandum and articles of association are subject to the approval of Shareholders by way of a special resolution at the annual general meeting or any adjournment thereof, effective on the same day upon such approval.

A circular of the Company containing, among other things, further details of the above-mentioned matters, together with a notice of the annual general meeting, will be dispatched to shareholders as applicable in the manner they have elected to receive corporate communications, and will also be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xiaocaiyuan.com).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, no significant events occurred to the Group since December 31, 2025 and up to the Latest Practicable Date.

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

Hong Kong, March 25, 2026



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

Xiaocaiyuan International Holdings Limited (hereinafter referred to as “Xiaocaiyuan”) and its subsidiaries (hereinafter referred to as “the Group” or “we”) are pleased to release our second Environmental, Social, and Governance Report (hereinafter referred to as the “ESG Report” or “the Report”). This Report elaborates on our strategies, objectives, and initiatives in the fields of Environmental, Social, and Governance (or “ESG”), comprehensively discloses our ESG philosophy and practices, and showcases the blueprint for the sustainable development of our enterprise.

1.1 Reporting Guidelines

The Report is prepared in accordance with the “Environmental, Social and Governance Reporting Code” (the “Code”) in Appendix C2 of the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The content covered in the Report complies with the mandatory disclosure requirements of the Code (including governance structure, the four reporting principles (materiality, quantitative, balance, and consistency), and the scope of reporting) and the “comply or explain” provisions.

1.2 Reporting Principles

Materiality: The Report adheres to the materiality principle stipulated by the Exchange. It identifies and discloses the process and criteria for selecting material environmental, social, and governance factors, the process of identifying material issues, the material ESG issues, as well as the description of key stakeholders and the process and outcomes of stakeholder engagement.

Quantitative: The statistical standards, methods, assumptions, and/or calculation tools used for reporting emissions/energy consumption (where applicable) in the Report, as well as the sources of conversion factors, are explained in the report’s interpretation section.

Balance: The Report presents the Group’s performance during the Reporting Period in an unbiased manner, avoiding any selection, omission, or presentation format that might inappropriately influence the decisions or judgments of readers.

Consistency: This is the Group’s second report. Should there be any changes in the statistical methods or key performance indicators used, or any other relevant factors that may affect meaningful comparisons, the Group will disclose such changes in subsequent reports.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.3 Scope of the Report

The Report elaborates in detail on the Group's achievements in sustainable development and the fulfillment of corporate social responsibilities related to its core business during the period from January 1, 2025, to December 31, 2025 (hereinafter referred to as "Year" or "Reporting Period"). The Report applies to our direct operational activities in China. The environmental key performance indicators in the Report cover both our restaurants and offices, while the social key performance indicators cover all our operations in China.

1.4 Language of the Report

The Report is published in both Traditional Chinese and English. In case of any discrepancies, the Traditional Chinese version shall prevail.

1.5 Report Approval

The Report was approved by the Board of Directors (the "Board") on March 25, 2026, following confirmation by the management.

1.6 Data Sources and Reliability Statement

All data and case studies disclosed in the Report are sourced from the Group's internal documents, statistical reports, and related publicly available materials. The Group hereby declares that the contents of this Report are true, accurate, and complete, without any false statements, misleading information, or significant omissions, and assumes full responsibility for the same.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. CHAIRMAN'S STATEMENT

Dear Stakeholders,

On behalf of the Board of Directors of Xiaocaiyuan International Holding Ltd., I am pleased to present the Group's second Environmental, Social, and Governance ("ESG") Report. This report provides a comprehensive overview of our strategic vision, management practices and performance outcomes in the field of sustainability from January 1, 2025 to December 31, 2025. We remain committed to integrating sustainability into our corporate strategy and operations, believing this to be essential for creating long-term value and repaying the trust of all stakeholders as a catering enterprise.

Upholding Quality and Strengthening the Foundation of Trust

We have always regarded food safety and meal quality as impermissible red lines and are committed to safeguarding the "food safety on every customer's bite" through systematic management and continuous innovation. Our safeguarding initiatives span the entire business chain. Regarding food sources, we have formulated a stringent Supplier Management System and implemented a process management approach for nearly 500 suppliers that encompasses qualification reviews, on-site inspections and evaluation mechanisms, ensuring food safety from the very origin. In internal operations, we have established a series of management systems, including the Staff Health Management System, Food Safety Incident Handling Management System and Product Recall Management System. All employees involved in food handling are required to undergo mandatory and regular food safety training. Moreover, we actively embrace technology by deploying 360-degree panoramic imaging systems in store kitchens and utilizing AI technology to identify potential non-compliant operations, enabling the headquarters to conduct visual and real-time supervision of food safety risks.

Uniting Team Strength and Giving Back to Community Trust

We have always regarded our employees as our most valuable assets and consider actively giving back to society an integral part of our corporate development. The Group is committed to creating a safe, equitable and promising work environment for our employees while sincerely fulfilling our responsibilities to the community. In terms of employee care, we strictly adhere to all labor laws and regulations, insist on fair and transparent recruitment practices and eliminate any form of discrimination. We have established a market-oriented compensation system that includes base salaries, performance incentives and share option plans, along with providing comprehensive welfare benefits such as social insurance, free work meals and staff dormitories. Furthermore, we are dedicated to fulfilling our social responsibilities. For instance, this Year, the Group made an urgent donation of HK\$3 million to those affected by the fire at Wang Fuk Court in Tai Po, which was used for emergency relief and resettlement of the affected residents, representing our commitment as a corporate citizen through concrete actions.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Shouldering Environmental Responsibilities for Low-Carbon development

We deeply recognize that the prosperity of the catering industry is inextricably linked to the health of the ecological environment. Facing the global challenge of climate change, the Group has taken it as a strategy, systematically integrating green transformation and climate resilience into its governance and operations. In practice, we have set energy-saving and water-saving targets for 2028 based on the 2023 benchmark, and broken down these objectives into daily operations through refined management. We have implemented energy-saving protocols across our offices and stores, promoting the use of natural light, setting reasonable air-conditioning temperatures and turning off power to non-essential equipment. Within our supply chain, we prioritize the use of energy-efficient equipment and conduct regular maintenance.

Looking forward, we view sustainable development as a long-term mission of continuous improvement. The Board will continue to strengthen its leadership and oversight of ESG matters, driving the Group to achieve a more balanced integration of commercial success with environmental friendliness and social harmony. We sincerely appreciate the long-term trust and support from all shareholders, customers, employees, partners and the wider community. Xiaocaiyuan is eager to work hand in hand with all of you to contribute to the environment and society we depend on while providing healthy and delicious offerings.

Wang Shugao

Chairman

Xiaocaiyuan International Holding Ltd.

Hong Kong, March 25, 2026



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. ABOUT XIAOCAIYUAN

Founded in 2013, Xiaocaiyuan is a rapidly growing leader in the mass-market, mass Chinese cuisine sector in China. Over the years, the Group has consistently adhered to its cultural philosophy of “Gratitude, Responsibility, Growth and Win-Win Cooperation”. By offering dishes with the homely flavors of a mother’s taste at affordable prices, it provides customers with green, healthy and nourishing meals, along with high-quality service.

Since its inception, Xiaocaiyuan has consistently upheld the principles of crafting dishes with meticulous care, serving customers with sincerity, and nurturing its team with compassion. In just twelve years, it has achieved remarkable growth and now boasts over 800 directly operated stores across 14 provincial-level administrative regions, including Beijing, Shanghai, Anhui, Jiangsu, Zhejiang, Hubei, Guangdong, Henan, Shandong, Jiangxi, Shaanxi, Hunan, Tianjin and Hebei. The Group successfully listed on the Hong Kong Stock Exchange on December 20, 2024, under the stock code: 0999.HK.

4. CORPORATE CULTURE

- Our Slogan: Xiaocaiyuan, Mother’s Taste!
- Our Vision: Helping more employees to achieve their career goals!
- Our Goal: Where there are Chinese, there is Xiaocaiyuan!

The Group is committed to upholding the core value of “everything we do is to solve the customer’s confusion, so that customers save efforts, time and money; everything we do is for the employees, for their growth and realization of dreams; everything we do is to pay more taxes to the government, to provide more jobs”. This enables employees at all levels of the Group can achieve growth and realize their full potential by acting law-abidingly, ethically and responsibly, thus allowing the Company to deliver sustainable long-term performance and to operate in a way that is beneficial to society and the environment.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. HONORS AND AWARDS

The Group's brands have earned significant market recognition. By enhancing the overall dining experience for our customers in a comprehensive manner, we have earned widespread acclaim and been honored with numerous industry awards. The table below sets forth our major honors and awards received for the Year.

Honors and Awards	Issuing Authority
Most Investment-Potential Listed Company on Hong Kong Stocks in 2025	National Business Daily
Most Valuable Large Consumption Company in the 10th Listed Company Selection	Zhitong Finance
2025 Corporate Governance Golden Bull Award	China Securities Journal
Most Notable IPO Company of the Year 2025	Top 100 Hong Kong Listed Companies Research Center
2025 Douyin NKA Annual Growth Brand Award	Douyin Life Services
Breakthrough Brand for Catering Operation in Central China	Douyin Life Services NKA
Annual Innovative Brand at the 8th Catering Industry Conference	Meituan
2025 Gelonghui Annual Social Responsibility Award	Gelonghui
Top 100 Service Enterprises among Private Enterprises in Anhui Province in 2025	Anhui Federation of Industry and Commerce/ Anhui Provincial Development and Reform Commission/ Anhui Provincial Department of Economy and Information Technology/ Anhui Provincial Market Supervision Administration
Benchmark Enterprise for Brand Leadership in the Dual-Brand Project in 2025	Dual-Brand Project Brand Building Committee

6. SUSTAINABLE DEVELOPMENT AND GOVERNANCE

6.1 Board Statement

The Group and the Board strictly adhere to the requirements of the Hong Kong Stock Exchange's Code by establishing an effective ESG governance framework. This has enhanced the Board's involvement in ESG matters and actively integrated ESG principles into the Company's operations. The Board is responsible for leading and overseeing ESG issues, taking the lead in identifying and addressing various ESG and climate-related risks and opportunities. Its specific functions include regularly deliberating on and supervising ESG policies and strategies, approving relevant objectives, reviewing implementation progress, and assessing and managing significant ESG issues. Looking forward, the Group will continue to monitor and optimize its sustainable development practices based on its established environmental objectives to effectively fulfill its ESG governance responsibilities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.2 ESG Management

In the process of deeply integrating the concept of sustainable development into its corporate governance framework, the Group has established the pivotal leadership role of the Board. To enhance governance effectiveness, the Group has specifically formulated the “ESG Management Method” and established an internal management system comprising the Board of Directors, the office of the Board of the Group and the ESG Working Group to earnestly fulfill its commitment to sustainable development.

Board of Directors	<ul style="list-style-type: none"> • Being responsible for identifying ESG issues for the Group and overseeing ESG matters • Regularly deliberating and supervising ESG policies and strategies, including approving and confirming ESG-related goals, reviewing goal progress, prioritizing and managing important ESG matters
Board Office	<ul style="list-style-type: none"> • Being responsible for ESG management work, discussing and evaluating major issues, work goals, information disclosure, and external reporting in ESG work
ESG Working Group	<ul style="list-style-type: none"> • Providing specific guidance for the implementation of ESG work within the annual targets, organizing communication meetings, and assessing the implementation of ESG work • Being responsible for the implementation of ESG work in the environmental field, collecting quantitative data and qualitative information from subsidiaries, and performing statistical analysis and review of ESG submission materials • Being responsible for the implementation of ESG work in the social field, collecting quantitative data and qualitative information in the social field from subsidiaries, performing statistical analysis and review of ESG submission materials • Focusing on matters related to climate, identifying the impacts that climate change has already had and may have on the enterprise • Coordinating the work connection between various functional departments of the Group, subsidiaries, and third-party consulting companies



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.3 Sustainability Policy

The Group is committed to providing high-quality catering services while actively fulfilling its environmental and social responsibilities. Guided by sustainability as a core principle, we not only strive to create a safe, healthy and promising work environment for our employees but also integrate this philosophy into our daily operations. To this end, we have formulated clear sustainability policies to guide our corporate social responsibility practices. We strictly comply with applicable environmental and social laws and regulations in the regions where we operate, aiming to continuously reduce our negative environmental impact and deliver long-term positive value to our communities.

6.4 Stakeholder Communication

The Group fully recognizes that effective stakeholder communication is crucial for driving corporate sustainable development. We highly value the opinions and concerns of all parties and actively engage with them through diversified channels, thereby empowering us to continuously enhance our sustainability performance.

Stakeholders	Communication Channels
Shareholders/Investors	<ul style="list-style-type: none"> • Regular Reports and Announcements • Shareholder/Investor Meetings • Establishment of Investor Relations Email • Results Announcement
Consumers	<ul style="list-style-type: none"> • Restaurant Service Communication • National Customer Service Hotline • Service Complaints and Responses
Employees	<ul style="list-style-type: none"> • Employee Communication Meetings • Staff Activities • Internal Activity Communication Channels • Employment Contracts and Regulations
Suppliers and Partners	<ul style="list-style-type: none"> • Supplier Evaluation System • On-site Inspection • Regular Assessment of Supplier Performance
Regulatory Authorities	<ul style="list-style-type: none"> • Compliance Reports
Peers/Competitors	<ul style="list-style-type: none"> • Regular Communication and Exchange

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.5 ESG Materiality Assessment

The Group conducted a materiality assessment survey of internal and external stakeholders through an online questionnaire, so as to evaluate and update the Group’s key issues based on the survey results. Firstly, the Group referred to the Code, and identified a total of 17 ESG issues to establish a materiality issue repository. Next, the Group invited stakeholders such as company directors, senior management, employees, consumers, suppliers, and business partners to fill out the online questionnaire. Finally, based on the dimensions of “importance to Xiaocaiyuan” and “importance to stakeholders”, all the key issues were evaluated and ranked, and the results of the materiality assessment were summarized and approved by the Board. As there have been no significant changes in the Group’s business conditions during the Year, the Board confirms that the materiality assessment results for 2024 remain applicable for the Year.



Highly Important Issue	Moderately Important Issues	Generally Important Issues
Food Quality and Safety	Information Security and Data Privacy	Energy and Natural Resource Usage
Anti-corruption	Supply Chain Management	Participation in Public Welfare and Charity
Occupational Health and Safety	Employee Training and Development	Addressing Climate Change
Employee Rights Protection	Intellectual Property Protection	
Risk Management	Responsible Marketing	
Environmental Protection		
Corporate Governance		
Food Waste Management		
Use of Packaging Materials		



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7. SAFEGUARDING FOOD SAFETY

7.1 Controlling Food Quality

The Group strictly adheres to national laws, regulations, and standards, including the Food Safety Law of the People's Republic of China, the Implementation Regulations for the Food Safety Law of the People's Republic of China, and the Administrative Measures for Food Business Licensing and Filing. To ensure compliance, we have formulated and implemented a series of internal control policies, such as the Food Safety Incident Management System and the Food Safety Emergency Plan. Through rigorous supervision of their execution, we ensure quality control throughout the entire process, from procurement, central factory operations, warehousing, and store operations to delivery to consumers, thereby fundamentally preventing food safety incidents.

We are committed to minimizing potential food safety issues and associated risks. The Group has implemented comprehensive control measures, including the Personal Hygiene Management System for Employees and the Employee Health Management System. In terms of risk response, we require employees to immediately report any food safety risks to the management team, which then leads the investigation and resolution until the risks are fully eliminated. For daily prevention, we require employees to maintain a high level of food safety awareness at all times and take corrective actions such as thorough cleaning, issuing warnings and replacing substandard ingredients immediately upon identifying hygiene hazards to effectively prevent risks from escalating. We also require employees responsible for food preparation to continuously maintain personal health and hygiene.

The Group has established a robust food safety defense line through a dual mechanism of internal initiatives and external safeguards. Internally, we have developed standards and training programs for employees at all levels and continuously enhanced their food safety awareness and handling capabilities through specialized training, process optimization and investment in intelligent systems, achieving effective comprehensive internal control. Externally, we engage internal control consulting experts to conduct regular food safety inspections of all stores, central factory, and warehouses in accordance with the Food Safety Inspection Management System, ensuring that all critical aspects, including ingredient storage, temperature control, and cleanliness, meet standards without significant deficiencies.

The Group's service quality and food safety management systems have obtained international authoritative certifications. Our service quality management system complies with the ISO 9001:2015 standard, while our seasoning and frozen food production systems comply with both the ISO 22000:2018 and HACCP standards, marking our attainment of international standards in risk control and quality management. During the Reporting Period, we did not experience any significant food safety or quality issues.



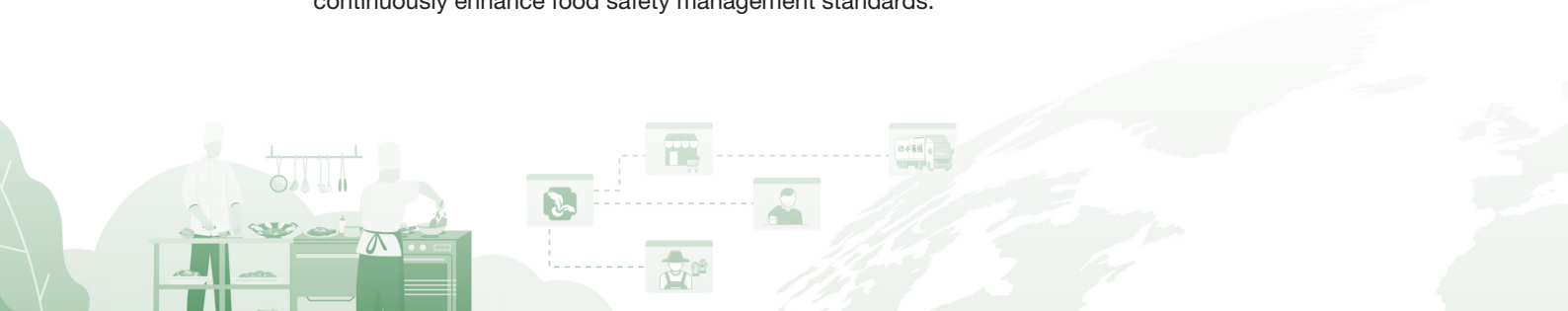
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7.2 Paying Attention to Food Safety

We consider food safety is paramount to catering enterprises. The Group consistently adopts a highly cautious approach to strictly control quality and safety, continuously improving its food safety management system and optimizing internal control processes and operational standards, covering key aspects such as store hygiene maintenance, standardized handling of ingredients, and quality assurance of supplies. We have implemented stringent food safety and hygiene management systems at key operational sites, including central factory, warehouses, and stores, and require all employees to strictly adhere to them. Relevant systems and procedures encompass personal hygiene, ingredient inspection and safe storage, food temperature control, and site cleaning and disinfection, among others. All employees must complete mandatory training and adhere to uniform dress standards before commencing work at central factory, warehouses or stores, maintaining good personal hygiene and a tidy appearance at all times and fulfilling their primary responsibilities for food safety in catering services.

To comprehensively enhance the effectiveness of food safety management and effectively prevent food safety incidents at stores, we have implemented stringent internal control measures. We have formulated the Operational Standards for Cleaning and Disinfection of Store Facilities, strictly regulating the hygiene requirements for the store environment and production equipment, and implementing inspection procedures during store visits. Additionally, we have introduced technologies such as intelligent image recognition systems to strengthen supervision over food quality and safety from all perspectives. In response to various potential food safety risks, we have established standardized response and handling procedures. If issues such as environmental hygiene arise, we immediately initiate a deep cleaning plan. Meanwhile, through continuous training, we comprehensively enhance employees' awareness of food safety risk prevention. We explicitly stipulate that any contaminated or non-compliant ingredients must be immediately discarded, and only qualified ingredients are to be used for standardized processing, ensuring food safety from the source. We have formulated the Xiaocaiyuan Food Safety Training and Assessment Management Standards, specifying that training content covers multiple areas, including laws and regulations, food safety knowledge, management skills and emergency response. It is also stipulated that in-service employees must receive no less than 40 hours of food safety training annually.

The Group has established a comprehensive food quality and safety prevention and control mechanism. Once potential safety risks are identified in delivered products, we will strictly initiate the recall process in accordance with the Product Recall Management System to effectively control the spread of risks. We conduct a comprehensive assessment from dimensions such as compliance, scope of impact, degree of contamination, and health effects on core consumer groups. Based on the risk level, food recalls are classified into three grades to ensure precise and orderly implementation of the recall process. For recalled food products, we strictly adhere to the principle of classified disposal: products with safety hazards are subject to harmless treatment or destruction without exception; if recalls are due to issues such as labeling, compliance rectifications are carried out while ensuring food safety. A complete traceability file is established for all recall processes, based on which control procedures are refined to continuously enhance food safety management standards.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We have also formulated internal systems such as the Food Safety Incident Disposal Management System and the Food Safety Incident Emergency Drill Plan, so as to standardize emergency incident handling procedures and develop corresponding response measures for specific incidents.

Temporary emergency handling procedures:	Strictly implement the food poisoning reporting system. In the event of a food poisoning incident, immediate reporting is required.
Safety incident handling principles:	Adhere to the LAST principle, which includes Listen (to the concerns), Apologize (for the inconvenience), Satisfy (customer needs), and Thanks (for their understanding).
Food safety information collection and reporting:	Establish a dedicated food safety reporting hotline to collect information.

During the Reporting Period, the Group did not experience any product recall incidents caused by food safety issues.

7.3 Sustainable Supply Chain

The Group ensures the quality, safety, and stability of its supply chain through a comprehensive supplier management mechanism. We have formulated and implemented the Supplier Management System, establishing a full-process management system that includes supplier selection and evaluation. This ensures that all products consistently meet the Group's standards and promotes continuous quality improvement among suppliers through collaborative development mechanisms, fostering mutually beneficial and win-win partnerships. In terms of supply chain risk management, we adopt multi-dimensional regulatory measures to strictly ensure that supplier operations comply with the Group's guidelines and relevant regulatory requirements. Leveraging a unified national supply chain system, we achieve centralized procurement, standardized warehousing, and specialized processing of ingredients, and insist on daily delivery of fresh ingredients to each store, comprehensively safeguarding product quality and supply stability.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In accordance with the Supplier Management System, the Group has established a clear cross-departmental collaborative mechanism to standardize the entire supplier management process. The procurement department is primarily responsible for material procurement, supplier development, and relationship maintenance, and has established a comprehensive supplier file management system. The food quality control department, focusing on quality and safety supervision, is responsible for conducting sample audits of relevant qualification documents from new suppliers, while formulating food safety standards and leading regular quality and safety assessments. During the introduction of new suppliers, we implement a rigorous supplier selection process that covers key stages such as qualification review, sample inspection and on-site verification to ensure the reliability and compliance of supply chain quality from the source.

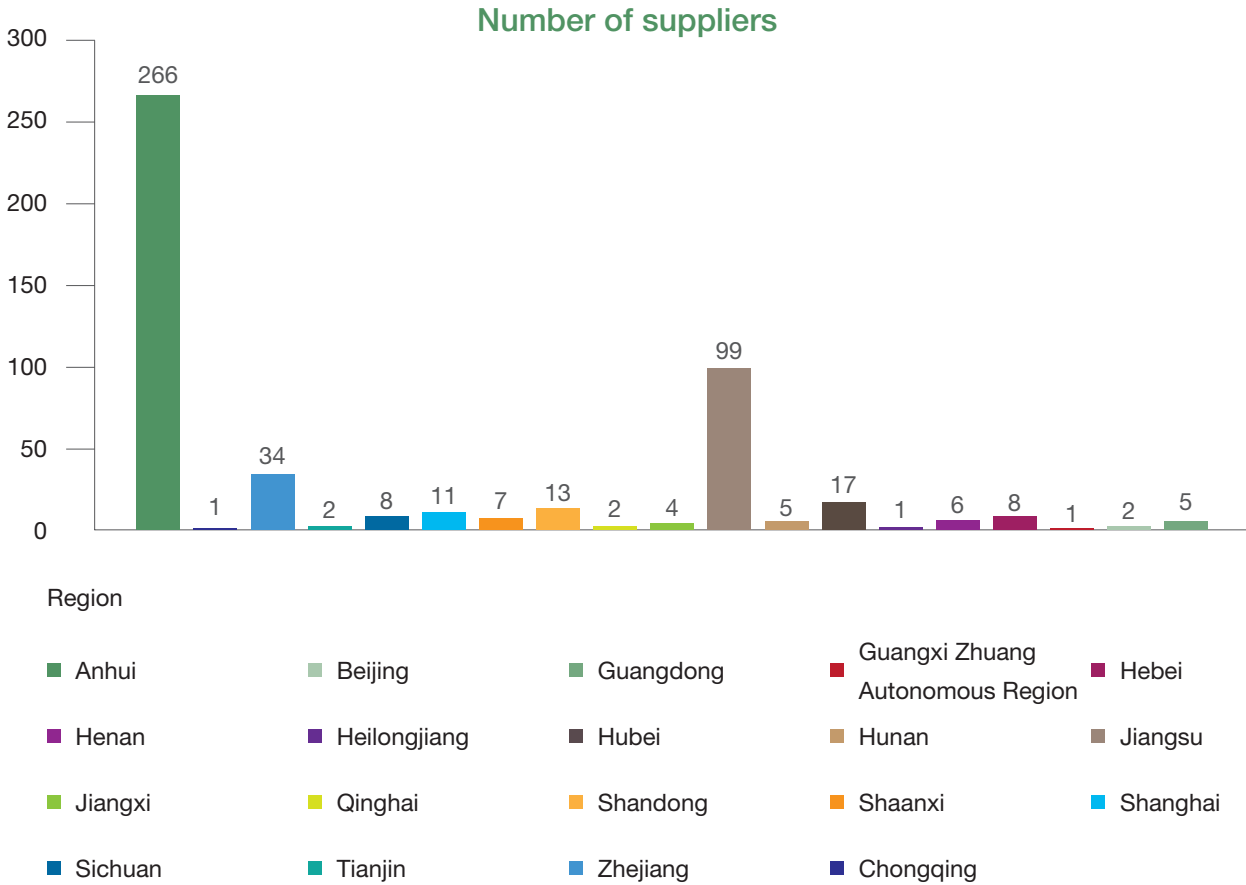
To continuously enhance the quality level of the supply chain, the Group has established a comprehensive annual supplier review mechanism. We have constructed a comprehensive evaluation system that encompasses dimensions such as operational norms, personnel management, safety maintenance and quality management systems. Based on the supplier's delivery performance in the previous year, we classify suppliers into quality grades. The grading criteria include material arrival data, the Material Abnormality Record Form, and on-site supplier audit data. We set the previous year's material pass rate, quality complaint rate, and on-site audit score as the primary scoring indicators. According to the scoring criteria, suppliers are classified into four grades: excellent, good, qualified and unqualified. Based on the review results, we implement differentiated cooperation strategies, prioritizing deeper cooperation with high-grade suppliers and optimizing order allocation. For suppliers that consistently fail to meet standard requirements and do not complete rectifications within the specified timeframe, we will terminate the cooperation relationship to ensure that the supply chain system remains of high quality and stable, and achieves continuous improvement.

The Group has established a comprehensive emergency management mechanism to effectively address various potential supply chain security risks through robust risk assessment and business continuity planning. We have thoroughly identified and evaluated abnormal situations that may arise during supply chain operations due to sudden incidents, natural disasters, changes in production plans, or product compliance issues, among others. These include events such as cargo damage or shortage, delivery delays, temperature control failures, and excessive pesticide and veterinary drug residues. In response to these risks, we have formulated specialized emergency response plans, which includes an emergency contact person system and real-time updates of contact information. In the event of a security incident, the relevant responsible department must immediately conduct a root cause analysis and submit a detailed incident report. Then effective corrective and preventive measures are implemented based on it, to continuously improve the supply chain security management system.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, we had approximately 492 suppliers, all of whom complied with the Group’s supplier management requirements. Their distribution is as follows:



The Group enforces stringent integrity standards regarding supplier conduct and adheres to a “zero-tolerance” principle towards any form of corruption and bribery. To ensure the fairness and transparency of the procurement system, all suppliers are required to sign the Anti-Commercial Bribery Agreement 《反商業賄賂協議》 and the Integrity Commitment Letter 《廉潔承諾書》, which delineate in detail the criteria for identifying violations and the corresponding responsibilities. In terms of supplier strategic planning, the Group integrates the concept of sustainable development into supply chain construction. While ensuring product quality and service standards, priority is given to selecting partners geographically close to central factory. This location strategy not only effectively controls logistics costs but also significantly reduces the environmental impact during transportation, representing the Group’s balance and commitment between pursuing commercial benefits and fulfilling environmental responsibilities.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

8. STEADY PROGRESS LEADS TO LONG-TERM SUCCESS

8.1 Upholding Business Ethics

The Group strictly adheres to laws and regulations such as the Company Law of the People's Republic of China, the Criminal Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China. We uphold high standards of business ethics and maintain a "zero-tolerance" stance toward bribery, extortion, fraud, money laundering, and other misconduct. We are committed to fostering a fair and transparent business environment. To this end, we have formulated the Anti-Corruption Management System and established a comprehensive fraud reporting and investigation mechanism. All employees and parties with business relationships with the Group may report actual or suspected fraudulent activities, either anonymously or by name, through dedicated hotlines, email addresses, or written correspondence. We explicitly stipulate that individuals involved in handling and investigating reports must maintain strict confidentiality regarding the identity of the whistleblower and the content of the report, with a strict prohibition on disclosure to any irrelevant parties. Any violation of confidentiality provisions or retaliation against whistleblowers will result in immediate dismissal or termination of the employment contract. Cases involving suspected illegal or criminal activities will be referred to judicial authorities for legal proceedings. To enhance integrity governance across the organization, the Group organized anti-corruption training for directors and employees during the Reporting Period and established a monthly integrity education program for new hires. Through systematic compliance training, we aim to reinforce ethical standards and legal awareness among all personnel. Additionally, we have formulated the Anti-Money Laundering, Counter-Terrorist Financing, and OFAC Management System to prevent money laundering and terrorist financing activities while regulating relevant responsibilities, oversight and management processes.

During the Reporting Period, the Group did not receive any legal cases regarding corrupt practices involving the Group or its employees.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

8.2 Emphasizing Information Security

The Group strictly adheres to national laws and regulations regarding information security and privacy protection, and is committed to building a comprehensive data governance system. We have established internal regulations such as the Customer Information Management System 《客戶資訊管理制度》, the Backup Management Measures 《備份管理辦法》, the Data Management Measures 《數據管理辦法》, and the Operation Management Measures 《運行管理辦法》 to create a protection mechanism covering the entire information lifecycle. Based on business characteristics and security requirements, we categorize production data into five types: key and passwords, customer information, business data, parameter information, and technical information, and we define operating specifications for each type of data in aspects such as storage, use, modification, and recovery. In daily operations, we require employees to continuously maintain computer security protection, strictly prohibit the installation of unauthorized software and hardware, and regularly receive data security training to enhance security awareness. With a sound operation management and backup mechanism, we ensure that information system equipment and data backups are effectively maintained. System administrators shall regularly verify the integrity and recoverability of backup data, while continuously monitoring the information services provided by external suppliers, to ensure the safety and stability of the Group's information environment from a system perspective.

The Group attaches great importance to the protection of consumers' personal information and takes various measures to ensure consumers' right to know and right to choose. For example, when providing online services to consumers through platforms such as WeChat and Alipay, we only collect basic information such as name, mobile phone number, gender, and date of birth for specific purposes such as registering in the membership system and providing member benefits. Before collecting information, we ensure that users are fully informed and explicitly agree to the usage scenarios and purposes stipulated in the privacy policy, and we strictly store all personal information on servers within China, in strict compliance with national data security and personal information protection laws and regulations. For orders from third-party food delivery platforms, we take data risk control measures, only receiving non-identifiable information that has been desensitized by the platform, including pseudonymized names, addresses, and contact information, strengthening privacy protection at the information reception level and building a comprehensive personal information security protection system.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strictly complies with national laws and regulations in the field of consumer information storage and management, always adhering to the principle of minimum necessity. We have established a comprehensive data security management framework, jointly overseen by a professional information department and a data privacy security team, to ensure the effective implementation of all data protection measures. At the data operation level, we implement strict approval and control mechanisms: querying and accessing data requires approval from the relevant responsible person; before modifying data, backups must be verified, modifications must be performed by two people, and verification should be carried out afterward; other data usage requests must be applied for and processed in accordance with desensitization regulations. Data migration is supervised and executed by dedicated personnel from the IT Management Center. Expired data is monitored on-site jointly by the Information Department, Audit Department, and General Office after approval, ensuring the security and controllability of all stages of the data lifecycle. The Group continuously strengthens its technical protection system, with specific measures including the deployment of network firewalls, the use of secure cloud storage services, encryption of data transmission and storage, and the implementation of strict access control policies. In addition, we regularly conduct employee information security training to comprehensively enhance the team's security awareness. Based on our well-established information security management practices, we have obtained the Level 2 Certification for Information Security Protection by the Cybersecurity Protection Division of the Tongling Public Security Bureau.

During the Reporting Period, the Group did not experience any major data leakage incidents or complaints related to data security.

8.3 Technology Empowering Management

The Group is advancing a digital strategy centered on data assets, continuously enhancing operational efficiency and management level through the construction of an integrated information technology architecture. We have successively developed and launched a membership system, business intelligence (BI) system, business middle office system, system applications and products (SAP) system, intelligent camera system, point of sale (POS) system, digital supply chain system, travel management system, etc., to improve business processes and promote the continuous optimization of the Group's operational model.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To further leverage the synergistic effects of digital systems, the Group continues to invest in and iteratively upgrade the following key areas:

Membership System

The Group has built and continuously improved an online membership system, focusing on achieving refined operations throughout the entire customer lifecycle. This system integrates multi-channel user resources and uses intelligent analysis tools to deeply explore consumer behavior characteristics, effectively increasing member repurchase frequency and brand loyalty, as well as continuously expanding the membership base, and is increasingly becoming a core driver of the Group's sustained business growth.

BI Analysis System

Our BI analysis system has core functions such as data collection, cleaning and processing, multidimensional analysis, and visual presentation, enabling efficient extraction of high-value information from massive amounts of data. This system not only helps us accurately assess operational efficiency of restaurants, but also deepens our insights into consumer behavior patterns and demand characteristics, providing continuous data support and driving force for the Group's strategic decision-making and business optimization.

Business Middle Office System

Our business middle office system, by integrating core functional modules such as master data management, financial reconciliation, order processing, and asset leasing, has built a digital support platform covering key operational aspects of the enterprise. This system effectively promotes cross-departmental data integration and process standardization, laying a solid foundation for the Group to achieve refined operations and efficient collaborative management.

Smart Devices

The Group is continuously advancing the intelligent transformation of restaurant operations, deeply integrating advanced technology into the entire process of daily management. All our restaurant kitchens have completed 360-degree panoramic imaging coverage, establishing a real-time visual supervision system that links headquarters with regional operations. By introducing AI intelligent analysis technology, the system can automatically identify abnormal situations such as violations of regulations and coordinate with the business intelligence platform to form an efficient digital restaurant inspection mechanism. This innovative model not only achieves precise control over operational risks but also significantly improves management efficiency and optimizes human resource allocation. In terms of kitchen equipment upgrades, we have already installed intelligent cooking devices such as stir-fry robots and constant-temperature electric fryers in some restaurants. Through automated operations and precise temperature control technology, we comprehensively enhance the standardization of kitchen operations and the consistency of output.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

8.4 Respecting Intellectual Property Rights

We are committed to protecting intellectual property rights and have established a comprehensive intellectual property protection system covering trademarks, patents, copyrights, and trade secrets. We have basically completed a series of work including core trademark registration, domain name filing, and patent applications, providing a solid guarantee for corporate innovation and brand development.

The Group has established a systematic intellectual property protection mechanism, clearly standardizing the management process through the Intangible Assets Management System 《無形資產管理制度》 and the Case Management System 《案件管理制度》. The legal department is responsible for maintaining the Trademark and Patent Ledger 《商標專利台賬》, recording and updating intellectual property information in real time to achieve dynamic risk monitoring. We integrate the professional capabilities of external patent agencies and the internal legal team to jointly carry out infringement monitoring. Once infringement is detected, legal procedures will be immediately initiated to resolutely safeguard our lawful rights and interests through litigation and other means. At the end of the Reporting Period, the Group had a total of 7 patents and 350 registered trademarks.

8.5 Compliant Marketing and Communications

The Group always places consumer rights and interests first, strictly complies with national laws and regulations, and ensures that all communicated product information remains truthful and accurate. Before carrying out any promotional activities, we implement strict compliance reviews to ensure the legality and authenticity of marketing content from the source, effectively safeguarding consumers' right to know and right to choose.

8.6 Valuing Consumers' Opinions

The Group has always regarded consumer satisfaction as a core focus. By implementing Standard Operating Procedures (SOPs) across all positions, we standardize internal operations such as dining area service, morning meeting procedures, cleaning and hygiene, kitchen preparation, and table setting, while also refining external service elements like recommended dishes and service etiquette, to fully ensure that customers have a high-quality dining experience. Additionally, during the Reporting Period, we held our twelfth anniversary celebration and distributed cash vouchers to thank our customers for their support.

The Group is committed to improving the quality of our products and services. In addition, we carefully select drinking water and use Wuchang rice, known as tribute rice, to make our food, which has superior taste and nutritional value compared to ordinary rice. Regarding cooking oil, we choose non-GMO edible oil that meets national standards to avoid negative health effects on consumers from genetically modified foods. We offer consumers three major service commitments: if the food is made beyond the promised time, it will be given for free; if consumers are not satisfied with the quality of the food, we will offer an unconditional exchange or refund; and if there are issues with the ingredients, we will provide tenfold compensation.



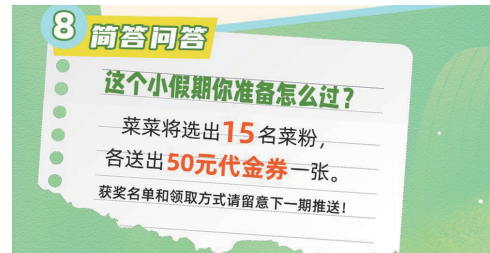
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Xiaocaiyuan has always regarded consumer feedback as an important basis for improving service quality. By implementing the Consumer Complaint Handling System 《消費者投訴處理制度》, we have established a complete mechanism for responding to customer opinions. We provide customers with multiple feedback channels, including a hotline, online platform reviews, and social media, ensuring that consumer opinions can be fully expressed. Upon receiving a complaint, we immediately initiate a tiered handling process: restaurant managers are responsible for dealing with specific issues related to food quality and restaurant service, while the Operations Department coordinates the handling of various feedback from hotlines and social media platforms. All employees receive comprehensive training in complaint handling and are able to properly complete steps such as information recording, cross-department coordination, tiered processing, and timely reporting, ensuring that every consumer request receives a quick response and effective resolution.

We have developed a systematic customer satisfaction evaluation mechanism. Through the Customer Satisfaction Survey 《客戶滿意度調查表》, we conduct comprehensive assessment from five dimensions: product quality, delivery timeliness, complaint handling efficiency, communication and coordination, and price reasonableness, and objectively evaluate customer satisfaction by combining industry benchmark analysis. Based on the survey results, we promptly carry out customer follow-ups and make targeted improvements to service processes, continuously enhancing the customer experience.

Case: Irregularly hold festive promotional activities

During the Reporting Period, the Group held festive promotional activities from time to time, such as releasing festive discounts on WeChat for Father's Day and the Dragon Boat Festival, in order to give back to customers for their support and to enjoy the festive fun with them.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9. ADHERE TO COMPLIANT EMPLOYMENT

9.1 Compliant Recruitment and Employment

The Group regards employees as core assets for enterprise development. We strictly adhere to laws and regulations such as the Labor Contract Law of the People's Republic of China 《中華人民共和國勞動法》, the Labor Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》, and the Company Law of the People's Republic of China 《中華人民共和國公司法》, and has formulated the Human Resources Management System 《人力資源管理制度》 to clearly regulate talent introduction, training and development, performance evaluation, and incentive systems. We adhere to the principle of fair and open recruitment, with work experience, professional skills, and job compatibility as the core selection criteria, and strictly prohibit any discriminatory behavior based on factors such as religious beliefs, age, and gender, committed to building a diverse and inclusive working environment. Our Employee Handbook 《僱員手冊》 clearly stipulates systems for compensation and benefits, promotion and development, attendance and leave, and performance management, providing clear guidance for employee rights protection and career development. As of December 31, 2025, the Group employed a total of 17,631 people. The following table provides detailed information on employee employment in 2025:

Indicator	Number of Employees
Total number of employees	17,631
Employees by Gender	
Female	8,045
Male	9,586
Employees by Employment Category	
Full Time	13,540
Part Time	4,091
Employees by Function	
Restaurant Staff	16,383
Management and Administration	476
Supply Chain	588
Central Factory Staff	184
Employees by Age	
Below 30	8,310
30-50 years old	5,203
Over 50	4,118



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator	Number of Employees
Employees by Region¹	
China	17,629
Overseas	2
Employee turnover rate by gender²	
Female	170.7%
Male	184.3%
Employee turnover rate by age group	
Below 30	110.5%
30-50 years old	34.4%
Over 50	32.0%
Employee turnover rate by region	
China	100.0%
Overseas	0.0%

The Group rigorously implements an identity verification mechanism during the establishment phase of labor relations, ensuring that employee ages comply with legal requirements through the verification of identity documents, thereby fundamentally eliminating the employment of child labor. We adopt a zero-tolerance approach towards violations, and once discovered, we will immediately terminate labor relations and transfer the matter to the judicial authorities in accordance with the law. At the same time, we actively establish a scientific work arrangement mechanism, advocating that employees complete assigned tasks within statutory working hours, effectively preventing the risk of forced labor. During the Reporting Period, all employees of the Group met statutory work standards, and no incidents of child labor or forced labor occurred.

When an employee submits a resignation application, we conduct an exit interview to gain a deeper understanding of the reasons for leaving. Simultaneously, we handle the necessary procedures for the departing employee and ensure an orderly handover of duties, in order to maintain team stability and business continuity.

¹ The disclosure criteria pertain to the region where the employee performs their job duties.

² Calculation method: The number of resigned employees in this category/The number of employees in this category at the end of the this year × 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9.2 Employee Remuneration and Benefits

We have established a market-oriented compensation system aligned with the rank system, providing competitive remuneration guarantees for employees at all levels. By constructing a scientific, reasonable, multi-tiered, and sustainable incentive mechanism, we continuously stimulate employees' potential and work enthusiasm, striving to establish a benchmark model for talent development and incentive schemes in the Chinese catering industry.



Equity Incentives

We have implemented an equity incentive plan for our headquarters and regional management, as well as our core key employees. Based on factors such as employee competency levels, performance contributions, service years, and job value, we scientifically set the equity grant ratio to achieve the goal of sharing the fruits of enterprise development with our employees.



Remuneration Incentives

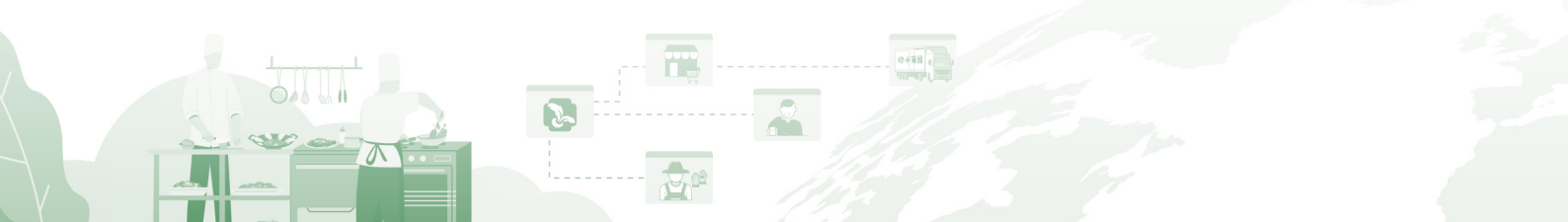
We have established a remuneration system that combines basic salaries with multi-tiered performance based pay for all employees. The performance component is directly linked to individual job performance and the overall performance of the restaurant or department in which they work, effectively stimulating the work enthusiasm and team collaboration spirit of employees at all levels through differentiated incentives.



Growth Incentives

We place great importance on the talent pool and professional development of key grassroots positions such as regional managers, restaurant managers, and head chefs. By implementing a mentorship system coupled with a specialized performance incentive mechanism, we continuously strengthen the talent pipeline construction and capability enhancement for key positions.

We are committed to establishing a comprehensive talent care system, providing solid support for our employees by offering tools such as work uniforms and protective gear, handling social insurance and employer liability insurance, and providing free meals and employee dormitories. Additionally, we offer festive benefits during important holidays and provide thoughtful leave options such as marriage and funeral leave, supporting employees in achieving a balance between work and life from multiple perspectives, and truly embodying our talent philosophy of sharing achievements with our employees.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9.3 Fair Promotion

The Group places employee cultivation and growth at the core of its strategy, striving to shape talents who are both proficient in their professions and deeply aligned with the corporate's values. By establishing a comprehensive training system and career development pathways, we promote the synergistic growth of individual employees and the company, earnestly fulfilling our solemn commitment to "helping more employees achieve their dreams".

In terms of restaurant operation systems, we have established a comprehensive internal promotion channel to identify and cultivate talents with management potential from among outstanding store staff, elevating them through selection and training to core positions such as restaurant managers and head chefs. As our business network continues to expand, these key personnel, who have been tempered in real-world scenarios, will become an important reserve for regional management teams. By providing a broader development platform, we aim to achieve synergistic progress between employee career growth and corporate strategic layout.

We regularly organize specialized training sessions for newly promoted restaurant managers, head chefs, and outstanding employees. During these sessions, management personally imparts corporate values and career development philosophies, and arranges for outstanding key personnel to share practical experience. This series of training not only effectively enhances the participants' operational management skills but also deepens their identification and belonging to the corporate culture.

Percentage of employees trained by gender³

Female	%	44.6
Male	%	55.4

Percentage of employees trained by employee category

restaurant employees	%	94.0
restaurant managers	%	4.9
headquarters functional employees	%	1.1

Average training hours of employees by gender⁴

Female	hour	133.3
Male	hour	107.2

Average training hours of employees by employee category

restaurant employees	hour	109.0
restaurant managers	hour	375.0
headquarters functional employees	hour	104.0

Looking ahead, we will continue to refine our employee training and development system. By establishing a comprehensive talent cultivation mechanism, we aim to enhance the professional capabilities and overall quality of our team, thereby maintaining our long-term market competitiveness and laying a solid foundation for sustainable development.

³ Calculation method: Number of trained employees in this category/Total number of trained employees x 100%.

⁴ Calculation method: Total training hours for employees in this category/Number of employees in this category.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

10. UPHOLDING GREEN PHILOSOPHY

We strictly adhere to environmental protection laws and regulations in China, including the Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》, the Environmental Impact Assessment Law of the People's Republic of China 《中華人民共和國環境影響評價法》 and the Law of the People's Republic of China on Prevention and Control of Water Pollution 《中華人民共和國水污染防治法》, deeply integrating the concept of sustainable development into our operations and management. We have established an Environmental Protection Management System 《環境保護管理制度》 to regulate critical aspects such as energy consumption, waste treatment, and water usage in our restaurants and offices, continuously promoting green operation practices.

To progressively reduce the environmental impact of our business operations, the Group has set the following medium and long-term environmental targets (using 2023 as the baseline):

Target scope	Target details	Target progress
Energy consumption	By 2028, we plan to reduce energy intensity by 2% compared to the 2023 baseline.	Increased compared to the year 2023
	By 2033, energy intensity will be reduced by 5% compared to the 2023 baseline.	
Water consumption	By 2028, we plan to reduce water intensity by 1% compared to the 2023 baseline.	Remained unchanged compared to the year 2023
	By 2033, water intensity will be reduced by 2% compared to the 2023 baseline.	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

10.1 Promoting Energy Conservation and Emission Reduction

We strictly adhere to relevant national environmental laws and regulations, including the Energy Conservation Law of the People's Republic of China 《中華人民共和國節約能源法》, and are committed to continuously improving energy efficiency through robust management measures, thereby minimizing pollutant emissions and environmental impacts during our operations. By implementing targeted energy-saving and consumption-reduction measures, we continuously enhance resource utilization efficiency and actively fulfill our corporate environmental mission.

Energy-saving Measures

Office area: We actively advocate an energy-saving office culture, encouraging employees to make full use of natural light to reduce unnecessary lighting equipment, and turn off lights and disconnect power to devices when leaving the office. For office equipment such as computers and printers, we prompt employees to shut them down when not in use or set them to energy-saving mode to effectively reduce standby power consumption, thereby jointly implementing the concept of green office.

Air conditioning management: We have established temperature control standards for office areas, setting an appropriate air conditioning temperature ranges to ensure that the air conditioning system is turned off during non-office hours and in unoccupied areas, thereby comprehensively enhancing energy efficiency management.

Selection of gas equipment: We prioritize the use of high-efficiency and energy-saving gas equipment and gas supply systems to enhance energy utilization efficiency at the source.

Maintenance of gas appliances: We have established a regular maintenance and cleaning mechanism to ensure all gas appliances remain in top operating conditions at all times, thereby effectively enhancing thermal energy utilization efficiency.

During the Year, our total electricity consumption was 110,411,192.5 kilowatt-hours.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Vehicle Management and Low-carbon Travel

Standardized use of company vehicles: We strictly adhere to the company vehicle management system and promote carpooling in collective activities, effectively improving vehicle utilization efficiency. At the same time, we encourage employees to choose low-carbon travel options such as walking or riding bicycles for activities near the office, which not only promotes their physical health but also actively implements the concept of green environmental protection.

Fuel management for vehicles: We continuously optimize vehicle dispatch management and promote low-energy-consumption driving, as well as prioritizing efficient and energy-saving transportation methods. At the same time, we actively promote the “135” travel mode, which means walking for distances within 1 kilometer, cycling for distances within 3 kilometers, and taking public transportation for distances of approximately 5 kilometers. This initiative guides all employees to implement the concept of low-carbon travel and jointly build an environmentally friendly commuting culture.

Emissions⁵

NOx	kg	50,893.6
SOx	kg	43.5
PM	kg	2,661.3

Reducing Greenhouse Gas Emissions

The Group strictly complies with the Environmental Protection Law of the People’s Republic of China 《中華人民共和國環境保護法》 and other environment-related laws and regulations, and fully implements its environmental protection responsibilities. In terms of greenhouse gas emissions, Scope 1 direct emissions are primarily generated from fuel consumption of fixed equipment and vehicles during the Year, while Scope 2 indirect emissions are derived from the use of purchased electricity in operations.

To achieve our environmental goals, we prioritize the use of online meetings to replace unnecessary business travel meetings to reduce unnecessary carbon emissions, and encourage employees to conserve energy and protect the environment. Meanwhile, our restaurants are also mitigating greenhouse gas emissions from total operational electricity consumption through energy-saving renovation projects.

⁵ The emissions are air emissions from company vehicles, calculated using the emission factors specified in Appendix II: Reporting Guidance on Environmental KPIs issued by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

10.2 Improving Water Management

The Group strictly complies with laws and regulations, including the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) to ensure the standardized treatment of wastewater discharge. Our water supply comes from the municipal water supply network, so there are no issues concerning access to applicable water sources. To enhance water resource utilization efficiency, we have systematically implemented a variety of water conservation measures. For example, installing conspicuous water-saving signs in public areas such as restaurants and restrooms to promote water-saving consciousness; strengthening the daily maintenance and management of water equipment to eliminate leakage; and comprehensively adopting water-saving devices while continuously optimizing facility configurations. Through the above initiatives, we continuously improve our water conservation management and actively fulfill our corporate environmental responsibilities.

During the Year, our water consumption was 2,074,656.3 tons.

10.3 Reducing Waste Generation

The Group strictly complies with laws and regulations, including the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and has established a systematic waste classification management and disposal system. Through implementing the Anti-Food Waste Policy (《反廚餘垃圾政策》), we optimize catering processes at the source, provide appropriate smaller portion options, and strengthen environmental training for employees, thereby comprehensively enhancing resource utilization efficiency and waste reduction awareness. Concurrently, we continuously monitor and improve our waste treatment practices, fulfilling our environmental responsibilities throughout our operations and striving to maximize environmental benefits.

The Group strictly complies with the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and has established a professional waste management system. Hazardous waste is properly disposed of by qualified third party. We hire professionals to collect and transport waste cooking oil, strictly forbidding its reuse in food processing or mixing with kitchen wastes. Construction waste and household waste are stored separately at designated areas and cleared regularly in strict accordance with environmental technical requirements. Meanwhile, we collaborate with professional organizations to promote the standardized treatment of food waste. Store employees are required to dispose of food waste into designated containers to ensure its compliant processing.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strictly adheres to relevant laws and regulations and fully implement the Waste Cooking Oil Management System 《廢棄食用油脂管理制度》. We have installed oil-water separators that comply with national standards in all locations generating waste cooking oil to ensure the efficient separation and professional collection of waste cooking oil. We have equipped dedicated collection containers with clear markings to implement specialized management of waste cooking oil generated during the frying process. Through precise classification and standardized disposal, we effectively mitigate environmental pollution risks. We have also formulated an Anti-Food Waste Policy to reduce food waste through measures such as providing appropriate smaller portion dishes and displaying anti-waste reminders in our stores.

10.4 Making Good Use of Packaging Material

The Group strictly complies with relevant laws and regulations in the locations where we operate and promotes green initiatives in terms of packaging materials. We actively advocate for streamlined packaging design and have implemented a Packaging Material Policy to regulate the selection and use of packaging materials, thereby avoiding excessive packaging. We provide eco-friendly options for takeaway customers to choose whether to include cutlery and whether to use their own containers when serving them. We use recyclable polyamide and polyethylene materials that comply with national packaging standards to make our sachets, ensuring they do not contain harmful substances such as benzene. Meanwhile, we use biodegradable cardboard materials as outer packaging, fully supporting the establishment of an environmentally responsible waste management system.

10.5 Addressing Climate Change

The Group attaches great importance to climate issues. In accordance with the climate-related disclosure requirements under the Environmental, Social and Governance Reporting Code of the Hong Kong Stock Exchange, we are committed to enhancing our capabilities in identifying and managing climate risks. In accordance with the climate-related disclosure requirements set out in Part D of Appendix C2, the Group makes disclosures on a “comply or explain” basis. For information that remains reasonably unavailable or cannot be measured by reliable methods during the Reporting Period, the Group applies the “reasonable information relief” to ensure that disclosures can be progressively enhanced year on year.

Governance

The Board of Directors is responsible for the overall leadership and supervision of ESG work, including deliberating and supervising ESG and climate-related policies and strategies of the Group, as well as approving and confirming ESG-related goals and reviewing goal progress against those targets. The Board Office is responsible for managing ESG and climate-related work. The ESG Working Group is responsible for organizing communication meetings, providing specific guidance for the implementation of ESG work, identifying the potential impacts of climate-related risks and opportunities on the Group, and coordinating the work connection between departments and third-party consulting companies. During the Reporting Period, we provided the Board with climate-related materials and kept abreast of climate-related regulatory requirements and trends.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Strategy

In response to the national “Dual Carbon” strategic goals, we are building a climate-resilient business system to address the ongoing impact of climate change on the operational patterns of the catering industry. Based on a profound understanding of the importance of climate issues, we have systematically conducted climate risk identification and assessment work with reference to the Guidance on Climate Disclosures (《氣候信息披露指引》) issued by the Stock Exchange. During the Year, we focused on deepening our analysis of physical risks and transition risks, and comprehensively improved our existing response mechanisms. In the future, we will continue to monitor the evolving impact of climate change on the catering industry, continuously enhancing our risk management system, contributing professional efforts to achieve national carbon neutrality goal.

Climate Risks	Risk Description	Potential impact*	Corresponding Mitigation Measures
Physical Risks	Extreme weather events (including floods, heatwaves, and typhoons)	Extreme weather events have some impact on local restaurant foot traffic, delivery services, and food supply, but have a minimal overall impact on the Group’s operations	<ul style="list-style-type: none"> Develop an Emergency Preparedness and Response Control Plan (《突發事件準備和響應控制方案》) outlining preventive and responsive actions for extreme weather events. Closely monitor weather forecasts and communicate timely with relevant departments to take preventive actions.
Transition Risks	Policy and Legal Risks – Increased carbon emissions disclosure requirements	Increased compliance costs	<ul style="list-style-type: none"> Regularly monitor existing and emerging trends and policies related to climate issues. Regular meetings with ESG advisors to stay informed about the latest ESG developments and take appropriate actions.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate Risks	Risk Description	Potential impact*	Corresponding Mitigation Measures
Transition Risks	Market Risks – Increased energy costs	Increased energy costs affect the Group’s revenue	<ul style="list-style-type: none"> Establish an energy management team to manage carbon emissions, promote green commuting among employees, and encourage online meetings instead of unnecessary business travel to reduce carbon emissions. Encourage employees to practice energy conservation and environmental protection. Implement environmental measures in restaurants to reduce electricity and water consumption in business operations.
	Reputation Risks – Stakeholder expectations regarding sustainable development response	Stakeholders’ expectations for sustainable development outcomes are increasing, which may impact the reputation and/or finances of the Group	<ul style="list-style-type: none"> Strengthen corporate governance and continue providing consumers with healthy and delicious food. This will enhance consumer satisfaction and increase positive feedback.

* The abovementioned risks are expected impacts and have not had a material impact on the asset value of the Group. As key assumptions and parameters remain subject to validation, the disclosures for the current year are primarily presented on a qualitative basis. In the future, we will progressively conduct scenario analysis and enhance the scope and quality of quantitative disclosures based on our accumulated expertise and resource allocation.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Management

We attach great importance to the potential impacts of climate risks and opportunities and have established a robust process for identification, assessment, prioritization, and monitoring of them. Each year, we review the relevance of key climate issues through a combination of industry analysis, internal discussions, and expert consultations. In the future, we will further integrate climate assessments into our overall risk management framework and continuously enhance our response measures through regular reviews and dynamic adjustments.

Indicators and Targets

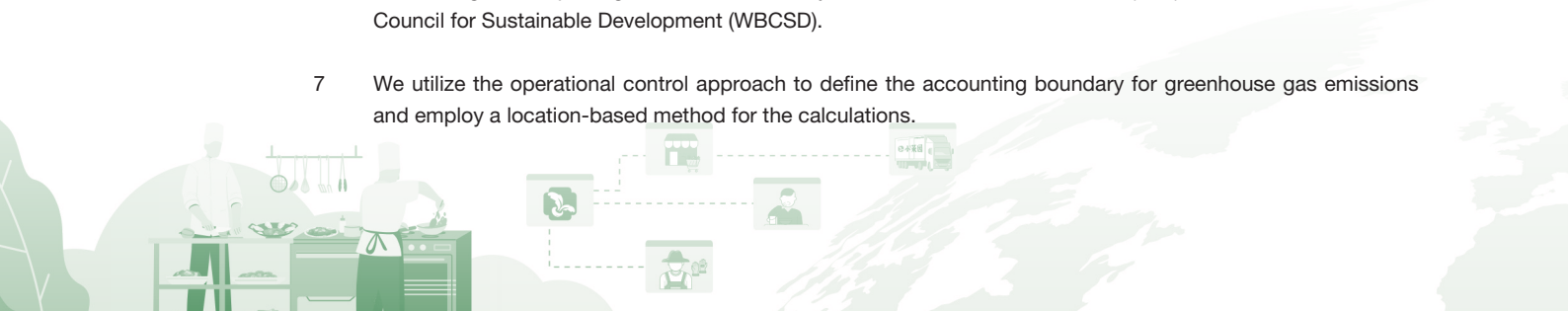
We have consistently disclosed our Scope 1 and Scope 2 greenhouse gas emissions in our annual ESG reports. Currently, we have initiated preliminary data collection efforts with relevant departments involved to identify the significant Scope 3 categories for the Group's business, in preparation for future disclosure. During the Reporting Period, an overview of the Group's greenhouse gas emissions is as follows:

Greenhouse gas emissions^{6,7}

Direct greenhouse gas emissions (Scope 1)	tCO ₂ e	51,046.8
Indirect greenhouse gas emissions (Scope 2)	tCO ₂ e	58,584.2
Total greenhouse gas emissions (Scope 1 and Scope 2)	tCO ₂ e	109,631.0
Greenhouse gas emission intensity per unit of operating revenue	tCO ₂ e per RMB million of revenue	20.5

6 The calculation methodology for greenhouse gas emissions refers to the "Greenhouse Gas Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

7 We utilize the operational control approach to define the accounting boundary for greenhouse gas emissions and employ a location-based method for the calculations.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Objectives

We are committed to reducing pollutant emissions and minimizing our environmental impact, while actively responding to the national “dual carbon” goals. For more information on the measures that we have taken to achieve our environmental objectives, please refer to the “Promoting Energy Conservation and Emission Reduction” section in this chapter.

The Group makes disclosures in accordance with the climate-related disclosure requirements outlined in Appendix C2, Part D, and applies the “comply or explain” principle along with “reasonable information relief” where applicable. For certain disclosure items that are still in the process of developing methodologies and data systems (such as scenario analysis, quantification of expected financial impacts, and integrating climate factors into decision-making and incentive mechanisms), the Group has provided explanations and formulated improvement plans. These plans include enhancing data governance, gradually clarifying the boundaries of Scope 3 emissions, introducing scenario analysis methods, and establishing a framework for quantifying financial impacts, with the aim of continuously improving the completeness and comparability of the disclosures.

11. FULFILLMENT OF SOCIAL RESPONSIBILITIES

The Group maintains a continuous focus on social well-being and community needs, engaging in philanthropic initiatives through various means. During the Reporting Period, we supported community assistance activities through the “Xiaocaiyuan Assistance Fund”, providing aid to the elderly, citizens facing financial hardships, students and others. Additionally, we offered scholarships to students, benefiting a total of 146 individuals and allocating RMB288,640, so as to foster long-term trust with the community while enhancing our business development.

During the Reporting Period, a major fire broke out at Wang Fuk Court in Tai Po, Hong Kong, severely impacting the safety of life and property as well as the daily lives of affected residents. Immediately following the incident, the Group donated HK\$3 million through designated charitable organizations to support emergency relief and temporary relocation efforts, demonstrating our commitment to corporate citizenship through concrete actions.

Looking ahead, the Group will continue to robustly promote our business development while simultaneously strengthening our investments in philanthropy, community collaboration and employee welfare. Within our capabilities, we strive to actively respond to societal expectations and work hand in hand with various stakeholders to promote community harmony and sustainable development.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX 1: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA

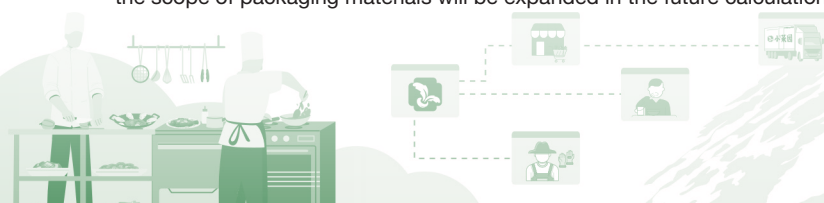
The following is a summary of sustainable development information in the environmental scope for the Year:

Environment Category ⁸	Unit	2025
NOX	kg	50,893.6
SOX	kg	43.5
PM	kg	2,661.3
Greenhouse Gas Emissions		
Direct greenhouse gas emissions (Scope 1)	tCO ₂ e	51,046.8
Indirect greenhouse gas emissions (Scope 2)	tCO ₂ e	58,584.2
Total greenhouse gas emissions (Scope 1 and Scope 2)	tCO ₂ e	109,631.0
Greenhouse gas emissions per RMB million of revenue (Scope 1 and 2)	tCO ₂ e per RMB million of revenue	20.5
Energy Consumption⁹		
Natural gas consumption	Cubic Meters	19,881,812.8
Purchased electricity consumption	kWh	110,411,192.5
Gasoline consumption	litres	2,394,814.3
Diesel consumption	litres	512,855.5
Total energy consumption	kWh	351,959,081.2
Purchased electricity intensity of RMB million of revenue	Kilowatt-hour per RMB million of revenue	20,656.6
Water Consumption		
Total water consumption	Ton	2,074,656.3
Water consumption per RMB million of revenue	Ton per RMB million of revenue	388.1
Packaging Material Usage¹⁰		
Packaging material usage volume	Ton	3,828.5
Packaging material usage density per RMB million of operating revenue	Ton per RMB million of revenue	0.7

8 The data scope covers the entire Group.

9 Reference is made to the "Energy Statistics Manual" published by the International Energy Agency.

10 The primary types of packaging materials used by the Group are food containers. To enhance information completeness, the scope of packaging materials will be expanded in the future calculations.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following is a summary of the Group's sustainability development information in the social scope for the Year:

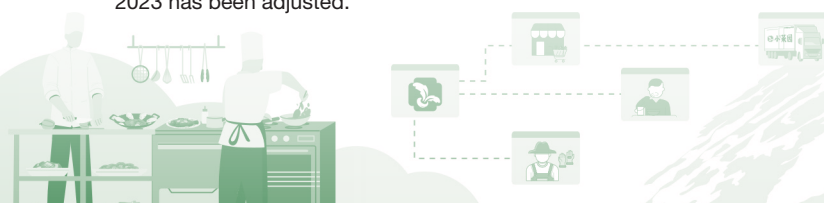
Social Category	Unit	2025
Employee Count¹¹		
Total number of employees	Number of employees	17,631
Employees by Gender		
Female	Number of employees	8,045
Male	Number of employees	9,586
Employee count by employment type		
Full Time	Number of employees	13,540
Part Time	Number of employees	4,091
Employees by Function		
Restaurant Staff	Number of employees	16,383
Management and Administration	Number of employees	476
Supply Chain	Number of employees	588
Central Factory Staff	Number of employees	184
Employee count by age group		
Below 30	Number of employees	8,310
30-50 years old	Number of employees	5,203
Over 50	Number of employees	4,118
Employees by Region		
China	Number of employees	17,629
Overseas	Number of employees	2
Employee turnover rate		
Total employee turnover rate	%	176.9

11 Employee-related data covers the entire Group and represents the number of employees of the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Category	Unit	2025
Employee turnover rate by gender		
Female	%	170.7
Male	%	184.3
Employee turnover rate by age group		
Below 30	%	110.5
30-50 years old	%	34.4
Over 50	%	32.0
Employee turnover rate by region		
China	%	100
Overseas	%	0
Training		
Percentage of trained employees by gender		
Female	%	44.6
Male	%	55.4
Percentage of trained employees by type		
Store staff	%	94.0
Store manager	%	4.9
Headquarters functional staff	%	1.1
Average training hours for employees by gender		
Female	hour(s)	133.3
Male	hour(s)	107.2
Average training hours for employees by type		
Store staff	hour(s)	109.0
Store manager	hour(s)	375.0
Headquarters functional staff	hour(s)	104.0
Occupational health and safety ¹²		
Number of work-related fatalities (2023)	Number of employees	1
Number of work-related fatalities (2024)	Number of employees	0
Number of work-related fatalities (2025)	Number of employees	1
Work-related fatalities rate (2023)	%	0.008
Work-related fatalities rate (2024)	%	0
Work-related fatalities rate (2025)	%	0.006
Lost days due to work injury	Days	4,177

12 During the Reporting Period, one employee passed away due to epilepsy during work. The work-related fatalities rate for 2023 has been adjusted.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX 2: ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE INDEX OF HONG KONG STOCK EXCHANGE

Environment Category			Relevant Chapters
A1: Emissions	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non hazardous waste.	10. UPHOLDING GREEN PHILOSOPHY
	A1.1	The types of emissions and respective emissions data.	APPENDIX 1: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Due to the nature of the catering business, we do not generate hazardous waste in our operations, so A1.3 is not applicable
	A1.4	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Due to incomplete data collection on waste in the Year, we will optimize the data collection system
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	10. UPHOLDING GREEN PHILOSOPHY
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	10. UPHOLDING GREEN PHILOSOPHY – 10.3 Reducing Waste Generation We will establish relevant targets after optimizing the scope of waste data collection

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment Category		Relevant Chapters	
A2: Use of Resources	General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	10. UPHOLDING GREEN PHILOSOPHY
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	APPENDIX 1: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	APPENDIX 1: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	10. UPHOLDING GREEN PHILOSOPHY-10.1 Promoting Energy Conservation and Emission Reduction
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	10. UPHOLDING GREEN PHILOSOPHY-10.2 Improving Water Management
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	APPENDIX 1: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA
A3: Environment and Natural Resources	General Disclosures	Policies on minimising the issuer's significant impacts on the environment and natural resources.	10. UPHOLDING GREEN PHILOSOPHY
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	10. UPHOLDING GREEN PHILOSOPHY



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment Category		Relevant Chapters	
B. Social			
B1: Employment	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	9. ADHERE TO COMPLIANT EMPLOYMENT
	B1.1	Total workforce by gender, employment type, age group and geographical region.	APPENDIX 1: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA
	B1.2	Employee turnover rate by gender, age group and geographical region.	APPENDIX 1: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA
B2: Health and Safety	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	9. ADHERE TO COMPLIANT EMPLOYMENT – 9.4 Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities.	APPENDIX 1: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA
	B2.2	Lost days due to work injury.	APPENDIX 1: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	9. ADHERE TO COMPLIANT EMPLOYMENT-9.4 Occupational Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment Category			Relevant Chapters
B3: Development and Training	General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	9. ADHERE TO COMPLIANT EMPLOYMENT – 9.3 Fair Promotion
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	APPENDIX 1: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA
	B3.2	The average training hours completed per employee by gender and employee category.	APPENDIX 1: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA
B4: Labor Standards	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	9. ADHERE TO COMPLIANT EMPLOYMENT – 9.1 Compliant Recruitment and Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	9. ADHERE TO COMPLIANT EMPLOYMENT – 9.1 Compliant Recruitment and Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	9. ADHERE TO COMPLIANT EMPLOYMENT – 9.1 Compliant Recruitment and Employment



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment Category		Relevant Chapters	
B5: Supply Chain Management	General Disclosures	Policies on managing environmental and social risks of the supply chain.	7. SAFEGUARDING FOOD SAFETY – 7.3 Sustainable Supply Chain
	B5.1	Number of suppliers by geographical region.	7. SAFEGUARDING FOOD SAFETY – 7.3 Sustainable Supply Chain
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	7. SAFEGUARDING FOOD SAFETY – 7.3 Sustainable Supply Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	7. SAFEGUARDING FOOD SAFETY – 7.3 Sustainable Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	7. SAFEGUARDING FOOD SAFETY – 7.3 Sustainable Supply Chain



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment Category		Relevant Chapters
B6: Product Responsibility	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.
	B6.2	Number of products and service related to complaints received and how they are dealt with.
	B6.3	Description of practices relating to observing and protecting intellectual property rights.
	B6.4	Description of quality assurance process and recall procedures.
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.
		7. SAFEGUARDING FOOD SAFETY
		The Group strictly complies with food safety-related laws and regulations, and no product and service recalls or incidents occurred due to food safety during the Reporting Period.
		8. STEADY PROGRESS LEADS TO LONG-TERM SUCCESS – 8.6 Valuing Consumers’ Opinions
		8. STEADY PROGRESS LEADS TO LONG-TERM SUCCESS – 8.4 Respecting Intellectual Property Rights
		7. SAFEGUARDING FOOD SAFETY – 7.1 Controlling Food Quality, 7.2 Paying Attention to Food Safety
		8. STEADY PROGRESS LEADS TO LONG-TERM SUCCESS – 8.2 Emphasizing Information Security



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment Category		Relevant Chapters	
B7: Anti – corruption	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	8. STEADY PROGRESS LEADS TO LONG-TERM SUCCESS – 8.1 Upholding Business Ethics
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	8. STEADY PROGRESS LEADS TO LONG-TERM SUCCESS – 8.1 Upholding Business Ethics
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	8. STEADY PROGRESS LEADS TO LONG-TERM SUCCESS – 8.1 Upholding Business Ethics
	B7.3	Description of anti-corruption training provided to directors and employees.	8. STEADY PROGRESS LEADS TO LONG-TERM SUCCESS – 8.1 Upholding Business Ethics
B8: Community Investment	General Disclosures	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	11. FULFILLMENT OF SOCIAL RESPONSIBILITIES
	B8.1	Focus areas of contribution.	11. FULFILLMENT OF SOCIAL RESPONSIBILITIES
	B8.2	Resources contributed to the focus area.	11. FULFILLMENT OF SOCIAL RESPONSIBILITIES

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures			Relevant Chapters
(I) Governance	19.	<p>An issuer shall disclose information about:</p> <p>(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.</p> <p>(b) management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.</p>	10.5 Addressing Climate Change
(II) Strategy	20.	<p>Climate-related risks and opportunities</p> <p>An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term.</p>	10.5 Addressing Climate Change
	21.	<p>Business model and value chain</p> <p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain.</p>	<p>10.5 Addressing Climate Change</p> <p>Determining the scope of the value chain: We have adopted reasonable information relief as we are unable to determine the scope of our value chain using all reasonable and well-founded information that can be obtained without incurring unnecessary costs or efforts on the reporting date.</p>



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		Relevant Chapters	
(II) Strategy	22.	<p>Strategy and decision-making</p> <p>An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation.</p>	10.5 Addressing Climate Change
	23.	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	The Group does not have a transition plan.
	24.	<p>Financial position, financial performance and cash flows</p> <p>Current financial effect</p> <p>An issuer shall disclose qualitative and quantitative information about:</p> <p>(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and</p> <p>(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.</p>	10.5 Addressing Climate Change Quantifying current and anticipated financial impacts: We have applied a financial effects relief as we believe that the measurement methods used to assess these impacts are subject to excessively high uncertainty, rendering the quantified information estimated to be of little reference value.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		Relevant Chapters	
(II) Strategy	25.	<p>Anticipated financial effect</p> <p>The issuer shall provide qualitative and quantitative disclosures about:</p> <p>(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration.</p> <p>(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</p>	10.5 Addressing Climate Change We have adopted reasonable information relief as we will further assess the financial impacts of climate-related risks and opportunities in the future.
	26.	<p>Climate resilience</p> <p>An issuer shall disclose information that enables an understanding of the resilience of the issuer’s strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer’s identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer’s circumstances. In providing quantitative information, the issuer may disclose a single amount or a range.</p>	10.5 Addressing Climate Change Utilizing climate-related scenario analysis: We have adopted a reasonable information relief because we have not been able to determine the methodology for climate-related scenario analysis and cannot incorporate all reasonable and well-founded information that can be obtained without incurring unnecessary costs or efforts on the reporting date into our considerations.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		Relevant Chapters	
(III) Risk Management	27.	<p>An issuer shall disclose information about:</p> <p>(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks.</p> <p>(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p> <p>(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.</p>	10.5 Addressing Climate Change
(IV) Metrics and Targets	28.	<p>Greenhouse gas emissions</p> <p>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the Reporting Period, expressed as metric tons of CO₂ equivalent, classified as:</p> <p>(a) Scope 1 greenhouse gas emissions;</p> <p>(b) Scope 2 greenhouse gas emissions; and</p> <p>(c) Scope 3 greenhouse gas emissions.</p>	10.5 Addressing Climate Change



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures			Relevant Chapters
(IV) Metrics and Targets	29.	<p>An issuer shall:</p> <ul style="list-style-type: none"> (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer’s Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer’s measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). 	10.5 Addressing Climate Change Measurement methodologies, input data, and assumptions for Scope 3 greenhouse gas emissions: We have applied a reasonable information relief as, when selecting the measurement methodologies, input data, and assumptions for quantifying our Scope 3 greenhouse gas emissions, we were unable to obtain all reasonable and well-founded information on the reporting date without incurring unnecessary costs or efforts.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		Relevant Chapters	
(IV) Metrics and Targets	30.	<p>Climate-related transition risks An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.</p>	10.5 Addressing Climate Change Calculating indicators (especially cross-industry indicator categories): We have applied a reasonable information relief because we are unable to obtain all reasonable and well-founded information on the reporting date without incurring unnecessary costs or efforts.
	31.	<p>Climate-related physical risks An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</p>	
	32.	<p>Climate-related opportunities An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.</p>	
	33.	<p>Capital deployment An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.</p>	10.5 Addressing Climate Change
	34.	<p>Internal carbon prices An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.</p>	10.5 Addressing Climate Change The Group has not applied carbon prices in its decision-making processes.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures			Relevant Chapters
(IV) Metrics and Targets	35.	<p>Remuneration</p> <p>An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).</p>	<p>10.5 Addressing Climate Change</p> <p>The Group has not incorporated climate-related considerations into its remuneration policies.</p>
	36.	<p>Industry-based metrics</p> <p>An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.</p>	<p>10.5 Addressing Climate Change</p>
	37.	<p>Climate-related targets</p> <p>An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.</p>	<p>10.5 Addressing Climate Change</p>



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		Relevant Chapters	
(IV) Metrics and Targets	38.	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: <ul style="list-style-type: none"> (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions. 	10.5 Addressing Climate Change
	39.	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	10.5 Addressing Climate Change
	40.	Each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39.	10.5 Addressing Climate Change
	41.	<p>Applicability of cross-industry metrics and industry-based metrics</p> <p>In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).</p>	10.5 Addressing Climate Change We have adopted reasonable information relief as we currently do not disclose any cross-industry metrics or industry-based metrics, but will explore their feasibility in the future.



INDEPENDENT AUDITOR'S REPORT

**Independent auditor's report to the shareholders of
Xiaocaiyuan International Holding Ltd.**
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Xiaocaiyuan International Holding Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 127 to 196, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.



INDEPENDENT AUDITOR'S REPORT

Revenue recognition

Refer to Note 4 to the consolidated financial statements and the accounting policies in Note 2(s).

The Key Audit Matter

The Group is principally engaged in restaurant operations. For the year ended 31 December 2025, the Group recognised consolidated revenue amounting to RMB5,345,091,000.

Revenue comprises a high volume of individually low value transactions, which increases the risk of error in the recognition of revenue.

We identified the revenue recognition of restaurant operations as a key audit matter because the volume of transactions being processed give rise to a risk that revenue could be incorrectly recorded.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;
- making inquiries of management and inspecting a sample of sales orders and related cash receipts, on a sample basis, to understand the sales terms and evaluate the appropriateness of revenue recognition, measurement and presentation with reference to the requirements of the prevailing accounting standards;
- comparing bank receipts to the Group's transaction records on a sample basis;
- obtaining confirmations from third-party online food delivery platforms and third-party payment service providers on the revenue on a sample basis; and
- inspecting journals entries relating to revenue which met specific risk-based criteria, enquiring of management about the reasons for such adjustments and comparing details of these journal entries with relevant underlying documentation.



INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

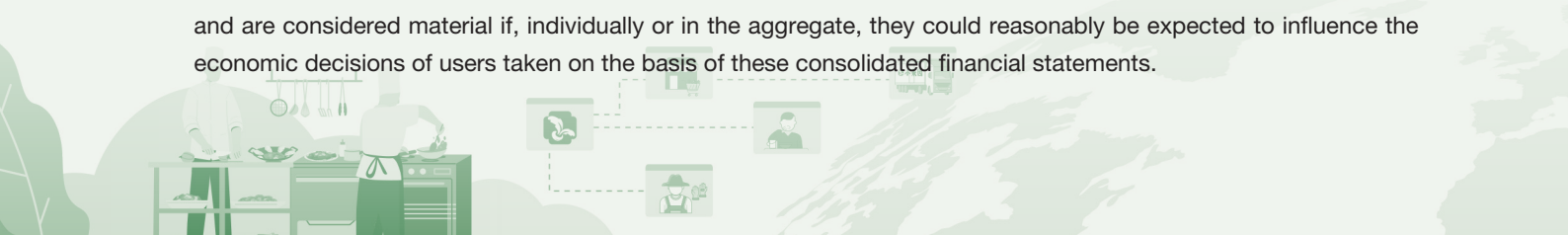
In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.



INDEPENDENT AUDITOR'S REPORT

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Ting Yuen (practising certificate number: P06379).

Certified Public Accountants

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

25 March 2026



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025 (Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	5,345,091	5,209,874
Other revenue	5	45,714	42,509
Raw materials and consumables used		(1,582,209)	(1,661,021)
Staff costs	6(b)	(1,373,429)	(1,421,596)
Depreciation of right-of-use assets		(268,007)	(256,474)
Other rentals and related expenses		(96,960)	(93,053)
Depreciation and amortization of other assets		(189,431)	(175,536)
Utility expenses		(174,575)	(171,774)
Advertising and promotion expenses		(77,443)	(63,407)
Delivery service expenses		(359,329)	(354,814)
Other expenses	6(c)	(254,825)	(273,467)
Other net income	6(d)	14,071	31,135
Finance costs	6(a)	(43,053)	(41,122)
Profit before taxation		985,615	771,254
Income tax	7(a)	(270,523)	(190,632)
Profit for the year		715,092	580,622
Attributable to:			
Equity shareholders of the Company		715,092	580,622
Earnings per share	10		
Basic and Diluted		0.61	0.56

The notes on pages 135 to 196 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025 (Expressed in Renminbi)

	2025 RMB'000	2024 RMB'000
Profit for the year	715,092	580,622
Other comprehensive income for the year (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	(17,766)	6,005
Item that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	1,753	(1,210)
Other comprehensive income for the year	(16,013)	4,795
Total comprehensive income for the year	699,079	585,417
Attributable to:		
Equity shareholders of the Company	699,079	585,417
Total comprehensive income for the year	699,079	585,417

The notes on pages 135 to 196 form part of these financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(Expressed in Renminbi)*

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	11	923,566	699,251
Right-of-use assets	12	821,853	788,591
Intangible assets	13	1,826	2,512
Deferred tax assets	24(b)	18,512	16,401
Rental deposits		51,207	41,419
Time deposits	18	110,000	–
		<u>1,926,964</u>	<u>1,548,174</u>
Current assets			
Inventories	15	111,063	109,566
Trade and other receivables	16	272,214	301,863
Financial assets at fair value through profit or loss (“FVPL”)	17	1,169,696	788,280
Time deposits	18	20,000	223,356
Cash and cash equivalents	18	297,786	616,661
		<u>1,870,759</u>	<u>2,039,726</u>
Current liabilities			
Bank loans	19	100,000	–
Trade and other payables	20	241,791	228,500
Contract liabilities	21	68,502	77,334
Lease liabilities	22	246,791	223,830
Current taxation	24(a)	59,119	77,024
		<u>716,203</u>	<u>606,688</u>
Net current assets		<u>1,154,556</u>	<u>1,433,038</u>
Total assets less current liabilities		<u>3,081,520</u>	<u>2,981,212</u>

The notes on pages 135 to 196 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(Expressed in Renminbi)*

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current liabilities			
Lease liabilities	22	604,280	586,641
Provisions	23	33,765	29,156
Deferred income	25	3,236	–
		<u>641,281</u>	<u>615,797</u>
Net assets		<u>2,440,239</u>	<u>2,365,415</u>
Capital and reserves			
Share capital	26(c)	77	77
Reserves		<u>2,440,162</u>	<u>2,365,338</u>
Total equity		<u>2,440,239</u>	<u>2,365,415</u>

Approved and authorised for issue by the board of directors on 25 March 2026.

)	
)	
Wang Shugao)	
)	Directors
)	
Tian Chunyong)	
)	
)	

The notes on pages 135 to 196 form part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025 (Expressed in Renminbi)

	Note	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Share-based payments reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2024		64	-	(97,140)	231,307	(1,156)	59,517	430,500	623,092
Changes in equity for 2024:									
Profit for the year		-	-	-	-	-	-	580,622	580,622
Other comprehensive income		-	-	-	-	4,795	-	-	4,795
Total comprehensive income		-	-	-	-	4,795	-	580,622	585,417
Appropriation to statutory reserve	26(d)(iii)	-	-	-	-	-	9,838	(9,838)	-
Dividends declared	26(b)	-	-	-	-	-	-	(187,500)	(187,500)
Financial instruments issued to an investor	26(d)(iv)	-	-	(24,486)	-	-	-	-	(24,486)
Conversion of convertible preferred shares into ordinary shares	26(c)(iii)	6	470,681	121,626	-	-	-	-	592,313
Shares issued upon the completion of initial public offering	26(c)(ii)	7	776,572	-	-	-	-	-	776,579
Balance at 31 December 2024		77	1,247,253	-	231,307	3,639	69,355	813,784	2,365,415

The notes on pages 135 to 196 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025 (Expressed in Renminbi)

	Note	Share	Share	Other	Share-	Exchange	Statutory	Retained	Total
		capital	premium	reserve	payments	reserve	surplus	profits	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025		77	1,247,253	-	231,307	3,639	69,355	813,784	2,365,415
Changes in equity for 2025:									
Profit for the year		-	-	-	-	-	-	715,092	715,092
Other comprehensive income		-	-	-	-	(16,013)	-	-	(16,013)
Total comprehensive income		-	-	-	-	(16,013)	-	715,092	699,079
Appropriation to statutory reserve	26(d)(iii)	-	-	-	-	-	12,669	(12,669)	-
Dividends declared	26(b)	-	(375,000)	-	-	-	-	(249,255)	(624,255)
Balance at 31 December 2025		77	872,253	-	231,307	(12,374)	82,024	1,266,952	2,440,239

The notes on pages 135 to 196 form part of these financial statements.



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025 (Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations	18(b)	1,452,753	1,113,526
Income tax paid	24	(290,539)	(210,672)
Net cash generated from operating activities		1,162,214	902,854
Investing activities			
Payment for the purchase of property, plant and equipment		(400,892)	(317,927)
Payment for the purchase of intangible assets		(254)	(793)
Payment for purchase of financial assets measured at FVPL, net		(374,428)	(786,918)
Investment income received		7,946	4,191
Payment for provisions		(364)	–
Decrease/(increase) in time deposits		93,356	(223,356)
Interest income received		8,322	22,514
Net cash used in investing activities		(666,314)	(1,302,289)

The notes on pages 135 to 196 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025 (Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Financing activities			
Proceeds from bank loans	18(c)	100,000	–
Repayment of bank loans	18(c)	–	(50,000)
Proceeds from financial instruments issued to an investor	18(c)	–	100,000
Payment of the redemption liability	18(c)	–	(3,149)
Payment of capital element of lease liabilities	18(c)	(248,578)	(225,718)
Payment of interest element of lease liabilities	18(c)	(39,859)	(39,204)
Interest expenses of bank loans paid	18(c)	(1,515)	(470)
Withdrawal of restricted bank deposits		–	25,000
Dividends paid	26(b)	(624,255)	(187,500)
Proceeds from issue of ordinary shares by initial public offering, net of issuance costs		–	779,623
Payment of listing expenses		–	(2,211)
Net cash (used in)/generated from financing activities		(814,207)	396,371
Net decrease in cash and cash equivalents		(318,307)	(3,064)
Cash and cash equivalents at 1 January	18(a)	616,661	620,153
Effect of foreign exchange rate changes		(568)	(428)
Cash and cash equivalents at 31 December	18(a)	297,786	616,661

The notes on pages 135 to 196 form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

Xiaocaiyuan International Holding Ltd. (the “Company”) was incorporated in the Cayman Islands on 19 October 2021 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in restaurant operations, catering delivery services and supply chain management in the People’s Republic of China. The information of the principal subsidiaries is set out in Note 14.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing”) on 20 December 2024.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards, International Accounting Standards and Interpretations as issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

Item included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “Functional Currency”).

The consolidated financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand, except when otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Other investments in securities (see Note 2 (e))

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

New and amended IFRS Accounting Standards

The Group has applied amendments to IAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements 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.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 27(e). These investments are subsequently accounted for as follows, depending on their classification.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Other investments in securities (Continued)

Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(s)(iii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- fair value through other comprehensive income (FVOCI) - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment (Continued)

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Leasehold improvements	2 to 13 years or lease term, whichever is shorter
- Buildings	20 years
- Kitchen equipment	5 years
- Electronic equipment and others	1 – 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents properties under construction and machinery and equipment pending installation and is stated at cost less impairment losses (see Note 2(i)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation policies specified above.

No depreciation is provided in respect of construction in progress.

(g) Intangible assets

Intangible assets, including software and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Intangible assets (Continued)

The estimated useful lives for the current and comparative periods are as follows:

- Software	3 – 5 years
- Trademarks	10 years

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of 3-5 years. The useful lives of the software are assessed by the Group after considering the contractual term, the current functionality equipped by the software, using plan and operation needs of software.

Trademarks are stated at cost less any impairment losses and are amortised on the straight-line basis over the estimated useful life of 10 years. The useful lives of the trademarks are assessed by the Group after considering the remaining period of economic benefits to be derived. The estimation of the useful lives has taken into account the granted validity period and the iteration cycle of trademarks.

Both the period and method of amortisation are reviewed annually.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Leased assets (Continued)

As a lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see Note 2(e)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognizes a loss allowance for expected credit losses (“ECLs”) on the financial assets measured at amortised cost (including cash and cash equivalents, restricted bank deposits, time deposits, trade and other receivables).

Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Credit-impaired financial assets (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 30 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

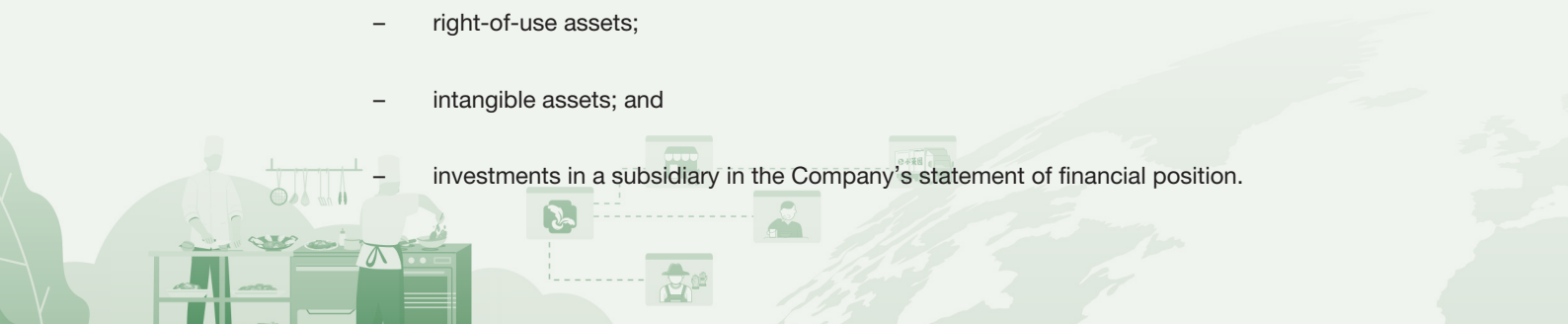
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- intangible assets; and
- investments in a subsidiary in the Company's statement of financial position.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognized.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

Cost of inventories are calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(s)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(i)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(s)(iii)).



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(i).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contribution to appropriate local defined contribution retirement schemes pursuant to the relevant labor rules and regulations in the People's Republic of China ("PRC") are recognized as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognized as an expense.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(p) Employee benefits (Continued)

(ii) Share-based payments

The fair value of share granted to employees is recognized as an employee cost with a corresponding increase in a share-based payment reserve within equity. The fair value is measured at grant date using income approach model, taking into account the terms and conditions upon which the shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior periods is charged/credited to the profit or loss for the period of the review. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to the share-based payments reserve).

(iii) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Income tax (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sales of goods or the provision of services.

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Revenue and other income (Continued)

(i) Revenue from contracts with customers

The Group principally generates revenue from restaurant operations and delivery business. Revenue excludes value added tax or other sales taxes and is after deduction of other sales taxes or any trade discounts.

For restaurant operations and delivery business for which the control of services is transferred at a point in time, revenue is recognized when the related services have been rendered to customers.

(ii) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(iii) Interest income

Interest income is recognized as it accrues using the effective interest method.

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants related to assets shall be recognised as deferred income in the balance sheet and recorded in other net income in a reasonable and systematic manner within the service life of the relevant assets. Government grants related to income, those to be used as compensation for future expense or loss shall be recognised as deferred income and shall be recorded in other net income in the period in which the relevant expense or loss are recognised; other government grants shall be recorded in other net income directly.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(t) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or the Group's parent.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(v) Related parties (Continued)

- (ii) An entity is related to the Group if any of the following conditions applies:
- (a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (f) The entity is controlled or jointly controlled by a person identified in Note 2(v)(i).
 - (g) A person identified in Note 2(v)(i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 27(e) contains information about the assumptions and its risk factors relating to valuation of derivative financial instrument and financial assets at FVPL.

Other significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(i) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future years.

(ii) Impairment of property, plant and equipment, right-of-use assets and intangible assets

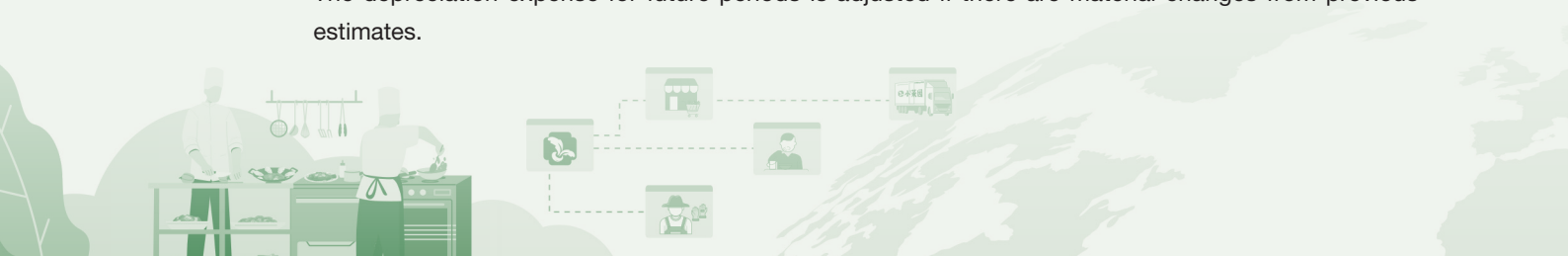
Internal and external sources of information are reviewed at the end of each reporting period to assess whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired. If any such indication exists, the recoverable amount of the property, plant and equipment, right-of-use assets and intangible assets is estimated. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future years.

(iii) Provision for restoration costs

As explained in Note 23, the Group makes provision for restoration costs based on the best estimate of the expected costs to be incurred upon expiry of the respective tenancy agreements, which are subject to uncertainty and might differ from the actual costs incurred. Any increase or decrease in the provision would affect profit or loss in future periods.

(iv) Depreciation and amortisation

Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation or amortisation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets. The depreciation expense for future periods is adjusted if there are material changes from previous estimates.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) 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:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Restaurant operations	3,261,042	3,191,554
– Delivery business	2,065,072	2,004,766
– Others	18,977	13,554
	<u>5,345,091</u>	<u>5,209,874</u>
Disaggregated by timing of revenue recognition		
– Point in time	<u>5,345,091</u>	<u>5,209,874</u>

No revenue from individual customer contributed over 10% of total revenue of the Group for the year ended 31 December 2025 (2024: Nil).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its contracts for rendering service such that information about revenue expected to be recognized in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for rendering service that had an expected duration of one year or less.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting

The directors of the Company have been identified as the Group's most senior executive management. 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 has one operating segment, which is restaurant operations and delivery business. The Group's most senior executive management reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. Accordingly, no reportable segment information is presented.

As substantially all of the Group's operations and assets are in the PRC, no geographic information is presented.

5 OTHER REVENUE

	2025 RMB'000	2024 RMB'000
Other revenue		
Interest income on:		
– bank deposits	8,322	22,514
– rental deposits	2,079	2,109
	<u>10,401</u>	<u>24,623</u>
Investment income on wealth management products	7,946	4,191
Government grants (Note)	27,367	13,695
	<u>45,714</u>	<u>42,509</u>

Note:

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



NOTES TO THE FINANCIAL STATEMENTS*(Expressed in Renminbi unless otherwise indicated)***6 PROFIT BEFORE TAXATION**

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

(a) Finance costs

	2025 RMB'000	2024 RMB'000
Interest on bank loans	1,515	470
Interest on lease liabilities	39,859	39,204
Interest on provisions	1,679	1,448
	<u>43,053</u>	<u>41,122</u>

(b) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	1,337,747	1,387,954
Contributions to defined contribution retirement plan (Note)	35,682	33,642
	<u>1,373,429</u>	<u>1,421,596</u>

Note:

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

The Group's subsidiaries in jurisdictions other than the PRC, make contributions to local retirement schemes pursuant to the relevant labour rules and regulations in the jurisdiction in which such subsidiary located.

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION (Continued)

(c) Other expenses

	2025 RMB'000	2024 RMB'000
Property management expenses	143,840	132,316
Transportation and related expenses	31,990	31,308
Administrative expenses	14,828	12,450
Professional service expenses	8,190	6,908
Listing expenses	–	36,911
Cleaning fees	14,863	14,409
Taxes and surcharges	15,315	12,338
Business development expenses	7,639	6,878
Impairment losses of property, plant and equipment and right-of-use assets	628	3,378
Auditors' remuneration		
– audit service	4,200	4,200
– tax service	100	–
Others	13,232	12,371
	<u>254,825</u>	<u>273,467</u>



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION (Continued)

(d) Other net income

	2025 RMB'000	2024 RMB'000
Net losses on disposal of property, plant and equipment and right-of – use assets	8,675	6,043
Changes in carrying amount of the redemption liability	–	80,889
Changes in fair value of the convertible bonds and derivative financial instruments	–	(112,233)
Changes in fair value of the financial assets at FVPL	(24,712)	(428)
Net exchange losses/(gains)	3,516	(322)
Other income	(1,550)	(5,084)
	<u>(14,071)</u>	<u>(31,135)</u>

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax		
Provision for the year	<u>244,940</u>	<u>196,337</u>
Deferred tax		
Origination and reversal of temporary differences	<u>25,583</u>	<u>(5,705)</u>
	<u>270,523</u>	<u>190,632</u>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates

	2025 RMB'000	2024 RMB'000
Profit before taxation	<u>985,615</u>	<u>771,254</u>
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned (Note i, ii, iii)	238,024	185,567
Tax benefit of subsidiaries subject to preferential tax rates (Note iii)	(867)	(945)
Tax effect of non-deductible expenses	2,132	4,643
Tax effect of unused tax losses not recognized	2,114	1,665
Tax effect of utilization of tax losses not recognized in previous years	(1,102)	(298)
PRC dividend and interest withholding tax	<u>30,222</u>	<u>—</u>
Actual tax expense	<u>270,523</u>	<u>190,632</u>

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 years ended 2025 and 2024. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HK\$2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) while the remaining profits will continue to be taxed at 16.5%.
- (iii) Taxable income for the subsidiaries of the Company in the Chinese Mainland are subject to PRC income tax rate of 25% for the year ended 31 December 2025 and 2024, unless otherwise specified below.

For the year ended 31 December 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 Chinese Mainland and were entitled to a preferential income tax rate of 5% (2024:5%) on taxable income for the amounts within RMB3,000,000.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	2025 Total RMB'000
Chairman and executive director					
Mr. Wang Shugao	9	1,062	-	79	1,150
Executive directors					
Mr. Li Daoqing (resigned on 29 December 2025)	9	843	-	62	914
Mr. Tian Chunyong	9	1,015	-	62	1,086
Mr. Zhou Bin	9	966	-	79	1,054
Ms. Wang Weifang	9	917	-	79	1,005
Mr. Tao Xu'an	9	940	-	62	1,011
Independent Non-Executive directors					
Mr. Zeng Xiaosong	183	-	-	-	183
Ms. Fang Xuan	183	-	-	-	183
Mr. Zhu Nanjun	183	-	-	-	183
Mr. Qian Mingxing	183	-	-	-	183
	<u>786</u>	<u>5,743</u>	<u>-</u>	<u>423</u>	<u>6,952</u>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS (Continued)

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	2024 Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and executive director					
Mr. Wang Shugao	–	468	–	17	485
Executive directors					
Mr. Li Daoqing	–	499	–	19	518
Mr. Tian Chunyong	–	510	–	19	529
Mr. Zhou Bin	–	515	–	32	547
Ms. Wang Weifang	–	482	–	17	499
Mr. Tao Xu'an	–	512	–	19	531
Independent Non-Executive directors					
Mr. Zeng Xiaosong (appointed on 11 December 2024)	15	–	–	–	15
Ms. Fang Xuan (appointed on 11 December 2024)	15	–	–	–	15
Mr. Zhu Nanjun (appointed on 11 December 2024)	15	–	–	–	15
Mr. Qian Mingxing (appointed on 11 December 2024)	15	–	–	–	15
	<u>60</u>	<u>2,986</u>	<u>–</u>	<u>123</u>	<u>3,169</u>

During the years ended 31 December 2025 and 2024, no director has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2024: nil) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	3,021	2,940
Retirement scheme contributions	202	99
	<u>3,223</u>	<u>3,039</u>

The emoluments of the three (2024: five) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
\$Nil - \$1,000,000	-	5
\$1,000,001 - \$1,500,000	<u>3</u>	<u>-</u>

During the years ended 31 December 2025 and 2024, no amounts were paid or payable by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 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 and the weighted average number of ordinary shares in issue during the year.

As disclosed in Note 26(c)(i), each share in the Company's issued and unissued share capital was subdivided into 100,000 shares in December 2024. Accordingly, the weighted average number of ordinary shares throughout the periods presented has been adjusted retrospectively for the impacts of the share subdivision.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

10 EARNINGS PER SHARE (Continued)

(a) Basic earnings per share (Continued)

(i) Profit attributable to ordinary equity shareholders of the Company

	2025 RMB'000	2024 RMB'000
Profit attributable to all equity shareholders of the Company	715,092	580,622
Effect of discretionary dividend distributed to the preferred shareholders (Note 26(b))	-	(13,152)
Profit attributable to ordinary equity shareholders of the Company	<u>715,092</u>	<u>567,470</u>

(ii) Weighted average number of ordinary shares

	2025 '000	2024 '000
Issued ordinary shares at 1 January	1,176,519	10
Effect of the share subdivision (Note 26(c)(i))	-	999,990
Effect of shares issued upon the completion of initial public offering (Note 26(c)(ii))	-	3,326
Effect of conversion of preferred shares into ordinary shares (Note 26(c)(iii))	-	2,477
Weighted average number of ordinary shares at 31 December	<u>1,176,519</u>	<u>1,005,803</u>

(b) Diluted earnings per share

For the year ended 31 December 2025, there were no dilutive potential ordinary shares in existence for the years ended 31 December 2025. The calculated diluted earnings per share equals the basic earnings per share at 31 December 2025.

For the year ended 31 December 2024, preferred shares (Note 26(c)(iii)) 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.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Buildings RMB'000	Kitchen equipment RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost:						
At 1 January 2024	64,509	183,587	121,090	66,365	505,455	941,006
Additions	-	4,706	34,995	263,260	2,738	305,699
Transfer from construction in progress	-	83,361	1,890	(264,435)	179,184	-
Disposals	-	(13,950)	(6,638)	-	(28,264)	(48,852)
At 31 December 2024 and 1 January 2025	64,509	257,704	151,337	65,190	659,113	1,197,853
Additions	-	14,024	32,872	377,986	1,595	426,477
Transfer from construction in progress	-	59,018	356	(207,299)	147,925	-
Disposals	-	(15,213)	(6,427)	-	(51,395)	(73,035)
At 31 December 2025	64,509	315,533	178,138	235,877	757,238	1,551,295
Accumulated depreciation:						
At 1 January 2024	6,916	69,578	39,388	-	241,258	357,140
Charge for the year	3,066	40,563	23,418	-	107,296	174,343
Written back on disposals	-	(9,384)	(4,206)	-	(21,650)	(35,240)
At 31 December 2024 and 1 January 2025	9,982	100,757	58,600	-	326,904	496,243
Charge for the year	3,066	46,520	25,510	-	113,437	188,533
Written back on disposals	-	(11,395)	(4,673)	-	(41,694)	(57,762)
At 31 December 2025	13,048	135,882	79,437	-	398,647	627,014

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of carrying amount (Continued)

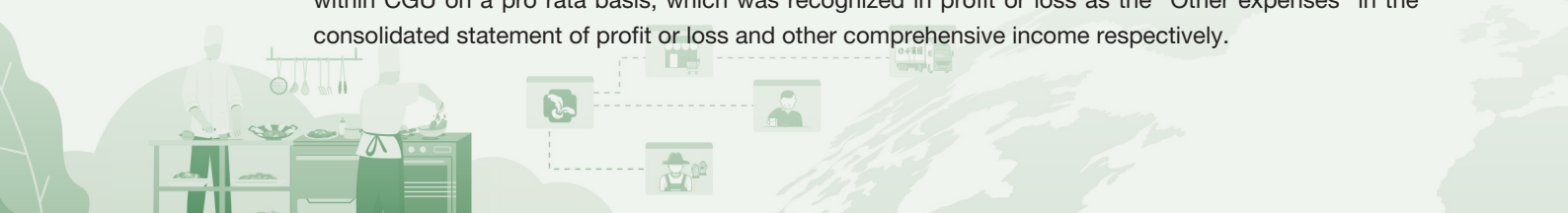
	Buildings RMB'000	Kitchen equipment RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
Impairment:						
At 1 January 2024	-	114	6	-	626	746
Charge for the year	-	-	-	-	3,363	3,363
Written back on disposals	-	-	-	-	(1,750)	(1,750)
At 31 December 2024 and 1 January 2025	-	114	6	-	2,239	2,359
Charge for the year	-	-	-	-	595	595
Written back on disposals	-	-	-	-	(2,239)	(2,239)
At 31 December 2025	-	114	6	-	595	715
Net book value:						
At 31 December 2025	51,461	179,537	98,695	235,877	357,996	923,566
At 31 December 2024	54,527	156,833	92,731	65,190	329,970	699,251

All of the property, plant and equipment owned by the Group are located in the Chinese Mainland.

Impairment loss

As at the end of each reporting period, in view of the unfavorable future prospects of certain restaurants, the Group's management estimated the recoverable amount of each such restaurant (cash-generating unit ("CGU")) with an indication of impairment. The recoverable amount of each CGU is determined based on fair value less cost of disposal or the value-in-use calculations by preparing cash flow projections of the relevant CGUs derived from the most recent financial forecast approved by the management covering the remaining lease term, which is higher. The cash flows are discounted using a discount rate of 12.6% as at 31 December 2025 (2024:14.0%), respectively. The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU.

During the year ended 31 December 2025, an impairment loss of RMB628,000 (2024: RMB3,378,000) was recognized, respectively, as the carrying amount of certain cash-generating units ("CGUs") exceeded their recoverable amount. The impairment loss was allocated to the assets in related restaurant including right-of-use assets, leasehold improvement and other property, plant and equipment within CGU on a pro rata basis, which was recognized in profit or loss as the "Other expenses" in the consolidated statement of profit or loss and other comprehensive income respectively.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

12 RIGHT-OF-USE ASSETS

The reconciliation of the carrying amounts of right-of-use assets by class of underlying asset is as follows:

	Properties RMB'000	Leasehold land RMB'000	Total RMB'000
Cost:			
At 1 January 2024	1,292,302	–	1,292,302
Additions	342,017	12,453	354,470
Disposals	(23,336)	–	(23,336)
At 31 December 2024 and 1 January 2025	1,610,983	12,453	1,623,436
Additions	302,628	–	302,628
Disposals	(21,359)	–	(21,359)
At 31 December 2025	1,892,252	12,453	1,904,705
Accumulated depreciation:			
At 1 January 2024	598,178	–	598,178
Charge for the year	256,225	249	256,474
Written back on disposals	(19,821)	–	(19,821)
At 31 December 2024 and 1 January 2025	834,582	249	834,831
Charge for the year	267,758	249	268,007
Written back on disposals	(20,019)	–	(20,019)
At 31 December 2025	1,082,321	498	1,082,819
Impairment:			
At 1 January 2024	32	–	32
Charge for the year	15	–	15
Written back on disposals	(33)	–	(33)
At 31 December 2024 and 1 January 2025	14	–	14
Charge for the year	33	–	33
Written back on disposals	(14)	–	(14)
At 31 December 2025	33	–	33
Net book value:			
At 31 December 2025	809,898	11,955	821,853
At 31 December 2024	776,387	12,204	788,591

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

12 RIGHT-OF-USE ASSETS (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties	267,758	256,225
Leasehold land	249	249
Total	268,007	256,474
Interest on lease liabilities (Note 6(a))	39,859	39,204
Expense relating to short-term leases	82,019	73,260
Variable lease payments not included in the measurement of lease liabilities	14,941	19,793

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 18(d) and 22, respectively.

Notes:

(i) Properties – Right-of-use assets

The Group has obtained the right of use properties as its restaurants through tenancy agreements. The leases typically run for an initial period of lease terms of 2 to 13 years. Lease payments are usually increased every 1 year to reflect market rentals.

(ii) Leasehold land – Right-of-use assets

The Group holds one leasehold land for its business, including the whole land in the PRC, where its supply chain plant is primarily located. The lease run for periods is 50 years. The Group is registered user of the property interests.

(iii) Rental deposits

The refundable rental deposits themselves are not parts of the lease payments and the measurement are within the scope of IFRS 9. Therefore, the rental deposits should be measured at fair value on initial recognition. The difference between the initial fair value and the nominal value of the deposit is an additional lease payment made by the Group and it is included in the measurement of the right-of-use assets.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

13 INTANGIBLE ASSETS

	Software RMB'000	Trademarks RMB'000	Total RMB'000
Cost:			
At 1 January 2024	4,533	613	5,146
Addition	793	–	793
At 31 December 2024 and 1 January 2025	5,326	613	5,939
Addition	239	15	254
Disposals	–	(58)	(58)
At 31 December 2025	5,565	570	6,135
Accumulated amortisation:			
At 1 January 2024	2,183	51	2,234
Charge for the year	1,132	61	1,193
At 31 December 2024 and January 1, 2025	3,315	112	3,427
Charge for the year	836	62	898
Written back on disposals	–	(16)	(16)
At 31 December 2025	4,151	158	4,309
Net book value:			
At 31 December 2025	1,414	412	1,826
At 31 December 2024	2,011	501	2,512

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Company name	Place and date of incorporation/ establishment	Particulars of issued capital	Particulars of paid-up capital	Proportion of ownership interest		Principal activity
				Effective interest held by the Group		
				2025	2024	
Indirectly held by the Company						
Anhui Xiaocaiyuan Catering Holdings Company Limited (安徽小菜園餐飲控股有限公司) (Note)	The People's Republic of China 09 December 2021	RMB50,000,000	RMB50,000,000	100%	100%	Investment Holding
Anhui Xiaocaiyuan Catering Management Company Limited (安徽小菜園餐飲管理有限公司) (Note)	The People's Republic of China 09 June 2013	RMB20,100,500	RMB20,100,500	100%	100%	Restaurant operations and delivery business
Xiaocaiyuan (Shanghai) Catering Management Company Limited (小菜園(上海)餐飲管理有限公司) (Note)	The People's Republic of China 30 November 2020	RMB 5,000,000	RMB 5,000,000	100%	100%	Restaurant operations and delivery business
Anhui Guandi Catering Management Company Limited (安徽鄧邱餐飲管理有限公司) (Note)	The People's Republic of China 13 June 2017	RMB 5,000,000	RMB 5,000,000	100%	100%	Restaurant operations and delivery business



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Place and date of incorporation/ establishment	Particulars of issued capital	Particulars of paid-up capital	Proportion of ownership interest		Principal activity
				Effective interest held by the Group	2025	
Hangzhou Xiaocaiyuan Catering Management Company Limited (杭州小菜園餐飲管理有限公司) (Note)	The People's Republic of China 7 November 2019	RMB 3,000,000	RMB 3,000,000	100%	100%	Restaurant operations and delivery business
Wuhan Xiaocaiyuan Catering Management Company Limited (武漢小菜園餐飲管理有限公司) (Note)	The People's Republic of China 29 July 2020	RMB 1,000,000	RMB 1,000,000	100%	100%	Restaurant operations and delivery business
Beijing Xiaocaiyuan Catering Management Company Limited (北京小菜園餐飲管理有限公司) (Note)	The People's Republic of China 01 December 2016	RMB 1,000,000	RMB 1,000,000	100%	100%	Restaurant operations and delivery business
Anhui Shangweitang Catering Management Company Limited (安徽尚味堂餐飲管理有限公司) (Note)	The People's Republic of China 04 July 2019	RMB 10,000,000	RMB 10,000,000	100%	100%	Restaurant operations and delivery business
Anhui Shangyuan catering service Company Limited (安徽尚園餐飲服務有限公司) (Note)	The People's Republic of China 31 October 2022	RMB 5,000,000	RMB 5,000,000	100%	100%	Supply chain management and delivery business

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Place and date of incorporation/ establishment	Particulars of issued capital	Particulars of paid-up capital	Proportion of ownership interest		Principal activity
				Effective interest held by the Group 2025	2024	
Indirectly held by the Company						
Xiaocaiyuan Nanjing Catering Management Company Limited (小菜園南京餐飲管理有限公司) (Note)	The People's Republic of China 30 July 2020	RMB 60,000,000	RMB 60,000,000	100%	100%	Restaurant operations and delivery business
Xiaocaiyuan (Suzhou) Catering Management Company Limited (小菜園(蘇州)餐飲管理有限公司) (Note)	The People's Republic of China 11 September 2020	RMB 5,000,000	RMB 5,000,000	100%	100%	Restaurant operations and delivery business
Jiang Xiaowan (Shanghai) Catering Management Service Company Limited (江小皖(上海)餐飲管理服務有限公司) (Note)	The People's Republic of China 26 June 2023	RMB 5,000,000	RMB 5,000,000	100%	100%	Restaurant operations and delivery business
Zhengzhou Caicaiyuan Catering Management Company Limited (鄭州菜菜園餐飲管理有限公司) (Note)	The People's Republic of China 10 July 2023	RMB 5,000,000	RMB 5,000,000	100%	100%	Restaurant operations and delivery business
Jinan Caicaiyuan Catering Management Company Limited (濟南菜菜園餐飲管理有限公司) (Note)	The People's Republic of China 10 August 2023	RMB 5,000,000	RMB 5,000,000	100%	100%	Restaurant operations and delivery business
Anhui Fengyuan Food Company Limited (安徽豐園食品有限公司) (Note)	The People's Republic of China 31 October 2022	RMB 50,000,000	RMB 50,000,000	100%	100%	Supply chain management and delivery business
Nanchang Xiaocaiyuan Catering Management Company Limited (南昌小菜園餐飲管理有限公司) (Note)	The People's Republic of China 14 August 2023	RMB 5,000,000	RMB 5,000,000	100%	100%	Restaurant operations and delivery business
Nanjing Caishou Catering Management Company Limited (南京菜手餐飲管理有限公司) (Note)	The People's Republic of China 10 August 2023	RMB 5,000,000	RMB 5,000,000	100%	100%	Restaurant operations and delivery business



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Place and date of incorporation/ establishment	Particulars of issued capital	Particulars of paid-up capital	Proportion of ownership interest		Principal activity
				Effective interest held by the Group 2025	2024	
Anhui Xiaocaiyuan Supply Chain Company Limited (安徽小菜園供應鏈有限公司) (Note)	The People's Republic of China 23 June 2021	RMB 60,000,000	RMB 60,000,000	100%	100%	Supply chain management and delivery business
Xiaocaiyuan (Ma'anshan) Catering Management Company Limited (小菜園(馬鞍山)餐飲管理有限公司) (Note)	The People's Republic of China 06 November 2023	RMB 10,000,000	RMB 10,000,000	100%	100%	Restaurant operations and delivery business
Xiaocaiyuan (Ma'anshan) Supply Chain Company Limited (小菜園(馬鞍山)供應鏈有限公司) (Note)	The People's Republic of China 07 December 2021	RMB 60,000,000	RMB 60,000,000	100%	100%	Supply chain management and delivery business
Anhui Chenchu Catering Management Company Limited (安徽陳廚餐飲管理有限公司) (Note)	The People's Republic of China 13 May 2025	RMB 5,000,000	RMB 5,000,000	100%	100%	Restaurant operations and delivery business
Zhongshan Xiaocaiyuan Catering Company Limited (中山小菜園餐飲有限公司) (Note)	The People's Republic of China 26 February 2025	RMB 1,000,000	RMB 1,000,000	100%	100%	Restaurant operations and delivery business
Ji'ning Renchengqu Caicaiyuan Catering Company Limited (濟寧任城區菜菜園餐飲有限公司) (Note)	The People's Republic of China 07 May 2025	RMB 1,000,000	RMB 1,000,000	100%	100%	Restaurant operations and delivery business

Note:

These entities are PRC limited liability companies. The official names of these entities are in Chinese. The English names are for identification purpose only.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

15 INVENTORIES

	2025 RMB'000	2024 RMB'000
Food ingredients	84,168	82,738
Condiment products	11,885	13,375
Beverage	4,426	3,507
Others	10,584	9,946
	<u>111,063</u>	<u>109,566</u>

- (a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold and consumed	<u>1,582,209</u>	<u>1,661,021</u>

All of the inventories are expected to be recovered within one year.

16 TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade debtors	33,650	30,730
Other receivables and deposits	94,457	84,678
Prepayments	116,435	173,715
Value added tax recoverable	27,672	12,740
	<u>272,214</u>	<u>301,863</u>

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

16 TRADE AND OTHER RECEIVABLES (Continued)

Ageing analysis

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:

	2025 RMB'000	2024 RMB'000
Within 1 month	31,384	28,116
1 to 3 months	1,415	1,832
3 to 6 months	271	367
Over 6 months but within 1 year	580	415
	<u>33,650</u>	<u>30,730</u>

Trade debtors are due within 1 year from the date of revenue recognition. Further details on the Group's credit policy are set out in Note 27(a).

17 FINANCIAL ASSETS AT FVPL

	2025 RMB'000	2024 RMB'000
Financial assets at FVPL		
- Wealth management products	<u>1,169,696</u>	<u>788,280</u>

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

During the year, the net unrealised gain in these funds and bank wealth management products of RMB24,712,000 (2024: RMB428,000) were recognised as a gain in changes in fair value through profit or loss during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

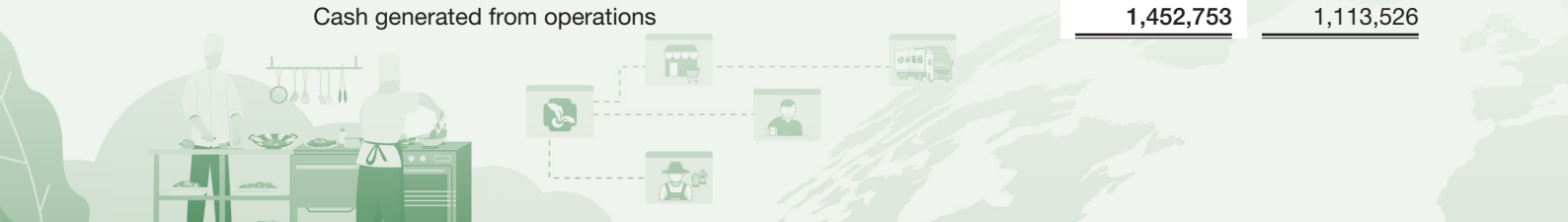
18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash on hand	1	10
Cash at bank	427,785	840,007
Less:		
Time deposits with maturity over 3 months	(130,000)	(223,356)
	<u>297,786</u>	<u>616,661</u>

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2025 RMB'000	2024 RMB'000
Profit before taxation		985,615	771,254
Adjustments for:			
Interest income	5	(10,401)	(24,623)
Investment income	5	(7,946)	(4,191)
Depreciation and amortisation		457,438	432,010
Finance costs	6(a)	43,053	41,122
Changes in carrying amount of the redemption liability	6(d)	–	80,889
Changes in fair value of the convertible bonds and derivative financial instruments	6(d)	–	(112,233)
Impairment losses of property, plant and equipment and right-of-use assets	6(c)	628	3,378
Net loss on disposal of property, plant and equipment and right-of-use assets	6(d)	8,675	6,043
Changes in fair value of the financial assets at FVPL	6(d)	(24,712)	(428)
Amortisation of deferred income		(138)	–
Changes in working capital:			
Increase in inventories		(1,497)	(4,668)
Decrease/(increase) in trade and other receivables, and rental deposits		17,511	(32,524)
Decrease in trade and other payables		(10,015)	(51,977)
(Decrease)/increase in contract liabilities		(8,832)	9,474
Increase in deferred income		3,374	–
Cash generated from operations		<u>1,452,753</u>	<u>1,113,526</u>



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities RMB'000 (Note 22)	Bank loans RMB'000 (Note 19)	Dividend payable RMB'000 (Note 26(b))	Total RMB'000
At 1 January 2025	810,471	–	–	810,471
Changes from financing cash flows:				
Proceeds from bank loans	–	100,000	–	100,000
Interest expenses of bank loans paid	–	(1,515)	–	(1,515)
Payment of capital element of lease liabilities	(248,578)	–	–	(248,578)
Payment of interest element of lease liabilities	(39,859)	–	–	(39,859)
Dividend paid	–	–	(624,255)	(624,255)
Total changes from financing cash flows	(288,437)	98,485	(624,255)	(814,207)
Other changes:				
Interest expenses	39,859	1,515	–	41,374
Increase in lease liabilities from entering into new leases during the year	290,596	–	–	290,596
Decrease in lease liabilities from ceasing leases contract during the year	(1,418)	–	–	(1,418)
Dividend declared	–	–	624,255	624,255
Total other changes	329,037	1,515	624,255	954,807
At 31 December 2025	851,071	100,000	–	951,071

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Lease liabilities RMB'000 (Note 22)	Bank loans RMB'000 (Note 19)	Financial instruments issued to an investor RMB'000	Dividend payable RMB'000 (Note 26(b))	Total RMB'000
At 1 January 2024	711,131	50,000	501,892	-	1,263,023
Changes from financing cash flows:					
Repayment of bank loans	-	(50,000)	-	-	(50,000)
Interest expenses of bank loans paid	-	(470)	-	-	(470)
Proceeds from the financial instruments issued to an investor	-	-	100,000	-	100,000
Payment of capital element of lease liabilities	(225,718)	-	-	-	(225,718)
Payment of interest element of lease liabilities	(39,204)	-	-	-	(39,204)
Payment of the redemption liability	-	-	(3,149)	-	(3,149)
Dividend paid	-	-	(13,152)	(174,348)	(187,500)
Total changes from financing cash flows	(264,922)	(50,470)	83,699	(174,348)	(406,041)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Lease liabilities RMB'000 (Note 22)	Bank loans RMB'000 (Note 19)	Financial instruments issued to an investor RMB'000	Dividend payable RMB'000 (Note 26(b))	Total RMB'000
Other changes:					
Interest expenses	39,204	470	-	-	39,674
Increase in lease liabilities from entering into new leases during the year	328,555	-	-	-	328,555
Decrease in lease liabilities from ceasing leases contract during the year	(3,497)	-	-	-	(3,497)
Changes in carrying amount of the redemption liability	-	-	80,889	-	80,889
Changes in fair value of the convertible bonds and derivative financial instruments	-	-	(112,233)	-	(112,233)
Increase in other reserve-Redeemable convertible preferred shares	-	-	24,486	-	24,486
Effect of foreign exchange rate changes	-	-	428	-	428
Dividend declared	-	-	13,152	174,348	187,500
transfer to ordinary shares	-	-	(592,313)	-	(592,313)
Total other changes	364,262	470	(585,591)	174,348	(46,511)
At 31 December 2024	810,471	-	-	-	810,471

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	96,960	93,053
Within financing cash flows	288,437	264,922
	<u>385,397</u>	<u>357,975</u>

19 BANK LOANS

The analysis of the carrying amount of current bank loans is as follows:

	2025 RMB'000	2024 RMB'000
Short-term loans	<u>100,000</u>	<u>–</u>

20 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	53,627	56,932
Staff cost payable	97,555	96,992
Other taxes payable	8,316	11,142
Other payables and accrued charges	<u>82,293</u>	<u>63,434</u>
	<u>241,791</u>	<u>228,500</u>

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

	2025 RMB'000	2024 RMB'000
Within one year	<u>53,627</u>	<u>56,932</u>



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

21 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities		
Contract liabilities related to prepaid cards	67,430	74,122
Contract liabilities related to customer membership programs	1,072	3,212
	<u>68,502</u>	<u>77,334</u>

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at 1 January	77,334	67,860
Net increase in contract liabilities during the year	68,502	77,334
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(77,334)	(67,860)
Balance at 31 December	<u>68,502</u>	<u>77,334</u>

22 LEASE LIABILITIES

At 31 December 2025, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	246,791	223,830
After 1 year but within 2 years	226,777	191,958
After 2 years but within 5 years	355,461	365,455
After 5 years	22,042	29,228
	<u>604,280</u>	<u>586,641</u>
	<u>851,071</u>	<u>810,471</u>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

23 PROVISIONS

Provision for restoration costs

	2025 RMB'000	2024 RMB'000
Provision for restoration costs	<u>33,765</u>	<u>29,156</u>

The movements of provisions during the the year ended 31 December 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Balance at the beginning	29,156	24,962
Additional provisions	3,294	2,746
Interest on provisions	1,679	1,448
Provisions utilized	<u>(364)</u>	<u>–</u>
Balance at the end	<u>33,765</u>	<u>29,156</u>

Pursuant to the terms of the respective tenancy agreements entered into by the Group, the Group is required to restore certain leased properties to the conditions as stipulated in the tenancy agreements at the expiration of the corresponding lease term as appropriate. The provision for restoration costs was estimated based on certain assumptions and estimates made by the Group's management with reference to historical restoration costs and/or other available market information. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	77,024	70,526
Provision for income tax for the year	244,940	196,337
Income tax paid	<u>(262,845)</u>	<u>(189,839)</u>
At the end of the year	<u>59,119</u>	<u>77,024</u>



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

(ii) Reconciliation to the consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Net deferred tax asset in the consolidated statement of financial position	<u>18,512</u>	<u>16,401</u>

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(q), the Group did not recognize deferred tax assets of in respect of cumulative unused tax losses arising from the Group of RMB16,028,000 (2024: RMB8,005,000) as at 31 December 2025, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses are expected to expire from 2028 to 2029 under current tax legislation.

(d) Deferred tax liability not recognized

Under the Enterprise Income Tax Law of the PRC ("EIT Law"), withholding tax is imposed on dividends declared in respect of profits earned by the Chinese Mainland subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in respect of temporary differences attributable to retained profits of the Chinese Mainland subsidiaries amounting to RMB1,278,460,000 (2024: RMB813,794,000) as at 31 December 2025, respectively, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

25 DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants	<u>3,236</u>	<u>–</u>

Government grants are related to assets which were obtained by the Group mainly for the purposes of purchase and construction of the property, plant and equipment.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	(Accumulated losses)/ retained profits RMB'000	Total RMB'000
Balance at 1 January 2024	64	-	427	(97,140)	(9,488)	(106,137)
Changes in equity for 2024:						
Shares issued upon the completion of initial public offering (Note 26(c)(ii))	7	776,572	-	-	-	776,579
Profit for the year	-	-	-	-	202,475	202,475
Other comprehensive income	-	-	4,650	-	-	4,650
Financial instruments issued to an investor (Note 26(d)(iv))	-	-	-	(24,486)	-	(24,486)
Conversion of convertible preferred shares into ordinary shares (Note 26(c)(iii))	6	470,681	-	121,626	-	592,313
Dividends declared (Note 26(b))	-	-	-	-	(187,500)	(187,500)
Balance at 31 December 2024 and 1 January 2025	77	1,247,253	5,077	-	5,487	1,257,894
Changes in equity for 2025:						
Profit for the year	-	-	-	-	277,091	277,091
Other comprehensive income	-	-	(19,230)	-	-	(19,230)
Dividends declared (Note 26(b))	-	(375,000)	-	-	(249,255)	(624,255)
Balance at 31 December 2025	77	872,253	(14,153)	-	33,323	891,500

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

(i) Dividend payable to equity shareholders of the Company attribute to the year:

	2025 RMB'000	2024 RMB'000
Interim dividend declared and paid of RMB0.2119 per ordinary share (2024: nil)	249,255	–
Final dividend proposed after the end of the reporting period of RMB0.2125 per ordinary share (2024: RMB0.3187 per ordinary share)	250,000	375,000
	<u>499,255</u>	<u>375,000</u>

The final dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial years, approved and paid during the year:

	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.3187 per share (2024: RMB17,435 per share)	375,000	187,500



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

The Company was incorporated in the Cayman Islands on 19 October 2021 with authorized share capital of USD50,000 divided into 50,000 ordinary shares with a par value of USD1.00 each.

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

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 101,180,800 ordinary shares at an offer price of HK\$8.50 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(i) Share premium

The share premium represents: (i) the difference between consideration received for ordinary shares subscription net of any transaction costs directly attributable to the subscription and the par value of the ordinary shares subscribed; (ii) the amount arises from the transfer of the carrying amount of financial instruments issued to investors to ordinary share.

(ii) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value granted to the directors and employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(p)(ii).

(iii) Statutory reserve

Statutory reserves are established in accordance with the PRC Company Law and the Articles of Association of the companies comprising the Group which are incorporated in the PRC.

Appropriations to the reserves were required to allocate 10% of their profits after tax until the reserves reach 50% of their respective registered capital.

Statutory reserve fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(iv) Other reserve

Other reserve represents the amount arising from the adjustment of financial instruments issued to an investor.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's overall strategy remains unchanged throughout the years ended 31 December 2025 and 2024. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities divided by its total assets, as at 31 December 2025 was 36% (2024:34%) respectively.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and rental deposits.

In determining the ECL for rental deposits and other receivables, management of the Group have taken into account the historical default experience and forward-looking information, as appropriate. Management of the Group have assessed that rental deposits and other receivables have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, no ECL allowance for rental deposits and other receivables is recognized at 31 December 2025 and 2024.

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high-credit-quality, for which the Group considers to have low credit risk. The Group's exposure to credit risk arising from trade receivables is also limited, because most of the Group's trade receivables are settled through reputable payment platforms such as UnionPay, Alipay and WeChat Pay within 3 days.

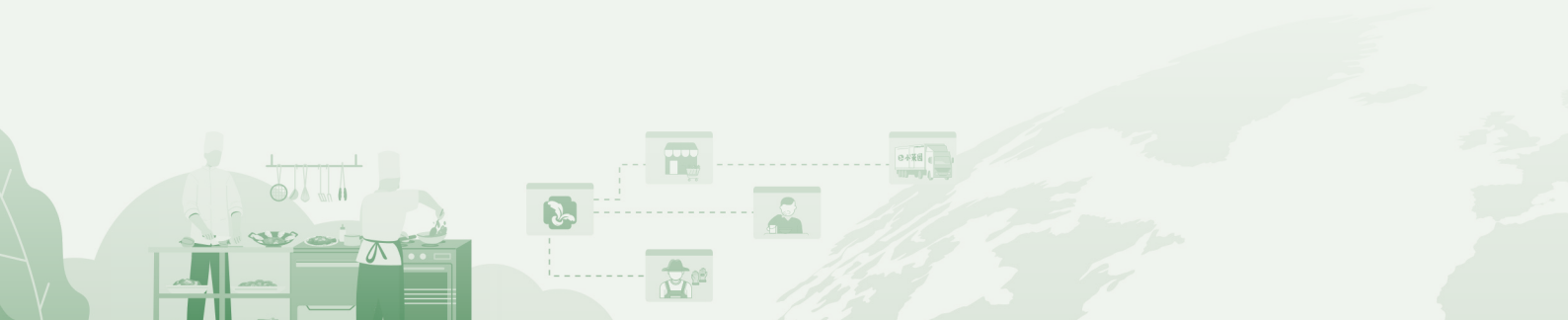
The expected credit loss rate is insignificant and close to zero.

The Group does not provide any guarantees which would expose the Group to credit risk.

(b) Liquidity risk

In management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contracted rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

	2025						Carrying amount at 31 Dec RMB'000
	Contractual undiscounted cash outflow						
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000		
Trade and other payables	241,791	-	-	-	241,791	241,791	
Bank loan	100,246	-	-	-	100,246	100,000	
Lease liabilities	282,005	250,020	377,128	22,847	932,000	851,071	
	624,042	250,020	377,128	22,847	1,274,037	1,192,862	
	2024						Carrying amount at 31 Dec RMB'000
	Contractual undiscounted cash outflow						
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000		
Trade and other payables	228,500	-	-	-	228,500	228,500	
Lease liabilities	264,774	221,075	394,899	30,678	911,426	810,471	
	493,274	221,075	394,899	30,678	1,139,926	1,038,971	

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Group's bank balances, other than short-term and long-term bank deposits, expose to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate. The management of the Company consider the Group's exposure to interest rate risk in respect of bank balances and interest-bearing bank loan is not significant.

(d) Currency risk

The Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than functional currencies of the respective entities comprising the Group are not significant.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

The Group has a team headed by the finance manager performing valuations for the financial instruments, including, unlisted investments and unlisted units in investment funds which are categorized into Level 2 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer is held twice a year, to coincide with the reporting dates.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

	Fair value at 31 December 2025 RMB'000	Fair value measurements as at 31 December 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
<i>Asset:</i>				
Financial assets at FVPL	1,169,696	-	1,169,696	-
	<u>1,169,696</u>	<u>-</u>	<u>1,169,696</u>	<u>-</u>
	Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
<i>Asset:</i>				
Financial assets at FVPL	788,280	-	788,280	-
	<u>788,280</u>	<u>-</u>	<u>788,280</u>	<u>-</u>

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the bank wealth management products and funds in Level 2 is determined by recent comparable transaction price on the market.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

28 COMMITMENTS

Commitments outstanding at the respective year end not provided for in the financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Contracted for acquisition of property, plant and equipment	<u>144,285</u>	<u>128,424</u>

29 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	7,775	4,029
Contributions to defined contribution retirement plan	<u>544</u>	<u>160</u>
	<u>8,319</u>	<u>4,189</u>

Total remuneration is included in "staff costs" (see Note 6(b)).



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current assets			
Trade and other receivables		71	71
Investment in subsidiaries		51,187	54,219
		<u>51,258</u>	<u>54,290</u>
Current assets			
Trade and other receivables		32,527	3,953
Cash and cash equivalents		40,892	427,880
Financial assets at FVPL		772,857	788,280
		<u>846,276</u>	<u>1,220,113</u>
Current liability			
Trade and other payables		6,034	16,509
		<u>840,242</u>	<u>1,203,604</u>
Net current assets		<u>840,242</u>	<u>1,203,604</u>
Net assets		<u>891,500</u>	<u>1,257,894</u>
Capital and reserves			
Share capital	26(c)	77	77
Reserves		891,423	1,257,817
		<u>891,500</u>	<u>1,257,894</u>
Total equity		<u>891,500</u>	<u>1,257,894</u>

31 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in Note 26(b).

32 ULTIMATE CONTROLLING PARTY

At 31 December 2025, the Directors consider the ultimate controlling party of the Group to be Mr. Wang Shugao.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS7, <i>Financial instruments: disclosures – Contracts referencing nature dependent electricity</i>	1 January 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and based on the initial assessment result it concluded that adoption of IFRS 18 would not significantly affect the financial position and performance of the Group.



DEFINITIONS

“Articles of Association” or “Articles”	the second amended and restated articles of association of the Company adopted by special resolution on December 2, 2024 with effect on the Listing Date, as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“BVI Entities”	XCY Yongqing Limited, XCY Xuyuan Limited, XCY Zhiyuan Limited, XCY Huiming Limited, XCY Weiyuan Limited, XCY Liyuan Limited and XCY Future Limited
“Caishou”	Caishou (菜手), one of our restaurant brands
“Cayman Companies Act”	the Companies Act (Revised) of the Cayman Islands, Cap. 22 (Law 3 of 1961), as amended, supplemented or otherwise modified from time to time
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to “China”, “Mainland China” or the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
“Company” or the “Company”	Xiaocaiyuan International Holding Ltd. (小菜園國際控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on October 19, 2021, the Shares of which were listed on the Main Board of the Hong Kong Stock Exchange on December 20, 2024 (stock code: 0999)
“Compliance Adviser”	Altus Capital Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules



DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, shall mean Mr. Wang, the Other Individual Shareholders and the BVI Entities
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “our Director(s)”	the director(s) of the Company
“Fuxinglou”	Fuxinglou (復興樓), one of our restaurant brands
“Global Offering”	the Hong Kong Public Offering and the International Offering mentioned in the Prospectus
“Group”, “we” or “us”	the Company and its subsidiaries
“Harvest Delicacy”	Harvest Delicacy Infinite Corporation, a limited liability company incorporated under the laws of BVI on October 28, 2022 and one of our Pre-IPO Investors
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board



DEFINITIONS

“Latest Practicable Date”	March 24, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
“Listing”	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	being December 20, 2024 on which the Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules
“Mr. Wang”	Mr. Wang Shugao (汪書高), our founder, executive Director, the chairman of the Board, general manager and one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“Ordinary Share(s)” or “Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of US\$0.00001 each
“Other Individual Shareholders”	Mr. Li Daoqing, Mr. Tian Chunyong, Mr. Zhou Bin, Mr. Tao Xu’an, Mr. Ye Hongli, Mr. Fang Zhiguo, Ms. Wang Weifang and Mr. Chen Haiyan
“Prospectus”	the prospectus dated December 12, 2024 issued by the Company in connection with the Global Offering and Listing
“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC



DEFINITIONS

“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	From January 1, 2025 to December 31, 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of the Share(s)
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“US\$” or “U.S. dollar”	United States dollar, the lawful currency of the United States
“Xiaocaiyuan”	Xiaocaiyuan (小菜園), one of our restaurant brands
“Xiaocaiyuan Catering”	Anhui Xiaocaiyuan Catering Management Co., Ltd. (安徽小菜園餐飲管理有限責任公司), a limited liability company incorporated under the laws of the PRC on June 9, 2013 and a wholly owned subsidiary of the Company
“Xiaocaiyuan Catering Holdings”	Anhui Xiaocaiyuan Catering Holdings Co., Ltd. (安徽小菜園餐飲控股有限公司), a limited liability company incorporated under the laws of the PRC on December 9, 2021 and a wholly owned subsidiary of the Company
“Xiaocaiyuan Holdings”	Anhui Xiaocaiyuan Holdings Co., Ltd. (安徽小菜園控股有限公司), a limited liability company incorporated under the laws of the PRC on December 2, 2020
“%”	percentage

