小菜园

XIAOCAIYUAN INTERNATIONAL HOLDING LTD.
小菜園國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0999)

RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2026

FINANCIAL HIGHLIGHTS:

	For the six months ended June 30,		
	2026	2025	Change
	RMB'000	*RMB'000*	
	(unaudited)	*(unaudited)*	
Revenue	**2,902,600**	2,713,666	7.0%
Profit before taxation	**390,477**	542,313	-28.0%
Income tax	**(101,108)**	(159,916)	-36.8%
Profit for the period	**289,369**	382,397	-24.3%
Attributable to:			
Equity shareholders of the Company	**289,839**	382,397	-24.2%
Total comprehensive income for the period	**262,710**	382,139	-31.3%
Basic earnings per share (RMB)	**0.25**	0.33	-24.2%
Diluted earnings per share (RMB)	**0.25**	0.33	-24.2%

The Board has resolved to declare an interim dividend of RMB0.2139 per share for the six months ended June 30, 2026.

The board (the "**Board**") of directors (the "**Director(s)**") of Xiaocaiyuan International Holding Ltd. (the "**Company**") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**us**") for the six months ended June 30, 2026 (the "**Reporting Period**") and the comparative figures for the same period in 2025. The aforementioned interim results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

FINANCIAL STATEMENTS

Consolidated statement of profit or loss
for the six months ended 30 June 2026 (unaudited)
(Expressed in Renminbi)

	Note	**Six months ended 30 June**	
		2026	2025
		RMB'000	*RMB'000*
Revenue	*3*	**2,902,600**	2,713,666
Other revenue		**18,855**	15,156
Raw materials and consumables used		**(937,925)**	(801,662)
Staff costs		**(826,684)**	(666,396)
Depreciation of right-of-use assets		**(139,449)**	(128,706)
Other rentals and related expenses		**(44,548)**	(48,137)
Depreciation and amortisation of other assets		**(106,382)**	(89,830)
Utility expenses		**(100,519)**	(83,396)
Advertising and promotion expenses		**(42,801)**	(53,344)
Delivery service expenses		**(166,475)**	(181,884)
Other expenses		**(148,394)**	(115,779)
Other net income		**5,506**	2,780
Finance costs		**(23,307)**	(20,155)
Profit before taxation		**390,477**	542,313
Income tax	*4*	**(101,108)**	(159,916)
Profit for the period		**289,369**	382,397
Attributable to:			
Equity shareholders of the Company		**289,839**	382,397
Non-controlling interests		**(470)**	–
		289,369	382,397
Earnings per share			
Basic (RMB)	*5*	**0.25**	0.33
Diluted (RMB)	*5*	**0.25**	0.33

Consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2026 (unaudited)
(Expressed in Renminbi)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Profit for the period	**289,369**	382,397
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	**(30,905)**	(1,284)
Item that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	**4,246**	1,026
Other comprehensive income for the period	**(26,659)**	(258)
Total comprehensive income for the period	**262,710**	382,139
Attributable to:		
Equity shareholders of the Company	**263,180**	382,139
Non-controlling interests	**(470)**	–
Total comprehensive income for the period	**262,710**	382,139

Consolidated statement of financial position
at 30 June 2026 (unaudited)
(Expressed in Renminbi)

	Note	**At 30 June 2026** *RMB'000*	At 31 December 2025 *RMB'000*
Non-current assets			
Property, plant and equipment		**951,543**	923,566
Right-of-use assets		**745,044**	821,853
Intangible assets		**1,326**	1,826
Deferred tax assets		**18,003**	18,512
Rental deposits		**67,756**	51,207
Time deposits		**–**	110,000
		1,783,672	1,926,964
Current assets			
Inventories		**93,340**	111,063
Trade and other receivables	*6*	**269,514**	272,214
Financial assets at fair value through profit or loss ("FVPL")		**1,535,851**	1,169,696
Time deposits	*7*	**270,000**	20,000
Cash and cash equivalents	*7*	**253,684**	297,786
		2,422,389	1,870,759

Consolidated statement of financial position
at 30 June 2026 (unaudited) (Continued)
(Expressed in Renminbi)

	Note	**At 30 June 2026** *RMB'000*	At 31 December 2025 *RMB'000*
Current liabilities			
Bank loans and other borrowings		**560,000**	100,000
Trade and other payables	*8*	**291,068**	241,791
Contract liabilities		**79,032**	68,502
Lease liabilities		**246,045**	246,791
Current taxation		**57,827**	59,119
		1,233,972	716,203
Net current assets		**1,188,417**	1,154,556
Total assets less current liabilities		**2,972,089**	3,081,520
Non-current liabilities			
Lease liabilities		**527,337**	604,280
Provisions		**34,070**	33,765
Deferred income		**3,078**	3,236
		564,485	641,281
Net assets		**2,407,604**	2,440,239
Capital and reserves			
Share capital	*9(b)*	**77**	77
Reserves		**2,407,527**	2,440,162
Total equity		**2,407,604**	2,440,239

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

This unaudited interim financial information was extracted from the interim financial report of Xiaocaiyuan International Holding Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2026.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issue on 14 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

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

2 Changes in accounting policies

The IASB has issued a number of amendments to International Accounting Standards that are first effective for the current accounting period. None of these developments have had a material effect on these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Revenue

(a) *Revenue*

The principal activities of the Group are restaurant operations and delivery business in the People's Republic of China ("**PRC**").

(i) *Disaggregation of revenue*

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue from contracts with customers within the scope of IFRS 15		
– Restaurant operations	**1,944,713**	1,647,139
– Delivery business	**945,275**	1,057,411
– Others	**12,612**	9,116
	2,902,600	2,713,666
Disaggregated by timing of revenue recognition		
– Point in time	**2,895,989**	2,713,666
– Over time	**6,611**	–
	2,902,600	2,713,666

No revenue from individual customer contributed over 10% of total revenue of the Group for the six months ended 30 June 2026 (the six months ended 30 June 2025: Nil).

4 Income tax

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Current tax		
Provision for the period	**100,599**	133,270
	100,599	133,270
Deferred tax		
Origination and reversal of temporary differences	**509**	26,646
	101,108	159,916

Notes:

(i) Pursuant to the tax rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) The applicable profits tax rate of the Group's subsidiaries incorporated in Hong Kong was 16.5% for the six months ended 30 June 2026 and 2025. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 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 PRC is subject to PRC income tax rate of 25% for the six months ended 30 June 2026 and 2025, unless otherwise specified below.

For the six months ended 30 June 2026, the Group's certain subsidiaries fulfilled the criteria required for preferential income tax rate granted to small and low profit-making enterprise in the PRC, and were entitled to a preferential income tax rate of 5% (the six months ended 30 June 2025: 5%) on taxable income for the amounts within RMB3,000,000.

5 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB289,839,000 (six months ended 30 June 2025: RMB382,397,000) and the weighted average of 1,175,741,000 ordinary shares (2025: 1,176,519,000 shares) in issue during the interim period.

(b) Diluted earnings per share

For the six months ended 30 June 2026 and 30 June 2025, diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares.

6 Trade and other receivables

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

	At 30 June 2026	At 31 December 2025
	RMB'000 (unaudited)	*RMB'000*
Within 1 month	**31,538**	31,384
1 to 3 months	**1,254**	1,415
3 to 6 months	**466**	271
Over 6 months but within 1 year	**410**	580
Trade debtors	**33,668**	33,650
Other receivables and deposits	**92,636**	94,457
Prepayments	**106,734**	116,435
Value added tax recoverable	**36,476**	27,672
	269,514	272,214

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

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

7 Cash and cash equivalents

	At 30 June 2026	At 31 December 2025
	RMB'000 (unaudited)	*RMB'000*
Cash on hand	**–**	1
Cash at bank	**523,684**	427,785
Less: Time deposits	**(270,000)**	(130,000)
	253,684	297,786

8 Trade and other payables

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

	At 30 June 2026	At 31 December 2025
	RMB'000 ***(unaudited)***	*RMB'000*
Within one year	**89,056**	53,627
Trade payables	**89,056**	53,627
Staff cost payable	**129,793**	97,555
Other taxes payable	**13,638**	8,316
Other payables and accrued charges	**58,581**	82,293
	291,068	241,791

9 Capital, reserves and dividends

(a) Dividends

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

	2026	2025
	RMB'000 ***(unaudited)***	*RMB'000*
Interim dividend approved and will be paid after the interim period of RMB0.2139 per ordinary share (2025: RMB0.2119 per share)	**250,000**	250,000

The interim dividend has not been recognised as a liability at the end of the Reporting Period.

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

	Six months ended 30 June	
	2026	2025
	RMB'000 ***(unaudited)***	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB0.2125 per ordinary share (2025: RMB0.3187 per share)	**250,000**	375,000

(b) ***Share capital***

	Number of shares	Amount	Share capital
	'000	*USD'000*	*RMB'000*
Ordinary shares			
At 1 January 2025, 30 June 2025, 31 December 2025 and 30 June 2026	1,176,519	12	77

(c) ***Treasury shares***

During the Reporting Period, the Company repurchased its own shares directly on The Stock Exchange of Hong Kong Limited as follows:

Trading month	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price
		HK$	*HK$*	*HK$'000*
May 2026	2,343,200	7.13	6.62	16,333
June 2026	5,549,600	7.31	6.41	37,989
Total				54,322
Equivalent to RMB'000				47,845

The total amount paid on the repurchased shares of HK$54,322,000 (equivalent to RMB47,845,000) was recognised as treasury shares.

10 Commitments

Commitments outstanding at 30 June 2026 not provided for in the interim financial report

	At 30 June 2026	At 31 December 2025
	RMB'000 (unaudited)	*RMB'000*
Contracted for acquisition of property, plant and equipment	**92,530**	144,285

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

In the first half of 2026, the overall operation of the Chinese economy maintained a stable momentum, with its gross domestic product recording a year-on-year increase of 4.7%. As 2026 marks the opening year of the 15th Five-Year Plan, the State has placed "comprehensively expanding domestic demand" at the forefront of its macroeconomic policies, and deeply advanced initiatives to enhance the quality in service consumption. In the first half of 2026, the total retail sales of consumer goods reached RMB24,872.2 billion, representing a year-on-year increase of 1.3%. Among which, catering revenue was approximately RMB2,825.5 billion, representing a year-on-year increase of 2.8%, with its growth rate continuously outpacing the retail sales of goods, further consolidating the foundational role of catering consumption.

Currently, the industry exhibits three major structural characteristics: the rationalization of consumption has driven the "value-for-money" to become the core demand; the chain operation rate has increased to 25%, but the market concentration of the mass Chinese cuisine market remains relatively low; and lower-tier markets have become a new engine of growth. The competitive paradigm of the industry has shifted from "competing on scale" to "competing on efficiency, supply chain, and standardization". The competitive advantages of leading enterprises equipped with full-chain capabilities and digitalized operation systems continue to expand.

As a leading brand in the mass Chinese cuisine market, the Group is well positioned to capitalize on prevailing industry trends: its store network has continuously expanded with a leading layout in lower-tier markets; the Ma'anshan central factory in Anhui Province, China officially commenced production in the first half of 2026; the proportion of raw materials and consumables used has been continuously optimized; and the new store model is continuously optimized. The Group will continue to adhere to its high-quality and high value-for-money positioning, leverage standardized operations and digital management as key drivers, steadily increase its market share, and grasp the long-term development opportunities of the industry.

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 homestyle flavor dishes and attentive services at affordable prices. We have established our *Xiaocaiyuan* restaurants as the "home kitchen" widely acknowledged by Chinese consumers.

Revenue

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

	For the six months ended June 30,			
	2026		2025	
	RMB'000 (unaudited)	*%*	*RMB'000 (unaudited)*	*%*
Restaurant operations	1,944,713	67.0	1,647,139	60.7
Delivery business	945,275	32.6	1,057,411	39.0
Others	12,612	0.4	9,116	0.3
Total	**2,902,600**	**100.0**	**2,713,666**	**100.0**

The Group's revenue increased by 7.0% from RMB2,713.7 million for the six months ended June 30, 2025 to RMB2,902.6 million for the six months ended June 30, 2026, primarily reflecting an increase of RMB297.6 million in our restaurant operations and a decrease of RMB112.1 million in our delivery business.

Restaurant Operations

Revenue from our restaurant operations increased by 18.1% from RMB1,647.1 million for the six months ended June 30, 2025 to RMB1,944.7 million for the six months ended June 30, 2026, primarily due to the year-on-year increase in overall dine-in customer traffic and table turnover rate, driven by the continuous expansion of our restaurant network and the adjustment of our strategic focus towards restaurant operations. We had 824 *Xiaocaiyuan* restaurants in operation as at June 30, 2026 as compared to 672 *Xiaocaiyuan* restaurants as at June 30, 2025.

Delivery Business

Revenue from our delivery business decreased by 10.6% from RMB1,057.4 million for the six months ended June 30, 2025 to RMB945.3 million for the six months ended June 30, 2026, primarily due to the adjustment of our strategic focus towards the dine-in business and an increased dedication to providing high-quality delivery, resulting in a decrease in the number of our delivery orders of our *Xiaocaiyuan* restaurants from 16.8 million for the six months ended June 30, 2025 to 14.7 million for the six months ended June 30, 2026.

Key Performance Indicators

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

	For the six months ended June 30,					
	2026			2025		
	Number of restaurants	*Total revenue (RMB'000)*	*%*	*Number of restaurants*	*Total revenue (RMB'000)*	*%*
First-tier cities	142	521,914.9	18.3	109	480,298.6	17.8
New first-tier cities	225	809,168.7	28.3	192	793,823.7	29.5
Second-tier cities	106	369,124.9	12.9	80	330,310.9	12.3
Third-tier cities and below (including county-level cities and counties)	351	1,156,687.2	40.5	291	1,086,906.3	40.4
Total	**824**	**2,856,895.7**	**100.0**	**672**	**2,691,339.5**	**100.0**

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

	For the six months ended June 30,	
	2026	**2025**
Average spending per dine-in customer[1] (RMB)		
First-tier cities	51.7	58.5
New first-tier cities	50.8	56.8
Second-tier cities	51.1	57.9
Third-tier cities and below (including county-level cities and counties)	49.7	56.5
Total	**50.5**	**57.1**
Table turnover rate[2] (times/day)		
First-tier cities	3.5	3.1
New first-tier cities	3.5	3.1
Second-tier cities	4.0	3.4
Third-tier cities and below (including county-level cities and counties)	3.4	3.0
Overall	**3.5**	**3.1**

Notes:

(1) 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.

(2) Table turnover rate is calculated by dividing the aggregate number of orders placed by dine-in customers by the product of total restaurant operation days and average table count of *Xiaocaiyuan* restaurants for the period in the same tier cities.

Our overall table turnover rate for the six months ended June 30, 2026 was 3.5, representing an increase of 12.9% as compared with the overall table turnover rate for the six months ended June 30, 2025, mainly due to our proactive adjustment of business strategies to shift our business focus towards dine-in services and the adoption of a price-for-volume strategy, which effectively drove a year-on-year increase in dine-in customer traffic across cities of all tiers, and in turn led to an increase in the overall table turnover rate as compared to the corresponding period of the previous year.

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

	For the six months ended June 30,	
	2026	**2025**
Number of same stores [(1)]		
First-tier cities	101	
New first-tier cities	171	
Second-tier cities	73	
Third-tier cities and below (including county-level cities and counties)	272	
Total	**617**	
Same store sales[(2)]**(RMB'000)**		
First-tier cities	378,817.5	456,928.8
New first-tier cities	635,701.2	720,231.4
Second-tier cities	278,964.1	312,416.0
Third-tier cities and below (including county-level cities and counties)	918,016.4	1,039,152.2
Total	**2,211,499.2**	**2,528,728.4**
Average same store sales per day[(3)] **(RMB)**		
First-tier cities	20,799.3	25,055.0
New first-tier cities	20,550.9	23,288.9
Second-tier cities	21,128.8	23,644.6
Third-tier cities and below (including county-level cities and counties)	18,659.6	21,131.7
Overall	**19,825.7**	**22,668.8**
Same store table turnover rate[(4)]**(times/day)**		
First-tier cities	3.1	3.1
New first-tier cities	3.4	3.1
Second-tier cities	3.7	3.5
Third-tier cities and below (including county-level cities and counties)	3.2	3.0
Overall	**3.3**	**3.1**

Notes:

(1) For the purpose of calculating same store performance between two periods, we define same stores as those *Xiaocaiyuan* restaurants that were open for at least 150 days for both the six months ended June 30, 2025 and the six months ended June 30, 2026.

(2) Same store sales refer to the aggregate restaurant revenue from our same stores, including revenue generated from restaurant operations and delivery business.

(3) 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.

(4) 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 12.5% from RMB2,528.7 million for the six months ended June 30, 2025 to RMB2,211.5 million for the six months ended June 30, 2026, primarily due to the Group proactively passing on benefits to consumers during the Reporting Period to further unleash its value-for-money advantage, while continuing to focus on upgrading the quality of delivery business and optimizing the business structure.

Other Revenue

Our other revenue increased by 24.4% from RMB15.2 million for the six months ended June 30, 2025 to RMB18.9 million for the six months ended June 30, 2026, primarily due to an increase in government grants.

Raw Materials and Consumables Used

Our raw materials and consumables used increased by 17.0% from RMB801.7 million for the six months ended June 30, 2025 to RMB937.9 million for the six months ended June 30, 2026, mainly due to our continuous expansion of the restaurant network and the shift of our strategic focus towards the dine-in business, which drove a year-on-year increase in overall dine-in customer traffic and table turnover rate, and a corresponding growth in the volume of meals served at our stores, thereby causing an increase in the usage of raw materials and consumables. Our raw materials and consumables used as a percentage of our revenue increased from 29.5% for the six months ended June 30, 2025 to 32.3% for the six months ended June 30, 2026, primarily due to our dine-in price adjustment at the end of 2025 coupled with the launch of our 88VIP membership system, proactively passing on benefits to consumers to further unleash value for money, while raw material costs grew synchronously with the actual volume of meals served.

Staff Costs

Our staff costs increased by 24.1% from RMB666.4 million for the six months ended June 30, 2025 to RMB826.7 million for the six months ended June 30, 2026, primarily due to an increase in headcount driven by the expansion of our restaurant network, and a year-on-year increase in dine-in customer traffic and table turnover rate, for which we strengthened manpower allocation to ensure service quality. Our staff costs as a percentage of revenue increased from 24.6% for the six months ended June 30, 2025 to 28.5% for the six months ended June 30, 2026, primarily because we provided more competitive remuneration packages and benefits to motivate our employees during the Reporting Period, and proactively passed on benefits to consumers to further enhance value for money.

Depreciation of Right-of-use Assets

Our depreciation of right-of-use assets increased by 8.3% from RMB128.7 million for the six months ended June 30, 2025 to RMB139.4 million for the six months ended June 30, 2026, primarily due to the expansion of our restaurant network. Our depreciation of right-of-use assets as a percentage of our revenue remained relatively stable at 4.7% for the six months ended June 30, 2025 and 4.8% for the six months ended June 30, 2026.

Depreciation and Amortization of Other Assets

Our depreciation and amortization of other assets increased by 18.4% from RMB89.8 million for the six months ended June 30, 2025 to RMB106.4 million for the six months ended June 30, 2026, primarily due to the increase in the number of restaurants in operation. Our depreciation and amortization of other assets as a percentage of our revenue remained relatively stable at 3.3% for the six months ended June 30, 2025 and 3.7% for the six months ended June 30, 2026.

Other Rentals and Related Expenses

Our other rentals and related expenses decreased by 7.5% from RMB48.1 million for the six months ended June 30, 2025 to RMB44.5 million for the six months ended June 30, 2026, primarily due to the decrease in turnover rent in line with the decline in restaurant sales.

Utility Expenses

Our utility expenses increased by 20.5% from RMB83.4 million for the six months ended June 30, 2025 to RMB100.5 million for the six months ended June 30, 2026, primarily due to the increase in dine-in customer traffic and table turnover rate, resulting in a corresponding increase in consumption during restaurant operations.

Advertising and Promotion Expenses

Our advertising and promotion expenses decreased by 19.8% from RMB53.3 million for the six months ended June 30, 2025 to RMB42.8 million for the six months ended June 30, 2026, primarily due to the decrease in expenses incurred from the participation in promotional activities on food delivery platforms and the investment in offline marketing activities during the Reporting Period as compared to the corresponding period of the previous year.

Delivery Service Expenses

Our delivery service expenses decreased by 8.5% from RMB181.9 million for the six months ended June 30, 2025 to RMB166.5 million for the six months ended June 30, 2026, which was in line with the downward trend of revenue generated from our delivery business. Our delivery service expenses as a percentage of our revenue decreased from 6.7% for the six months ended June 30, 2025 to 5.7% for the six months ended June 30, 2026, which was due to the decline in our delivery business.

Other Expenses

Our other expenses increased by 28.2% from RMB115.8 million for the six months ended June 30, 2025 to RMB148.4 million for the six months ended June 30, 2026, primarily due to the increase in the number of restaurants in operation, resulting in the corresponding increases in supply chain distribution-related expenses, restaurant property management fees and the Group's investments in digitalization.

Other Net Income

We recorded other net income of RMB2.8 million for the six months ended June 30, 2025 and recorded other net income of RMB5.5 million for the six months ended June 30, 2026, which was primarily due to the impact of foreign exchange gains or losses.

Finance Costs

Our finance costs increased by 15.6% from RMB20.2 million for the six months ended June 30, 2025 to RMB23.3 million for the six months ended June 30, 2026, primarily due to the increase in interest on bank borrowings.

Income Tax

Our income tax decreased by 36.8% from RMB159.9 million for the six months ended June 30, 2025 to RMB101.1 million for the six months ended June 30, 2026, primarily due to the decrease in profit before taxation.

Profit for the Period

As a result of the cumulative effect of the above factors, our profit for the period decreased by 24.3%, amounting to RMB289.4 million for the six months ended June 30, 2026 as compared to RMB382.4 million for the six months ended June 30, 2025.

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use 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 EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

Adjusted EBITDA (non-IFRS measure)

We define adjusted EBITDA (non-IFRS measure) as net profit for the period adjusted by adding the following: (i) income tax, (ii) net finance costs, and (iii) depreciation and amortization of other assets.

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

	For the six months ended June 30,	
	2026	**2025**
	(RMB'000) *(unaudited)*	*(RMB'000)* *(unaudited)*
Reconciliation of net profit to adjusted EBITDA (non-IFRS measure)		
Net profit	**289,369**	**382,397**
Add:		
Income tax	101,108	159,916
Net finance costs	17,936	14,823
Depreciation and amortization of other assets	106,382	89,830
Adjusted EBITDA (non-IFRS measure)	**514,795**	**646,966**

Right-of-use Assets

Our right-of-use assets consisted of the leases for our restaurants. Our right-of-use assets decreased by 9.3% from RMB821.9 million as of December 31, 2025 to RMB745.0 million as of June 30, 2026, mainly attributed to the depreciation of right-of-use assets.

Inventories

Our inventories primarily consisted of food ingredients, condiment products, beverage and others. Our inventories decreased from RMB111.1 million as of December 31, 2025 to RMB93.3 million as of June 30, 2026, primarily due to the fact that our better supply chain management efficiency led to further optimization of the inventory level.

Our inventory turnover days (being the average of opening balance and closing balance of inventory for the period divided by raw materials and consumables used for the period and then multiplied by the number of days for such period) decreased from 25.4 days for the year ended December 31, 2025 to 19.7 days for the six months ended June 30, 2026, primarily due to our enhanced inventory management capabilities.

Trade and Other Receivables

The majority of our trade and other receivables were primarily in connection with (i) bills settled through third-party payment platforms such as Alipay or WeChat Pay, (ii) bills for our delivery business settled through online food delivery platforms, and (iii) prepayments paid to suppliers. Our trade and other receivables decreased from RMB272.2 million as of December 31, 2025 to RMB269.5 million as of June 30, 2026, primarily due to the improvement in the efficiency of our supply chain management, which has further optimized the prepayments made by us under this account.

Our trade receivables turnover days (being the average of opening balance and closing balance of trade receivables for the period divided by revenue and then multiplied by the number of days for such period) remained relatively stable at 2.2 days for the year ended December 31, 2025 and 2.1 days for the six months ended June 30, 2026, respectively.

Trade and Other Payables

The majority of our trade and other payables were primarily in connection with (i) employee remuneration payables; (ii) payables to suppliers for raw materials and consumables; and (iii) payables of utility expenses.

Our trade and other payables increased from RMB241.8 million as of December 31, 2025 to RMB291.1 million as of June 30, 2026, primarily due to the increase in the number of our employees.

Our trade payables turnover days (being the average of opening balance and closing balance of trade payables for the period divided by raw materials and consumables used for the relevant period and then multiplied by the number of days for such period) remained relatively stable at 12.8 days for the year ended December 31, 2025 and 13.8 days for the six months ended June 30, 2026, respectively.

Liquidity and Capital Resources

For the six months ended June 30, 2026, we had funded our cash requirements principally through debt financing and cash generated from operations. We had cash and cash equivalents of RMB253.7 million as of June 30, 2026 as compared to RMB297.8 million as of December 31, 2025. We had net cash generated from operating activities of RMB638.6 million for the six months ended June 30, 2026 as compared to RMB764.8 million for the six months ended June 30, 2025.

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

Bank Loans and Other Borrowings

As at June 30, 2026, our bank loans amounted to RMB560.0 million, which were primarily used for corporate operations and capital arrangements. All of the borrowings are repayable within one year. The Group did not implement any interest rate hedging policy.

Pledged Assets

As at June 30, 2026, the Group did not pledge any of its assets.

Contingent Liabilities

As at June 30, 2026, the Group did not have any contingent liabilities.

Gearing Ratio

Our gearing ratio (calculated as bank loans and other borrowings divided by total equity and multiplied by 100%) was 23.3% as at June 30, 2026 as compared to 4.1% as at December 31, 2025, primarily due to the increase in bank borrowings.

Foreign Exchange Risk and Hedging

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

Employee and Remuneration Policy

As at June 30, 2026, the Group had a total of 15,909 employees (December 31, 2025: 13,540), most of whom were based in Tongling, Anhui Province, China. For the six months ended June 30, 2026, the Group's total staff costs (including salaries, wages, allowances and benefits) amounted to RMB826.7 million.

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

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Material Investments and Future Plans for Capital Asset Investments

As of June 30, 2026, 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 June 30, 2026) with a value representing 5% or more of the Group's total asset value as of June 30, 2026.

As at June 30, 2026, save as disclosed in this announcement and the expansion plan set out in "Future Plans and Use of Proceeds" of the Prospectus, the Group did not have definite plans for material investments and capital assets.

Future Outlook

At present, the catering industry continues to diverge amid its recovery, with rationalized consumption and a "value-for-money" orientation becoming increasingly prominent. The trends towards chain operations and heightened market concentration within the industry are well-defined, with digitalized operations and supply chain efficiency having emerged as core competitive factors. In line with such prevailing development trends, we will continue to deepen our presence in the mass Chinese cuisine sector. Leveraging our modern scientific management system and market acumen, we will precisely harness the structural opportunities, continuously consolidate and expand our leading position in the Chinese domestic market, and establish an irreplicable competitive advantage and a solid industry moat.

At the operational level, in light of the elevated demands for product quality and dining experience from customers, we will uphold our core values of "Gratitude, Responsibility, Growth and Win-Win", continuously enhance the quality of our products and environment, optimize our service capabilities, create exceptional dining experiences for our customers, and create richer emotional value, thereby earning the long-term trust of customers through a solid reputation.

In terms of digitalization and the supply chain, we will continue to advance the upgrade path of "digitalized operations and intelligent decision-making". We will consolidate our technology architecture centered on a data middle-platform, and integrate the closed data loop encompassing front-end operations, mid-level supply chain management and back-end functional support. Concurrently, leveraging the intelligent hardware upgrade of the supply chain as a focal point, we will provide robust support for refined management and efficient collaboration across the entire value chain, continuously improving our operational efficiency and cost control capabilities.

Regarding our store network and brand layout, we will adhere to strategic expansion through consolidating our presence in advantaged regions to achieve a broader market coverage and deeper regional penetration. Furthermore, we will actively promote the cultivation and development of a multi-brand matrix to cater to the needs of increasingly diversified consumption scenarios, thereby creating a new growth curve.

In the long term, our objective is to develop into a world-class international chain catering group equipped with a modern scientific management system and a global perspective, thereby contributing to society, shareholders, and each of our partners through sustainable, high-quality growth.

OTHER EVENTS

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

During the six months ended June 30, 2026, the Company repurchased 7,892,800 shares on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") at a total consideration of approximately HK$54.32 million (before deducting expenses) and held them as treasury shares (having the meaning ascribed to it under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**")). The Company considers that the share repurchases reflect its unswerving confidence in the future development prospects and full recognition of the long-term investment value of the Company, and are in the best interests of the Company and the shareholders as a whole. Details of the repurchases are as follows:

	Number of shares repurchased	**Repurchase price for each share**		**Aggregate consideration paid**
		Highest HK$	*Lowest HK$*	*HK$ million*
May 2026	2,343,200	7.13	6.62	16.33
June 2026	5,549,600	7.31	6.41	37.99
Total	**7,892,800**			**54.32**

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) during the six months ended June 30, 2026. As at June 30, 2026, the Company held 7,892,800 treasury shares. The Company intends to use such treasury shares for sale or transfer, or for share grants under share schemes in compliance with Chapter 17 of the Listing Rules, as well as for other purposes permitted by the Listing Rules, the Articles of Association of the Company and the Companies Ordinance, subject to market conditions and the capital management needs of the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

Purpose	% of use of proceeds	Net proceeds *(HKD in millions)*	Balance of unutilized proceeds as at December 31, 2025 *(HKD in millions)*	Proceeds utilized during the six months ended June 30, 2026 *(HKD in millions)*	Balance of unutilized proceeds as at June 30, 2026 *(HKD in millions)*	Expected timetable for the full utilization of unutilized proceeds
Expansion of our restaurant network to broaden our geographical coverage and deepen our market penetration	40.0%	317.9	63.4	5.4	58.1	December 31, 2026
Strengthen our supply chain capabilities	37.0%	294.1	75.6	15.9	59.8	December 31, 2026
Promote our information technology capabilities through upgrading our smart devices and digital systems	13.0%	103.3	57.5	6.3	51.2	December 31, 2026
Working capital and general corporate purposes	10.0%	79.5	49.3	11.5	37.8	December 31, 2026
Total	**100.0%**	**794.8**	**245.8**	**39.0**	**206.8**	

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

INTERIM DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to pay an interim dividend of RMB0.2139 per share, amounting to RMB250 million in total, for the six months ended June 30, 2026. The HKD equivalent of the interim dividend is HKD0.2472 per share which is based on the exchange rate of RMB to HKD (i.e. RMB1 to HKD1.155829) in accordance with the average central parity rate as announced by the People's Bank of China on the business day preceding the Board meeting at which the interim dividend was considered (i.e. August 13, 2026). The interim dividends are expected to be paid on September 15, 2026. The Group is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

The record date for determining the entitlement to the interim dividends is September 1, 2026. For determining the shareholder entitlement to the interim dividends, the register of members of the Company will be closed from August 31, 2026 to September 1, 2026 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividends, all transfer documents of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on August 28, 2026.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this results announcement, the Group did not experience any significant event from June 30, 2026 up to the date of this announcement.

REVIEW OF INTERIM RESULTS

The Audit Committee comprises Mr. Zhu Nanjun (chairman), Mr. Qian Mingxing and Ms. Fang Xuan, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2026.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This results announcement has been published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xiaocaiyuan.com). The Company will publish its interim report for the six months ended June 30, 2026 in due course on the above websites of the Hong Kong Stock Exchange and the Company, and will dispatch it to shareholders who wish to receive printed version of the Company's corporate communications.

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

Hong Kong, August 14, 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.