茶百道

Sichuan Baicha Baidao Industrial Co., Ltd.

四川百茶百道實業股份有限公司

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

(於中華人民共和國註冊成立的股份有限公司)

Stock code : 2555

股份代號 : 2555

2026 INTERIM REPORT 中期報告

Contents

茶百道

Definitions

Unless the context otherwise requires, the following expressions shall have the following meanings in this interim report:

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"Chengdu Jinbosen"	Chengdu Jinbosen Enterprise Management Co., Ltd.* (成都錦柏森企業管理有限公司), a limited liability company incorporated under the laws of the PRC on 17 October 2018, which is held as to 60% by Mr. Wang and 40% by Ms. Liu, respectively, and is one of our Controlling Shareholders
"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim report and for geographical reference only, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan Region
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Sichuan Baicha Baidao Industrial Co., Ltd. (四川百茶百道實業股份有限公司), a joint stock company incorporated under the laws of PRC with limited liability on 31 December 2020, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2555)
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang, Ms. Liu, Chengdu Jinbosen, Hengsheng Herui and Tongchuang Gongjin
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of our Company
"Global Offering"	has the meaning ascribed thereto under the Prospectus
"Group" or "our Group" or "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of such subsidiaries and legal entities, as the context may require)
"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company with a nominal value of RMB0.1 each, which is/are subscribed for and traded in HK dollars and listed on the Stock Exchange

"Hengsheng Herui"	Sichuan Hengsheng Herui Industrial Group Co., Ltd.* (四川恒盛合瑞實業集團有限公司), formerly known as Sichuan Hengsheng Herui Industrial Co., Ltd.* (四川恒盛合瑞實業有限公司), a limited liability company incorporated under the laws of PRC on 20 November 2018, a promoter of the Company, and one of our Controlling Shareholders
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	11 September 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this report prior to its publication
"Listing Date"	23 April 2024
"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
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"Mr. Wang"	Mr. Wang Xiaokun (王霄錕), our founder, the chairman of the Board, an executive Director, the spouse of Ms. Liu, a promoter of the Company and one of our Controlling Shareholders
"Ms. Liu"	Ms. Liu Weihong (劉洧宏), our founder, the spouse of Mr. Wang and one of our Controlling Shareholders
"Original Supervisory Committee"	the original supervisory committee of our Company, which has been abolished since 21 May 2026
"Pre-IPO Employee Incentive Platform" or "Tongchuang Gongjin"	Sichuan Tongchuang Gongjin Enterprise Management Partnership (Limited Partnership) (四川同創共進企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on 31 July 2023, the pre-IPO employee incentive platform of our Group of which Mr. Wang is the sole general partner and one of our Controlling Shareholders
"Pre-IPO Employee Incentive Scheme"	the pre-IPO employee incentive scheme of our Company approved and adopted on 27 June 2023, a summary of the principal terms of which is set forth in "Statutory and General Information – 5. Pre-IPO Employee Incentive Scheme" in Appendix VI to the Prospectus
"Prospectus"	the Prospectus of the Company dated 15 April 2024
"Reporting Period"	the six months ended 30 June 2026

Definitions

"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Senmian New Materials"	Senmian New Materials Technology (Chengdu) Co., Ltd.* (森冕新材料科技(成都)有限公司), a limited liability company incorporated under the laws of the PRC on 6 May 2021 and was held by the Company as to 67% and by an independent third party (except for being a substantial shareholder thereof), Yibin Senqian Enterprise Management Co., Ltd. (宜賓森乾企業管理有限公司) as to 33%
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB0.1 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of the Original Supervisory Committee
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"%"	per cent

* *English name is for identification purpose only.*

Corporate Information

Company Name

Chinese name:
四川百茶百道實業股份有限公司
English name:
Sichuan Baicha Baidao Industrial Co., Ltd.

Directors

Executive Directors

Mr. Wang Xiaokun
Mr. Wang Hongxue
Ms. Dai Li
Mr. Chen Keyuan

Non-Executive Director

Dr. Chen Da

Independent Non-Executive Directors

Mr. Yeung Chi Tat
Dr. Tang Yong
Ms. Cheng Li

Audit Committee

Mr. Yeung Chi Tat
Ms. Cheng Li
Dr. Chen Da

Remuneration Committee

Ms. Cheng Li
Mr. Wang Xiaokun
Dr. Tang Yong

Nomination Committee

Mr. Wang Xiaokun
Ms. Cheng Li
Dr. Tang Yong

Registered Office

No. 1, 1/F, Building 1
No. 55 Liangshi Road, Mimou Town
Qingbaijiang District
Chengdu, Sichuan
PRC

Headquarters and Principal Place of Business in the PRC

10/F, Unit 1, Building 1, Jiayu Financial Technology Center
No. 166 Mingdu Road
Wuhou District
Chengdu, Sichuan
PRC

Principal Place of Business in Hong Kong

46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Place of Listing and Stock Code

The Stock Exchange of Hong Kong Limited
Stock code: 2555

H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Corporate Information

Company's Website

https://www.chabaidao.com

Legal Representative

Mr. Wang Xiaokun

Secretary to the Board of Directors

Mr. Xue Zenghui

Authorized Representatives

Mr. Chen Keyuan
Ms. Chan Ching Nga

Joint Company Secretaries

Mr. Xue Zenghui
Ms. Chan Ching Nga

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisor as to Hong Kong Law

Clifford Chance

Legal Advisor as to PRC Law

King & Wood Mallesons

Principal Bank

China Construction Bank, Chengdu Jinhe Sub-branch

Management Discussion and Analysis

The Board is pleased to present the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2026, which has not been audited, but has been reviewed by the Audit Committee of the Board and Deloitte Touche Tohmatsu, the independent auditor of the Company, 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.

Business Review

In the first half of 2026, the Group recorded revenue of RMB2,654.8 million, representing an increase of 6.2% as compared with the corresponding period last year. Our revenue from the sale of goods and equipment increased by 7.0% as compared with the corresponding period last year. Revenue from royalty and franchising decreased by 19.5% as compared with the corresponding period last year. Other revenue increased by 22.0% as compared with the corresponding period last year. The following table sets out the breakdown of the Group's revenue by type and the percentage of our total revenue during the periods indicated:

	Six months ended 30 June					
	2026		2025		Change	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Sale of goods and equipment[1]	**2,523,604**	**95.0**	2,357,846	94.3	165,758	7.0
Royalty and franchising[2]	**81,016**	**3.1**	100,607	4.0	(19,591)	(19.5)
Others[3]	**50,149**	**1.9**	41,097	1.7	9,052	22.0
Total	**2,654,769**	**100.0**	2,499,550	100.0	155,219	6.2

Notes:

(1) Sale of goods and equipment: where the Group sells to franchised stores materials and ingredients for the production of tea drinks, such as dairy products, tea leaves and fruits, as well as packaging materials and store equipment. The Group also sells packaging materials to third-party purchasers that are manufactured by Senmian New Materials, such as biodegradable straws and cups.

(2) Royalty and franchising: including non-refundable upfront initial fees, royalty income and pre-opening training service fees paid by franchisees.

(3) Others: mainly consisted of (i) income from our design services in relation to franchised stores; (ii) income from our online operation and management services in relation to the collaboration with third-party online delivery platforms; and (iii) income from our self-operated ChaPanda stores.

During the Reporting Period, the Group responded actively to changes in the external market environment by advancing a multi-category development strategy. It organically expanded store coverage for freshly-brewed coffee offerings, further enriched its product portfolio and consumption scenarios, and achieved stable per-store sales performance. The Group also continued to optimize its domestic and overseas store network, driving steady expansion. Meanwhile, it further strengthened store management, supply chain support and operational process development to enhance refined operational capabilities and management quality, providing solid support for the long-term, stable operation of its stores and the continued expansion of the store network.

Management Discussion and Analysis

Store Network

Our ChaPanda store network has covered cities of all tiers across the Chinese mainland and multiple overseas markets. In the Chinese mainland, the Group continues to consolidate its market foundation in first-tier and new first-tier cities, enhance brand awareness and stay attuned to consumer trends, while deepening its footprint in lower-tier cities to expand store coverage and market penetration. Abroad, the Group continuously explores markets with consumption potential and brand suitability, steadily growing its store network and brand presence. Through continuous optimization of store layout both domestically and internationally, the Group has further reached diverse consumer groups, laying a foundation for the long-term steady development of its store network.

The following table sets forth a breakdown of the Group's store coverage by city tier in China and overseas markets as of 30 June 2026.

	As of 30 June			
	2026		2025	
	Number of stores	%	Number of stores	%
First-tier cities	**772**	**8.7**	784	9.3
New first-tier cities	**2,184**	**24.6**	2,147	25.4
Second-tier cities	**1,736**	**19.6**	1,688	19.9
Third-tier cities	**1,708**	**19.3**	1,618	19.1
Fourth-tier and below cities	**2,391**	**27.0**	2,207	26.1
Overseas	**72**	**0.8**	21	0.2
Total	**8,863**	**100.0**	8,465	100.0

During the Reporting Period, on the basis of continuously optimizing the operational quality of our store network, we further expanded store coverage and steadily advanced store expansion. The number of our global stores increased from 8,465 as of 30 June 2025 to 8,863 as of 30 June 2026, representing a year-on-year increase of 4.7%. Among them, the number of our stores in the Chinese mainland increased from 8,444 as of 30 June 2025 to 8,791 as of 30 June 2026, representing a year-on-year increase of 4.1%; the number of our overseas stores increased from 21 to 72, marking the steady progress of the overseas market layout.

During the Reporting Period, we continued to deepen our footprint in lower-tier markets. Based on the characteristics of different city tiers and business districts, we deployed differentiated store models and optimized site selection strategies to enhance the operational efficiency of our stores. The number of our stores in third-tier and lower cities increased from 3,825 as of 30 June 2025 to 4,099 as of 30 June 2026, representing a year-on-year increase of 7.2%.

We regard overseas businesses as a significant component of our long-term development, continuously exploring markets with consumption potential and brand suitability. As of 30 June 2026, the Group had a total of 72 overseas stores covering 13 countries and regions, including 32 stores in South Korea, which remained the Group's largest overseas market, and 9 and 7 stores in Malaysia and Singapore, respectively. During the Reporting Period, the Group also entered the markets of Canada, New Zealand, and Vietnam, further expanding its overseas market coverage. Looking ahead, we will continue to improve supply chain support, localized product R&D, and brand promotion systems in overseas markets. We will focus on key markets to accelerate scaled expansion, enhancing market penetration and brand influence, while steadily nurturing newly entered markets to lay a foundation for the long-term steady growth of our overseas business.

Our Franchise Model

During the Reporting Period, our ChaPanda store network primarily consisted of franchised stores. We maintain strong oversight towards franchised stores, ensuring that every aspect of store operation is properly managed and optimized for success. Our involvement throughout the operations of franchised stores encompasses participation in planning and location selection, and provision of in-depth training to franchisees and in-store staff on various aspects such as procurement, staff recruitment, quality control and daily management. Additionally, we supply raw materials, equipment, and provide logistics, operations, and marketing services to support our franchisees in their pursuit of success. Franchisees primarily focus on the day-to-day operation and maintenance of their stores, on-site staff management and customer service. By dividing responsibilities in this manner, we ensure that our franchisees receive the necessary support and guidance while maintaining their autonomy in managing their stores. This approach fosters a strong partnership between us and the franchisees, contributing to the overall success and growth of the ChaPanda brand.

The following table sets forth the movement of the number of our franchisees for the periods indicated.

	Number of franchisees Six months ended 30 June 2026	 2025
At the beginning of the period	**5,923**	5,742
Enrolled during the period	**612**	596
Terminated during the period[1]	**(497)**	(505)
At the end of the period	**6,038**	5,833

Management Discussion and Analysis

The following table sets forth the movement of the number of our franchised stores for the periods indicated.

	Number of franchised stores Six months ended 30 June 2026	2025
At the beginning of the period	**8,608**	8,382
Enrolled during the period	**669**	466
Terminated during the period[(2)]	**(499)**	(418)
At the end of the period	**8,778**	8,430

Notes:

(1) As of 30 June 2026, the 497 franchisees with whom the collaboration was terminated include (i) 187 franchisees who departed through transfer of stores to other franchisees; (ii) 298 franchisees who terminated collaboration with us for their own reasons or did not renew collaboration with us upon agreement expiration; and (iii) 12 franchisees with whom the collaboration was terminated by us.

(2) With respect to the 499 closed franchised stores as of 30 June 2026, there were 255 closed franchised stores for which we also terminated relationships with the relevant franchisees, and there were 244 closed franchised stores for which we maintained relationships with the relevant franchisees as they have one or more stores under operation despite the store closure.

Product Development

Our product portfolio is centered around freshly-made tea drinks, including a wide range of classic tea drinks, seasonal tea drinks and regional tea drinks. In ChaPanda stores, our classic tea drinks are typically available throughout the year, whereas seasonal tea drinks and regional tea drinks are only sold in limited time periods or certain regions, primarily depending on the accessibility of relevant seasonal fruits or local specialty fruits, consumer acceptance and sales and marketing considerations. Meanwhile, we kept expanding into other categories, represented by freshly-brewed coffee, further enriching our product portfolio to meet consumers' diverse needs.

The Group always prioritizes the quality of raw materials and product flavor. It has established a product development mechanism covering consumer demand insight, market trend identification, product R&D and standardized management, thereby continuously enhancing product innovation capabilities and standardization levels. During the Reporting Period, we launched 62 new products for the Chinese mainland market, upgraded and iterated 6 products, and developed 246 product formulas for the library. Meanwhile, building on market hits such as Litchi Iced Milk (荔枝冰奶), we further expanded the iced milk product series by successively launching products like Guava Iced Milk (芭樂冰奶) and Grape Iced Milk (葡萄冰奶), which formed a product development pathway ranging from trend identification and hit product verification to series extension, further reinforcing consumer awareness of the iced milk category and consolidating the Group's competitive advantage in terms of such category.

During the Reporting Period, we actively expanded product categories and consumption scenarios, steadily advanced store coverage of freshly-brewed coffee beverages and launched 15 new coffee products for the Chinese mainland market, enriching coffee product options. By advancing coffee product R&D and gradually expanding store coverage, we further satisfied consumer demand for beverages across different time slots, broadened in-store consumption scenarios, and enhanced store operating vitality.

Supply Chain Management

During the Reporting Period, the Group continuously optimized the operation of its supply chain system, enhancing overall operational efficiency and optimizing the cost structure by focusing on core areas such as raw material procurement, warehousing and distribution coordination, and delivery management. As of 30 June 2026, the Group had established a total of 27 warehousing and distribution centers nationwide, with the addition of the Huai'an Warehousing and Distribution Center. This not only improved distribution coverage in the East China region but also further optimized the regional warehousing and distribution layout and resource allocation efficiency.

The warehouse and distribution hubs in each region are responsible for serving the surrounding stores within an average distribution radius of less than 200 kilometers. Approximately 94.24% of stores can receive next-day delivery after placing an order, and approximately 95.15% of stores can receive delivery services twice or more times a week. The Group has also implemented overnight delivery route services in Beijing, Shanghai, Chengdu and Chongqing, etc., further enhancing the utilization efficiency of warehousing and distribution resources. Through a multi-temperature warehousing and distribution system and a regionalized layout, the Group continuously improves delivery efficiency and operational stability, ensuring the freshness and quality consistency of raw materials in stores.

As of 30 June 2026, the Group has achieved store coverage of 91% for the centralized delivery of fruits to ChaPanda stores. By expanding origin procurement, and leveraging a coordinated model of trunk line transportation, urban distribution and express delivery, the Group continues to optimize the fruit supply chain. We have established a full-chain, high-frequency and cold-chain supply network, enabling efficient supply and rapid turnover of delicate fruits such as mulberries, bayberries and litchis from the production areas to the stores.

In terms of upstream raw materials layout, the Group's production base for whole leaf tea in Fuzhou, Fujian Province, and the production base for packaging materials in Chengdu, Sichuan Province, continued to carry out technological upgrading for production equipment, further improving the quality of raw materials, ensuring stable supply of tea leaves and packaging materials, and guaranteeing the quality of beverages in stores.

To meet the needs of the overseas business development of the Company, the Group proactively engaged in import and export matters in various countries and regions, improved delivery management and promoted the application of information systems to fully support the Company's overseas business development.

Management Discussion and Analysis

Branding and Marketing

The Group advances brand building with a product-centric approach, focusing on consumers' attention to product quality, taste performance, and consumption experience. It continuously improves the interaction mechanism between the brand and users, and enhances user stickiness through membership loyalty programs and incentivized referral mechanisms, thereby optimizing the member experience and consolidating our core consumer base. As of 30 June 2026, the Group's registered members exceeded 201.4 million, with active members reaching 35.9 million.

During the Reporting Period, leveraging key events such as brand anniversaries and new product launches and to address different consumption scenarios and user needs, the Group comprehensively utilized digital marketing, content dissemination, and cross-border collaborations to continuously enrich forms of user interaction and brand touchpoints, driving a synergistic enhancement of product experience and brand awareness. On the occasion of the 18th anniversary of the brand establishment, the Group comprehensively upgraded the existing panda IP "Chacha" and further built a more recognizable and extensible IP family system. Through diversified content and interactive formats, the Group deepened the emotional connection between the brand and consumers.

As of 30 June 2026, "ChaPanda" brand-related major topics were read/played 28.9 billion times on mainstream public information platforms, such as Weibo, Douyin, Red Note, Kuaishou, etc., and 840 million times via official matrix media on self-media platforms; and we received over 1,100 million exposures through advertising and other means. Brand influence and user engagement continued to increase.

Digitalization

During the Reporting Period, the Group continued to deepen its digital and intelligent development. Centering on core areas, such as product management, user operation and store operation, we continuously improved digital systems and operational tools. Through the standardized product data platform, the Group established a unified data system covering product series, grades and tags, enhancing the standardization and consistency of product data management, thereby laying a foundation for product matrix management and data application.

Our omni-channel user operation capabilities continued to improve. The Group continuously optimized mini-program functions and user experience, deepened cooperation with mainstream platforms, and expanded transaction and customer acquisition scenarios. Meanwhile, it refined the membership marketing system and optimized capabilities in user tagging, personalized recommendation and intelligent coupon issuance, thereby enhancing the level of refined user operation and precision marketing.

Focusing on improving store operational efficiency, the Group advanced the construction and application of automated and intelligent systems for scenarios such as replenishment, preparation and store inspection, and improved operational tools, such as omni-channel product management and formula release, thereby enhancing the daily operational efficiency of its stores. Meanwhile, it further advanced the online transformation of the entire investment promotion process, realized the interconnection between site selection data and core business systems, and provided data support for store evaluation and precise expansion.

Outlook

In the second half of 2026, the Group will firmly advance its multi-category development strategy by continuously enriching its product portfolio and expanding into diverse consumption scenarios, while consolidating the core strengths of its freshly-made tea drinks. For freshly-brewed coffee, the Group will systematically expand store coverage, continue product research and development, and strengthen market promotion to enhance store operational vitality.

In brand development, the Group will focus on upgrading its IP system to further enrich its IP image, content expression and interactive experiences. Through product marketing, cross-industry collaborations and digital outreach, it aims to deepen emotional connections of its brand with young consumers, and strengthen brand recognition and consumer acceptance.

The Group will maintain a steady store expansion strategy, continue to deepen market penetration, and focus on seizing structural growth opportunities in low-tier markets. It will optimize store models and expansion pace based on the characteristics of different city tiers and commercial districts. At the same time, the Group will continue to improve its franchise support system and enhance supply chain collaboration, digital management and operational support capabilities, thereby promoting the healthy development of its store network.

In response to external environmental fluctuations and industry changes, the Group will adapt actively, adjust its business strategies and resource allocation flexibly, strengthen cost control, risk management, and refined operations, and continuously enhance operational resilience to promote sustainable business development.

Finance Review

Revenue and gross profit

During the Reporting Period, the Group recorded revenue of RMB2,654.8 million, representing an increase of 6.2% as compared to RMB2,499.6 million in the first half of last year; gross profit of RMB797.5 million, representing a decrease of 2.1% as compared to RMB814.8 million in the first half of last year. During the Reporting Period, the Group's gross profit margin decreased by 2.6 percentage points to 30.0% from 32.6% for the same period of last year, mainly due to vigorous development of freshly-brewed coffee business by the Group during the Reporting Period, which returned profits to franchisees.

Other income

During the Reporting Period, the Group's other income amounted to RMB19.1 million, representing a decrease of 19.4% as compared to RMB23.7 million in the first half of last year, mainly due to the decrease in interest income resulting from the decline in bank interest rates.

Distribution and selling expenses

During the Reporting Period, the Group's distribution and selling expenses amounted to RMB138.3 million, representing a decrease of 7.9% as compared to RMB150.1 million in the first half of last year, which was mainly due to the restructure of brand promotion.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group amounted to RMB246.6 million, representing a decrease of 4.2% as compared to RMB257.4 million in the first half of last year, mainly due to the optimisation of our expense control and management.

Management Discussion and Analysis

Research and development expenses

During the Reporting Period, the Group's research and development expenses amounted to RMB13.0 million, representing a decrease of 7.8% as compared to RMB14.1 million in the first half of last year, which was basically flat as compared with the corresponding period last year.

Other expenses

During the Reporting Period, the Group's other expenses amounted to RMB0.1 million, representing a decrease of 90.9% as compared to RMB1.1 million in the first half of last year, mainly due to the decrease in donations to social welfare organizations during the Reporting Period.

Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB2.3 million, representing an increase of 9.5% as compared to RMB2.1 million in the first half of last year, mainly due to the increase in expenses on lease interest resulting from the increase in leased assets of the Group.

Income tax expense

During the Reporting Period, the Group's income tax expense was RMB74.7 million, representing a decrease of 7.4% as compared to RMB80.7 million in the first half of last year, mainly due to the decrease in the taxable income subject to non-preferential tax rates resulting from changes in income structure.

Profit for the period

As a result of the aforementioned changes, the Group's profit for the Reporting Period increased by 3.5% from RMB332.9 million in the first half of last year to RMB344.7 million.

Non-IFRS measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, the Group also uses certain non-IFRS measures, namely, adjusted EBITDA, adjusted EBITDA margin, adjusted net profit and adjusted net profit margin, as additional financial metrics. These non-IFRS measures are not required by or presented in accordance with IFRS. The Group believes that non-IFRS measures facilitate comparisons of the Group's operating performance by eliminating potential impacts of certain items. The Group also believes that such non-IFRS measures present useful information in understanding and evaluating the Group's consolidated results of operations in the same manner as they help our management. However, the Group's presentation of such non-IFRS measures 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 Shareholders and potential investors should not consider it in isolation from, or as a substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS.

The following table reconciles the Group's EBITDA (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and our adjusted net profit (non-IFRS measure) to our profits for the periods presented in accordance with IFRS for the periods indicated.

	Six months ended 30 June 2026 RMB'000	Six months ended 30 June 2025 RMB'000
Profit for the period	**344,729**	332,913
Add:		
Income tax expense	**74,730**	80,654
Depreciation and amortization	**51,795**	46,291
Finance costs	**2,309**	2,060
Interest income	**(14,242)**	(18,217)
EBITDA (non-IFRS measure)	**459,321**	443,701
Add:		
Equity-settled share-based payment expenses[1]	**3,585**	7,433
Adjusted EBITDA (non-IFRS measure)	**462,906**	451,134
Adjusted EBITDA margin (non-IFRS measure)	**17.4%**	18.0%
Profit for the period	**344,729**	332,913
Add:		
Equity-settled share-based payment expenses[1]	**3,585**	7,433
Adjusted net profit (non-IFRS measure)	**348,314**	340,346
Adjusted net profit margin (non-IFRS measure)	**13.1%**	13.6%

Management Discussion and Analysis

Note:

(1) Equity-settled share-based payment expenses represent the fair value of the shares granted at the date of grant, taking into account the consideration for subscription of the equity interests. The item is adjusted as it is non-cash, and is not expected to result in our future cash payments.

Cash and cash equivalents

As at 30 June 2026, the total balance of cash and cash equivalents of the Group was RMB2,964.3 million, representing a decrease of 3.5% as compared to RMB3,071.4 million as at 31 December 2025, mainly due to the payment of the prior year's profit distribution for the first half of 2026 and the increase in trade receivables.

Inventories

During the Reporting Period, the Group focused on key items and improved operational efficiency. The Group's inventories decreased from RMB223.3 million as at 31 December 2025 to RMB173.9 million as at 30 June 2026. Inventory turnover days decreased from 21.9 days as at 31 December 2025 to 19.7 days as at 30 June 2026, due to continuous implementation of refined supply chain management by the Group.

Trade and other receivables, deposits and prepayments

The Group's trade and other receivables, deposits and prepayments increased from RMB206.5 million as at 31 December 2025 to RMB368.7 million as at 30 June 2026. Trade receivables turnover days increased from 1.9 days as at 31 December 2025 to 8.6 days as at 30 June 2026, mainly due to the increase in receivables from certain franchisees for sales of equipment resulting from vigorous development of freshly-brewed coffee business by the Group during the Reporting Period.

Trade and other payables

The Group's trade and other payables increased from RMB551.6 million as at 31 December 2025 to RMB554.1 million as at 30 June 2026. Trade payables turnover days decreased from 27.7 days as at 31 December 2025 to 25.9 days as at 30 June 2026, which was basically flat.

Bank borrowings

As of 30 June 2026, the Group did not have any bank borrowings.

Contract liabilities

The Group's contract liabilities decreased from RMB135.9 million as at 31 December 2025 to RMB96.0 million as at 30 June 2026, mainly due to the Group's enhanced support for franchisees through maintaining an installment collection policy, which resulted in a reduction in advance payments received from franchisees.

Lease liabilities

The Group's lease liabilities decreased from RMB81.0 million as of 31 December 2025 to RMB67.6 million as of 30 June 2026, mainly due to the normal performance of lease payment obligations arising from the Company's ordinary operating activities.

Property, plant and equipment

The Group's carrying amounts of property, plant and equipment decreased from RMB210.4 million as of 31 December 2025 to RMB202.9 million as of 30 June 2026, mainly due to the normal depreciation of property, plant and equipment.

Liquidity and capital resources

The Group has adopted a prudential liquidity management policy. The Group attached great importance to the supply and acquisition of capital at any time and had sufficient stand-by banking facilities to support daily operations and meet funding needs for future development, so as to maintain stable liquidity. During the Reporting Period, the Group's business was mainly funded by cash generated from operating activities. As of 31 December 2025 and 30 June 2026, the Group's cash and cash equivalents amounted to RMB3,071.4 million and RMB2,964.3 million, respectively. The Group's cash is mainly used for the fulfillment of its business operation requirements. The Group's capital needs are satisfied by cash generated from operating activities, the proceeds from the Global Offering and other future equity or debt financings.

Foreign exchange risk

The Group's principal place of business is in the PRC. The Group was mainly exposed to foreign exchange risk associated with proceeds from the Global Offering denominated in Hong Kong dollars and certain bank deposits denominated in U.S. dollars. During the Reporting Period, the Group did not conduct any foreign exchange hedging-related activity. However, the Group's management, upon continuously supervising foreign exchange risk, will consider adopting appropriate hedging strategies when necessary.

Contingent liabilities

As of 30 June 2026, the Group had no significant contingent liabilities.

Capital commitments

As of 30 June 2026, the Group's capital commitments amounted to approximately RMB7.6 million, which mainly represents the capital expenditure in respect of the acquisition of property, plant and equipment and intangible assets contracted for but not provided in the historical financial information.

Pledge of assets

As at 30 June 2026, no assets of the Group were pledged by the Group.

Gearing ratio

As of 30 June 2026, the Group did not have any bank borrowings. Accordingly, no gearing ratio is presented herein.

Management Discussion and Analysis

Significant investments, material acquisitions and disposals

As of 30 June 2026, the Group neither had any significant investments (including any investments in an investee with a value of 5% or more of the Group's total assets as of 30 June 2026), nor material acquisitions or disposals in relation to subsidiaries, associates and joint ventures. We subscribed for wealth management products from financial institutions for cash management. During the Reporting Period and as at the Latest Practicable Date, there was no information in respect of subscription for such wealth management products from a single financial institution required to be disclosed pursuant to Chapter 14, Chapter 14A or Appendix D2 of the Listing Rules. The subscription for such wealth management products did not utilize the Company's proceeds from the Global Offering.

Future plans for material investments or capital assets

As at the Latest Practicable Date, the Group currently has no future plans for other material investments or capital assets other than the "Future Plans and Use of Proceeds" as disclosed in the Prospectus.

Employees and remuneration policies

As at 30 June 2026, the Group had 2,150 employees, and the total employee benefit expenses (including Directors' remuneration) during the Reporting Period were RMB215.5 million. The level of salaries and benefits was determined by the Group for its employees with reference to the market and their respective individual qualifications and abilities, and incentive mechanisms such as performance bonuses were established.

The Group continued to improve its employee promotion policy and career development channel, and provide staff with fair career development opportunities, to motivate internal driving force and accelerate talent growth. The Company kept optimizing the talent development system, and adopted an online-offline combination mode, offering staff an online learning platform and rich, cutting-edge curriculum resources focusing on general, professional and talent development training topics, so as to meet the learning and development needs in different scenarios, thereby supporting staff career advancement.

Pre-IPO Employee Incentive Scheme

The Pre-IPO Employee Incentive Scheme was adopted by the Company and became effective on 27 June 2023. The Pre-IPO Employee Incentive Scheme does not involve the grant of new shares or awards or the issue of new shares by the Company after the Listing. Accordingly, the number of shares issuable in respect of awards to be granted under all schemes of the Company during the Reporting Period divided by the weighted average number of relevant class of issued shares (excluding treasury shares) during the Reporting Period is not applicable to the Company.

Pursuant to the Pre-IPO Employee Incentive Scheme, Eligible Participants were granted partnership interests in Tongchuang Gongjin, the employee incentive platform of the Company. The participants have made a total capital contribution of RMB29,433,074 to Tongchuang Gongjin. Tongchuang Gongjin has subscribed for 6,386,000 Shares (being the total number of shares under the Pre-IPO Employee Incentive Scheme), representing approximately 0.43% of the total number of issued Shares (excluding treasury shares) of the Company as at the date of this interim report. As limited partners of Tongchuang Gongjin, the participants are required to subscribe for their partnership interests in accordance with the quotas approved by the Board and make capital contributions accordingly as arranged by the Board, thereby holding interests in the Shares indirectly.

Purpose

The purpose of the Pre-IPO Employee Incentive Scheme is to improve the enthusiasm and creativity of the Eligible Participants, promote the sustainable growth of the performance of the Group, bring value-added benefits to the Eligible Participants while enhancing the value of the Group, and thus realize the common development of both the Eligible Participants and the Group.

Eligible Participants

Persons eligible to participate in the Pre-IPO Employee Incentive Scheme are the employees of our Group who have made contributions to the development of the Group. The Board shall make decisions on the list of participants and the allocation of the Awards after considering, among other things, the employees' years of service, on-boarding terms, annual performance, job nature, seniority, and recognition with the Group's corporate identity.

Maximum entitlement of each participant

Under the Pre-IPO Employee Incentive Scheme, there is no cap on the awards that may be granted to each participant thereunder. The maximum award actually granted to a single participant under the Pre-IPO Employee Incentive Scheme is equivalent to 1,454,000 Shares, representing approximately 0.10% of the total issued Shares (excluding treasury shares) as at the date of this interim report.

Vesting period

The Awards shall be subject to transfer restrictions and such restrictions shall be released in the following manner:

- 30% of the total number of awards shall be released from transfer restrictions from the business day following the first anniversary of the date of Listing to the last business day right before the second anniversary of the date of Listing;

- 30% of the total number of awards shall be released from transfer restrictions from the business day following the second anniversary of the date of Listing to the last business day before the third anniversary of the date of Listing; and

- 40% of the total number of awards shall be released from transfer restrictions from the business day following the third anniversary of the date of Listing to the last business day before the fourth anniversary of the date of Listing

(together, the "Time-Based Release Schedule").

In addition to the Time-Based Release Schedule set forth above, the release of the awards shall be further subject to the achievement of certain performance targets of the Company and participants respectively (individually and collectively, the "Performance Target(s)"). The remuneration committee of the Board shall review and determine the fulfillment of the Performance Target(s), and report to the Board accordingly.

Subscription price of the granted shares and the basis for its determination

The participants have made a total capital contribution of RMB29,433,074 to Tongchuang Gongjin, and Tongchuang Gongjin has subscribed for 6,386,000 Shares. The subscription price per Share in respect of the granted awards is RMB4.609, which was determined by reference to the financing valuation before our listing. Participants must subscribe for the partnership interests in cash and shall ensure that their funding sources are genuine and legal. All capital contributions subscribed have been paid in full and in a timely manner on 8 August 2023.

The term of the Pre-IPO Employee Incentive Scheme

The Pre-IPO Employee Incentive Scheme shall take effect from the date of being approved at the Shareholders' general meeting, and terminate upon the occurrence of the following events: change of control of the Company; merger and demerger of the Company; or issuance of an adverse opinion or failure to deliver an opinion on the financial report of the Company's most recent fiscal year by a certified public accountant. The Pre-IPO Employee Incentive Scheme does not have a validity period or remaining validity period as required under Chapter 17 of the Listing Rules.

Details of the awards granted under the Pre-IPO Employee Incentive Scheme are set out below:

Name	Position	Approximate partnership interests in Tongchuang Gongjin as of 30 June 2026	Approximate number of Shares corresponding to awards held by Tongchuang Gongjin	Approximate percentage of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date
Director				
Mr. Wang Xiaokun	Chairman of the Board and executive Director	2.72%	174,000	0.01%
Senior Management				
Dr. Zhang Rui	Deputy general manager (digitalization center)	16.99%	1,085,000	0.07%
Mr. Zhou Dapeng[1]	Financial director	1.36%	87,000	0.01%
Ms. Yi Rui	Deputy general manager (brand marketing center)	6.80%	434,000	0.03%
Other employee participants				
Other 22 employees[2]	–	72.13%	4,606,000	0.314%
Total	–	100%	6,386,000	0.43%

The awards corresponding to the relevant Shares mentioned above were granted to Eligible Participants on 10 August 2023. All granted awards had fully vested prior to the Listing Date (23 April 2024). All partnership interests in Tongchuang Gongjin had been subscribed for and fully paid up by the participants, and the relevant registration procedures had been completed. In August 2025, the first phase of the release of transfer restrictions was completed, involving an aggregate of 1,153,400 shares subject to the release. In August 2026, the second phase of the release of transfer restrictions was completed, involving an aggregate of 2,652,900 shares subject to the release.

As all awards granted had been vested prior to the Listing Date, during the Reporting Period, the Company did not grant any awards under the Pre-IPO Employee Incentive Scheme, and no awards were vested, cancelled or lapsed.

To the best knowledge of the Directors, save as disclosed above, none of the participants is (i) a Director, chief executive or substantial shareholder, or an associate of any of them; (ii) a participant who has been granted awards exceeding the individual limit of 1% under the Listing Rules; or (iii) an associate entity participant or service provider. The Company has not provided any financial assistance to participants in connection with the Pre-IPO Employee Incentive Scheme.

Notes:

(1) He resigned in August 2024.

(2) Three of the employees resigned in June 2024.

Significant event after the Reporting Period

Since 30 June 2026 and up to the Latest Practicable Date, the Group did not have any material events.

Corporate Governance and Other Information

Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2026, the following Directors and chief executive had interests or short positions in the shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will be required, pursuant to Divisions 7 and 8 of Part XV of the SFO, to be notified to the Company and the Hong Kong Stock Exchange, or which will be required to be entered in the register that shall be maintained by the Company pursuant to Section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

(i) Interests in the Company

Name	Position	Nature of interest	Class of Share	Number of Shares held as at 30 June 2026	Approximate percentage of the number of Shares held as at 30 June 2026 to the total share capital of the Company
Mr. Wang	Chairman of the Board and executive Director	Beneficial owner	H Share	239,598,750 (L)	16.2150%
		Interest of spouse (2)	H Share	76,399,250 (L)	5.1704%
		Interest in controlled corporations (3)	H Share	906,386,000 (L)	61.3404%
Ms. Dai Li	Executive Director and deputy general manager (centralized management center)	Beneficial owner	H Share	17,505,000 (L)	1.1847%
Mr. Wang Hongxue	Executive Director and general manager (president)	Beneficial owner	H Share	8,505,000 (L)	0.5756%
Mr. Chen Keyuan	Executive Director and head of the legal and internal control center of the Group	Beneficial owner	H Share	2,992,500 (L)	0.2025%

Notes:

(1) The letter "L" stands for long position.

(2) These shares are held by Ms. Liu (the spouse of Mr. Wang). By virtue of the SFO, Mr. Wang is deemed to be interested in these shares.

(3) Hengsheng Herui is indirectly controlled by Mr. Wang and Ms. Liu through Chengdu Jinbosen. Chengdu Jinbosen is a limited liability company established in the PRC and owned as to 60% and 40% by Mr. Wang and Ms. Liu, respectively, and is interested in 84.888% equity interests of Hengsheng Herui. As of the end of the Reporting Period, Hengsheng Herui held 900,000,000 Shares, representing approximately 60.9082% of the issued share capital of the Company. By virtue of the SFO, each of Mr. Wang, Ms. Liu and Chengdu Jinbosen is deemed to be interested in the Shares held by Hengsheng Herui.

(4) Tongchuang Gongjin, our Pre-IPO Employee Incentive Platform established as a limited partnership, held 6,386,000 Shares directly and is controlled by Mr. Wang as its sole general partner. Mr. Wang is therefore deemed to be interested in the Shares held by Tongchuang Gongjin under the SFO.

(ii) Interests in associated corporations of the Company

Name	Position in the Company	Nature of interest	Name of associated corporation [3]	Approximate percentage of shareholding in the associated corporation
Mr. Wang [2]	Chairman of the Board and executive Director	Interest in controlled corporation (L)	Hengsheng Herui	84.8880%
		Interest of spouse (L)	Hengsheng Herui	84.8880%
Ms. Dai Li [3]	Executive Director	Interest in controlled corporation (L)	Hengsheng Herui	7.7800%
Mr. Wang Hongxue [3]	Executive Director	Interest in controlled corporation (L)	Hengsheng Herui	3.7800%
Mr. Chen Keyuan [3]	Executive Director	Interest in controlled corporation (L)	Hengsheng Herui	1.3300%

Notes:

(1) The letter "L" stands for long position.

(2) Mr. Wang and Ms. Liu are spouses. As of the end of the Reporting Period, Chengdu Jinbosen was held as to 60% and 40% by Mr. Wang and Ms. Liu, respectively, and Chengdu Jinbosen holds 84.888% equity interests in Hengsheng Herui. Therefore, both Ms. Liu and Mr. Wang are deemed to be interested in the Shares held by Chengdu Jinbosen.

(3) As of the end of the Reporting Period, Hengsheng Herui was held as to 84.888% by Chengdu Jinbosen, 7.78% by Ms. Dai Li, 3.78% by Mr. Wang Hongxue, 2.222% by Ms. Gu Jilin and 1.33% by Mr. Chen Keyuan, each through their respective wholly-owned investment vehicles.

Save as disclosed above, as at 30 June 2026, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which will be required, pursuant to Divisions 7 and 8 of Part XV of the SFO, to be notified to the Company and the Hong Kong Stock Exchange, or which will be required to be entered in the register that shall be maintained by the Company pursuant to Section 352 of the SFO, or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

During the Reporting Period, the Company has not authorized the Directors and chief executive of the Company (including their spouses and children under the age of 18) to subscribe for any of the Shares or debentures of the Company and any of its associated corporations.

Interests and short positions of the substantial shareholders in the shares and underlying shares of the Company

As at 30 June 2026, so far as the Directors are aware, the following persons (not being Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which will be required, pursuant to Divisions 2 and 3 of Part XV of the SFO, to be notified to the Company and the Hong Kong Stock Exchange, or which will be required to be entered in the register that shall be maintained by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of interest	Class of Share	Number of Shares held as at 30 June 2026	Approximate percentage of the number of Shares held as at 30 June 2026 to the total share capital of the Company
Chengdu Jinbosen (2)	Interest in controlled corporation	H Share	900,000,000 (L)	60.9082%
Hengsheng Herui (2)	Beneficial owner	H Share	900,000,000 (L)	60.9082%
Ms. Liu	Beneficial owner	H Share	76,399,250 (L)	5.1704%
	Interest of spouse	H Share	239,598,750 (L)	16.2150%
	Interest in controlled corporation (2)	H Share	906,386,000 (L)	61.3404%

Notes:

(1) The letter "L" stands for long position.

(2) Hengsheng Herui is indirectly controlled by Mr. Wang and Ms. Liu (the spouse of Mr. Wang) through Chengdu Jinbosen, which is wholly owned by Mr. Wang and Ms. Liu collectively. By virtue of the SFO, each of Mr. Wang, Ms. Liu and Chengdu Jinbosen is deemed to be interested in the Shares held by Hengsheng Herui.

Save as disclosed above, as at 30 June 2026, so far as the Directors were aware, there were no other persons (not being Directors or chief executive of the Company) had interests or short positions in the Shares and underlying Shares of the Company which will be required, pursuant to Divisions 2 and 3 of Part XV of the SFO, to be notified to the Company and the Hong Kong Stock Exchange, or which will be required to be entered in the register that shall be maintained by the Company pursuant to Section 336 of the SFO.

The Board of Directors and Original Supervisory Committee

During the Reporting Period, the Company re-elected the Board of Directors. At the annual general meeting convened on 21 May 2026, all of the former Directors were re-elected as the Directors of the third session of the Board of Directors. Therefore, there was no change in the composition of the Board of Directors before or after the re-election.

As at the date of this interim report, the members of the Board of Directors are:

Mr. Wang Xiaokun *(Chairman of the Board and executive Director)*
Mr. Wang Hongxue *(executive Director)*
Ms. Dai Li *(executive Director)*
Mr. Chen Keyuan *(executive Director)*
Dr. Chen Da *(non-executive Director)*
Mr. Yeung Chi Tat *(independent non-executive Director)*
Dr. Tang Yong *(independent non-executive Director)*
Ms. Cheng Li *(independent non-executive Director)*

Note:

Each of our Directors had no relationship with other Directors or senior management members of our Company as of the end of the Reporting Period. Upon the approval of the 2025 annual general meeting of the Company held on 21 May 2026, the Company has abolished the Original Supervisory Committee, effective from 21 May 2026. The relevant duties of the Original Supervisory Committee shall be exercised by the Audit Committee under the Board of Directors. Ms. Liu Weihong, Mr. Zhu Mingxing and Mr. Zhang Yu ceased to serve as Supervisors.

From the date of publication of the 2025 annual report and up to the date of this interim report, changes in the information relating to the Directors and chief executive of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

(1) Mr. Yeung Chi Tat has served as an independent non-executive director of Xin Yuan Enterprises Group Limited, a company listed on the Stock Exchange (Stock Code: 1748), since 1 April 2026.

Save as disclosed above, there have been no other changes in the Directors and chief executive of the Company and their information from the date of publication of the 2025 annual report and up to the date of this interim report.

Compliance with the Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code as its own code of corporate governance. The Company has, to the best knowledge of the Directors, complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code for the six months ended 30 June 2026.

Corporate Governance and Other Information

Compliance with the Model Code

The Company has adopted the Model Code as the code of conduct for securities transactions by the Directors and the former Supervisors. Having made specific enquiries of all Directors and the former Supervisors, each of the Directors acknowledged that he/she had complied with the Model Code for the six months ended 30 June 2026, and each of the former Supervisors acknowledged that he/she had complied with the Model Code throughout the period in which he/she served as a Supervisor during the Reporting Period.

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

During the six months ended 30 June 2026, the Company or any of its subsidiaries did not purchase, sell or redeem any securities of the Company (including sale of treasury shares). As at 30 June 2026, the Company did not hold any treasury shares.

Use of Proceeds from the Listing

The Company was listed on the Main Board of the Stock Exchange on 23 April 2024, and 147,763,400 new Shares were issued at an offer price of HK$17.50 per Share. After deducting underwriting commissions, fees and other expenses in relation to the Global Offering, the net proceeds from the listing amounted to approximately HK$2,463.3 million. The proceeds from the listing have been and will continue to be utilized according to the plans disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, with details as follows:

Item	Percentage	Proceeds allocated for related purpose (HK$ million)	Utilized proceeds during the Reporting Period (HK$ million)	Unutilized proceeds as of the end of the Reporting Period (HK$ million)	Expected timetable for the full utilization of unutilized proceeds
Improve our overall operation capabilities and strengthen our supply chain	51%	1,256.3	169.6	507.8	June 2027
Develop our digitalization capabilities, and engage and train professional talents	20%	492.7	63.7	177.6	June 2027
Branding and promoting activities	12%	295.6	–	–	–
Promote our self-operated coffee brand and develop the coffee shop network across China	5%	123.1	97.5	–	–
Product development and innovation, including recruiting, training and retaining in-house research and development personnel and building a research and development center at our headquarters equipped with advanced software and hardware to streamline and enhance our product development endeavors	2%	49.3	9.0	21.4	June 2027
Working capital and general corporate purposes	10%	246.3	–	–	–
Total	**100%**	**2,463.3**	**339.8**	**706.8**	

We have placed the unutilized net proceeds in interest-bearing accounts of licensed commercial banks or financial institutions in China or Hong Kong. We will comply with the laws of China in relation to foreign exchange registration and remittance of the proceeds.

Pre-IPO Employee Incentive Scheme

The Group adopted the Pre-IPO Employee Incentive Scheme on 27 June 2023 and established a limited partnership, Sichuan Tongchuang Gongjin Enterprise Management Partnership (Limited Partnership) (四川同創共進企業管理合夥企業(有限合夥)), as the Pre-IPO Employee Incentive Platform, with a view to improving the enthusiasm and creativity of the eligible participants of the Pre-IPO Employee Incentive Scheme, promoting the sustainable growth of the performance of the Group, bringing value-added benefits to the eligible participants while enhancing the value of the Group, and thus realizing the common development of both the eligible participants and the Group.

As of the date of this interim report, the incentives corresponding to the total 6,386,000 Shares (accounting for approximately 0.43% of the total issued Shares (excluding treasury shares) as at the date of this interim report) under the Pre-IPO Employee Incentive Scheme have been granted to the eligible participants. No further Shares will be granted according to the Pre-IPO Employee Incentive Scheme after the listing. Further details about the Pre-IPO Employee Incentive Scheme are set out in the section headed "Management Discussion and Analysis" in this interim report.

Interim Dividend

Pursuant to the Company's profit distribution policy, it is proposed by the Board that a cash dividend of RMB0.15 (before tax) per Share for the 2026 interim dividend be paid to all Shareholders of the Company based on the total share capital of 1,477,634,250 Shares of the Company after the listing and issuance of its H Shares, of which H Shareholders holding the Company's H Shares pursuant to the H Share Full Circulation carried out by the Company shall be paid in RMB; other H Shareholders shall be paid in Hong Kong dollars. The exchange rate of HK$ will be calculated based on the average benchmark exchange rate of RMB to HK$ as announced by the People's Bank of China for three business days before and including the date on which the 2026 first extraordinary general meeting is held. The Company will distribute a total cash dividend of RMB221,645,137.50, representing 65.9% of the profit for the period attributable to owners of the Company. The 2026 interim dividend will be financed by the Company's own funds other than proceeds from the listing. The proposed interim dividend is subject to Shareholders' approval at the 2026 first extraordinary general meeting, and is anticipated to be paid on or around Monday, 30 November 2026.

The Company will publish a separate notice on, among others, the record date for determining the entitlement to the interim dividend, the relevant period for closure of register of members, the dividend tax and the specific date for the distribution thereof.

Substantial Lawsuits and Arbitration Matters

During the Reporting Period, the Group had no lawsuit or arbitration matter which had a significant impact on the operating activities.

Corporate Governance and Other Information

Review of the Interim Report

The Audit Committee of the Board comprises Dr. Chen Da as a non-executive Director, and Mr. Yeung Chi Tat and Ms. Cheng Li as independent non-executive Directors, and Mr. Yeung Chi Tat serves as the chairman of the Audit Committee. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters with the management of the Company, and has also reviewed this interim report and the Group's unaudited interim results for the six months ended 30 June 2026.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2026 have also been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu (Hong Kong Certified Public Accountants).

Public Float

Based on the publicly available information of the Company, so far as the Directors are aware, as at the date of this interim report, the public holds 15.31% of the issued Shares, which is in compliance with the requirements of the Listing Rules and waiver in relation to public float approved by the Stock Exchange. Please refer to the section headed "Waivers – Waiver in Relation to Public Float" in the Prospectus for details of the waiver in relation to public float.

Continuing Disclosure Obligation Pursuant to the Listing Rules

As of 30 June 2026, the Company does not have any other disclosure obligation under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF 四川百茶百道實業股份有限公司 SICHUAN BAICHA BAIDAO INDUSTRIAL CO., LTD.
(a joint stock company incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of 四川百茶百道實業股份有限公司 (Sichuan Baicha Baidao Industrial Co., Ltd.) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 54, which comprise the condensed consolidated statement of financial position as of 30 June 2026 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE 2410") as issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 August 2026

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended 30 June	
	NOTES	2026	2025
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	*3*	2,654,769	2,499,550
Cost of sales		(1,857,301)	(1,684,788)
Gross profit		797,468	814,762
Other income	*4*	19,134	23,685
Other gains and losses, net	*5*	6,981	8,418
Distribution and selling expenses		(138,340)	(150,149)
Administrative expenses		(246,604)	(257,375)
Research and development expenses		(12,975)	(14,126)
Other expenses		(100)	(1,106)
Share of results of associates		(3,796)	(8,482)
Finance costs		(2,309)	(2,060)
Profit before taxation		419,459	413,567
Income tax expense	*6*	(74,730)	(80,654)
Profit for the period	*7*	344,729	332,913
Other comprehensive expense			
Items that will not be reclassified to profit and loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		(104,610)	(148,915)
Income tax relating to item that will not be reclassified to profit or loss		(23,957)	7,190
		(128,567)	(141,725)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	NOTES	Six months ended 30 June 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(29,001)	(4,369)
Other comprehensive expense for the period, net of income tax		(157,568)	(146,094)
Total comprehensive income for the period		187,161	186,819
Profit for the period attributable to:			
– Owners of the Company		336,324	325,903
– Non-controlling interests		8,405	7,010
		344,729	332,913
Total comprehensive income for the period attributable to:			
– Owners of the Company		178,756	179,809
– Non-controlling interests		8,405	7,010
		187,161	186,819
Earnings per share (in RMB)	9		
Basic and diluted		0.228	0.221

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2026

	NOTES	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	*10*	202,919	210,426
Right-of-use assets	*10*	101,088	117,048
Intangible assets	*10*	103,557	109,252
Investments in associates		15,314	19,111
Equity instruments at FVTOCI	*11*	174,614	276,564
Financial assets at fair value through profit or loss ("FVTPL")	*12*	401,887	407,279
Trade receivables, deposits and prepayments	*13*	147,309	32,420
Deferred tax assets	*14*	133,044	159,391
		1,279,732	1,331,491
Current assets			
Inventories		173,852	223,346
Trade and other receivables, deposits and prepayments	*13*	221,365	174,074
Amounts due from related parties		607	607
Financial assets at FVTPL	*12*	30,262	28,634
Cash and cash equivalents		2,964,278	3,071,435
		3,390,364	3,498,096
Current liabilities			
Trade and other payables	*15*	554,115	551,562
Contract liabilities		52,414	93,610
Income tax payables		14,829	29,667
Lease liabilities		37,944	39,628
		659,302	714,467
Net current assets		2,731,062	2,783,629
Total assets less current liabilities		4,010,794	4,115,120

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2026

	NOTES	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Non-current liabilities			
Contract liabilities		43,569	42,282
Lease liabilities		29,640	41,412
Deferred tax liabilities	*14*	8,509	12,602
		81,718	96,296
Net assets		3,929,076	4,018,824
Capital and reserves			
Share capital	*16*	147,763	147,763
Reserves		3,744,300	3,827,933
Equity attributable to owners of the Company		3,892,063	3,975,696
Non-controlling interests		37,013	43,128
Total Equity		3,929,076	4,018,824

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000 *(Note i)*	Share issued for Pre-IPO Employee Incentive Scheme reserve RMB'000 *(Note iii)*	Other reserves RMB'000 *(Note ii)*	Equity instrument at FVTOCI revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 January 2025 (audited)	147,763	3,420,948	111,922	(548)	157,044	(316,657)	6,628	382,081	3,909,181	24,512	3,933,693
Profit for the period	–	–	–	–	–	–	–	325,903	325,903	7,010	332,913
Other comprehensive expense for the period	–	–	–	–	–	(141,725)	(4,369)	–	(146,094)	–	(146,094)
Total comprehensive (expense) income for the period	–	–	–	–	–	(141,725)	(4,369)	325,903	179,809	7,010	186,819
Recognition of share-based payment (Note 18)	–	–	–	–	7,433	–	–	–	7,433	–	7,433
Dividends recognised as distribution (Note 8)	–	–	–	–	–	–	–	(295,527)	(295,527)	–	(295,527)
Capital contribution from non-controlling interests of a subsidiary (Note iv)	–	–	–	–	–	–	–	–	–	2,158	2,158
Disposal of FVTOCI (Note 11)	–	–	–	–	–	134,348	–	(134,348)	–	–	–
As at 30 June 2025 (unaudited)	147,763	3,420,948	111,922	(548)	164,477	(324,034)	2,259	278,109	3,800,896	33,680	3,834,576

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000 *(Note i)*	Share issued for Pre-IPO Employee Incentive Scheme reserve RMB'000 *(Note iii)*	Other reserves RMB'000 *(Note ii)*	Equity instrument at FVTOCI revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 January 2026 (audited)	147,763	3,431,900	120,198	(432)	157,958	(365,516)	972	482,853	3,975,696	43,128	4,018,824
Profit for the period	–	–	–	–	–	–	–	336,324	336,324	8,405	344,729
Other comprehensive expense for the period	–	–	–	–	–	(128,567)	(29,001)	–	(157,568)	–	(157,568)
Total comprehensive (expense) income for the period	–	–	–	–	–	(128,567)	(29,001)	336,324	178,756	8,405	187,161
Recognition of share-based payment (Note 18)	–	–	–	–	3,585	–	–	–	3,585	–	3,585
Dividends recognised as distribution (Note 8)	–	–	–	–	–	–	–	(265,974)	(265,974)	(14,520)	(280,494)
As at 30 June 2026 (unaudited)	147,763	3,431,900	120,198	(432)	161,543	(494,083)	(28,029)	553,203	3,892,063	37,013	3,929,076

Notes:

(i) Amount represented statutory reserves of the entities comprising the Group established in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, companies established in the PRC with limited liability are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

(ii) The other reserves represent: a) the accumulative impact of equity-settled share-based payments to certain key management personnel amounted to RMB114,876,000 as at 1 January 2023; b) in August 2023, the cash consideration received by the Company under the Pre-IPO Employee Incentive Scheme, amounted to RMB29,433,000, as the Company did not have any obligation to repurchase any granted shares if they were subsequently forfeited or not vested; and c) the cumulative impact of share-based payment expense during the vesting period and forfeitures amounted to RMB12,735,000 under the Pre-IPO Employee Incentive Scheme (defined and detailed in Note 18) as at 1 January 2025.

(iii) The shares issued to and held by Tongchuang Gongjin (detailed in Note 18) under the Pre-IPO Employee Incentive Scheme were recognised as treasury shares by the Company and had been deducted from shareholders' equity as shown in equity under "Shares issued for Pre-IPO Employee Incentive Scheme reserve".

(iv) In January 2025, ChaPanda Korea Co., Ltd. was incorporated in South Korea as an indirect non-wholly owned subsidiary of the Company and held by the Group as to 55%. During the six months period ended 30 June 2025, the non-controlling interest paid the capital contribution at cash consideration of Korean Won 427,500,000 (equivalent to approximately RMB2,158,000).

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Operating activities		
Operating cash flows before movements in working capital	457,383	451,263
(Increase) decrease in trade and other receivables, deposits and prepayments	(188,755)	15,783
Other changes in working capital	(76,788)	(186,751)
Net cash from operating activities	191,840	280,295
Investing activities		
Purchase of property, plant and equipment	(6,398)	(19,072)
Proceeds from disposal of property, plant and equipment	426	725
Purchase of intangible assets	(11,255)	(12,678)
Proceeds from redemption of financial assets at FVTPL	–	4,107
Purchases of equity instruments at FVTOCI	–	(104,997)
Proceeds from disposal of equity instruments at FVTOCI	–	102,332
Interest received from financial assets at FVTPL	13,925	1,048
Payment for rental deposits	(1,466)	(1,789)
Refund of rental deposits	1,231	1,467
Interest income from banks	14,490	20,120
Net cash from (used in) investing activities	10,953	(8,737)
Financing activities		
Interest paid	(2,309)	(2,060)
Dividend paid	(265,974)	(565,283)
Dividend paid to non-controlling interest	(3,300)	–
Capital injection from non-controlling interests	–	2,158
Repayments of lease liabilities	(25,280)	(22,370)

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash used in financing activities	(296,863)	(587,555)
Net decrease in cash and cash equivalents	(94,070)	(315,997)
Cash and cash equivalents at beginning of the period	3,071,435	3,559,917
Effect of foreign exchange rate changes	(13,087)	–
Cash and cash equivalents at end of the period	2,964,278	3,243,920

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2026

1. GENERAL INFORMATION AND BASIS OF PREPARATION

四川百茶百道實業股份有限公司 (Sichuan Baicha Baidao Industrial Co., Ltd.) (the "Company") was incorporated in the PRC on 31 December 2020 as a joint stock company under the Company Law of the PRC. Its parent is 四川恒盛合瑞實業集團有限公司 (Sichuan Hengsheng Herui Industrial Group Co., Ltd.) ("Hengsheng Herui") (established in the PRC) and its ultimate parent is 成都錦柏森企業管理有限公司 (Chengdu Jinbosen Enterprise Management Co., Ltd.) ("Chengdu Jinbosen") (established in the PRC). Its ultimate controlling parties are Mr. Wang Xiaokun (王霄錕) and his spouse Ms. Liu Weihong (劉洧宏) (collectively the "Controlling Shareholders"), and Mr. Wang Xiaokun is also the chairman and an executive director of the Company. The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 April 2024 (the "Listing").

The Company acts as an investment holding company and its subsidiaries are engaged in the business of sales of equipment and goods to franchisees, as well as provision of royalty and franchising services to franchisees. The principal operations and geographic markets of the Company and its subsidiaries (the "Group") are in the PRC.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the currency of the primary economic environment in which most the Group entities operate.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange.

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to International Financial Reporting Standards ("IFRSs")

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with franchisees

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sale of goods and equipment:		
– Goods	2,256,805	2,309,364
– Equipment	266,799	48,482
	2,523,604	2,357,846
Royalty and franchising income:		
– Royalty income	44,579	46,827
– Non-refundable upfront initial fee	31,541	46,319
– Pre-opening training services	4,896	7,461
	81,016	100,607
Others	50,149	41,097
	2,654,769	2,499,550

(ii) Segment information

Information is reported to Mr. Wang Xiaokun, who is one of the Controlling Shareholders and also an executive director of the Company, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. No other analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review and the CODM reviews the overall results and financial position of the Group as a whole. Accordingly, the CODM has identified one operating segment and only entity-wide disclosures on revenue, major customers and geographical information are presented in accordance with IFRS 8 "Operating Segments".

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2026

4. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grant	2,748	3,989
Interest income on:		
– bank deposits and certificate of deposits	14,242	18,217
Compensations received *(Note)*	1,442	1,479
Other	702	–
	19,134	23,685

Note: Compensations mainly represented payments from the Group's suppliers for providing substandard products.

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Gain on fair value change of financial assets at FVTPL	15,553	10,707
Net foreign exchange losses	(10,174)	(3,301)
Loss on disposal of property, plant and equipment	(678)	(48)
Others	2,280	1,060
	6,981	8,418

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	76,433	87,331
Deferred tax (*Note 14*)	(1,703)	(6,677)
Total	74,730	80,654

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law, the statutory EIT rate of the Group operating in the PRC is 25%, except for certain subsidiaries that are engaged in the "Encouraged Industries in the Western Region" and eligible for the preferential EIT rate at 15%.

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories recognised as expenses	1,827,175	1,651,171
Amortisation of right-of-use assets	22,044	21,256
Amortisation of intangible assets	16,950	13,287
Depreciation of property, plant and equipment	12,801	11,748
Share-based compensation	3,585	7,433

8. DIVIDENDS

For the period ended 30 June 2026

During the current interim period, a final dividend of HKD0.21 (equivalent to approximately RMB0.18) (before tax) per ordinary share with total dividends of RMB265,974,000 in respect of the year ended 31 December 2025 was declared to owners of the Company and has been fully paid.

Subsequent to the end of current interim period, an interim dividend in respect of the period ended 30 June 2026 of RMB0.15 (before tax) per ordinary share, in an aggregate amount of RMB221,645,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming extraordinary general meeting.

For the period ended 30 June 2025

During the six months ended 30 June 2025, a final dividend of HKD0.22 (equivalent to approximately RMB0.20) (before tax) per ordinary share with total dividends of RMB295,527,000 in respect of the year ended 31 December 2024 was declared to owners of the Company, among which RMB33,335,000 was paid during the six months ended 30 June 2025.

On 29 August 2025, an interim dividend in respect of the period ended 30 June 2025 of HKD0.20 (equivalent to approximately RMB0.18) (before tax) per ordinary share, in an aggregate amount of RMB265,974,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

9. EARNINGS PER SHARE

The calculation of the earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share	336,324	325,903
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,472,159,250	1,472,159,250
Effect of dilutive potential ordinary shares:		
Dilutive effect of shares issued for Pre-IPO Employee Incentive Scheme (as defined in Note 18)	5,974,691	4,144,984
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,478,133,941	1,476,304,234

During the interim period, shares issued for Pre-IPO Employee Incentive Scheme were not included in the calculation of diluted earnings per share, as its inclusion would have been anti-dilutive. Accordingly, diluted earnings per share were the same as basic earnings per share for the period.

10. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS, AND INTANGIBLE ASSETS

During the current interim period, the Group incurred RMB6,398,000 (six months ended 30 June 2025: RMB1,919,000) for purchase of other property, plant and equipment in order to renovate of new office premise and expand/upgrade its manufacturing capabilities.

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 2.33 to 5 years. On date of lease commencement, the Group recognised right-of-use assets of RMB9,515,000 and lease liabilities of RMB9,515,000.

During the six months ended 30 June 2025, the Group entered into several new lease agreements with lease terms ranged from 1.3 to 3 years. On date of lease commencement, the Group recognised right-of-use assets of RMB6,033,000 and lease liabilities of RMB6,033,000.

During the current interim period, the Group purchased RMB11,255,000 (six months ended 30 June 2025: RMB15,818,000) for intangible assets in relation to software.

11. EQUITY INSTRUMENTS AT FVTOCI

The directors of the Company have elected to designate equity instruments in certain listed entities at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

As at 30 June 2026, the carrying amount of equity instruments at FVTOCI is RMB174,614,000 (31 December 2025: RMB276,564,000), net of accumulative fair value loss recognised in the other comprehensive expense of RMB494,083,000 (31 December 2025: RMB389,473,000).

Details of fair value measurement of equity instruments at FVTOCI are set out in Note 19.

12. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Current		
Unlisted funds *(Note (i))*	30,262	28,634
Non-current		
Investment in ordinary shares with other preferential rights	224,000	224,000
Unlisted funds	177,887	183,279
	401,887	407,279
Total	432,149	435,913

Note:

(i) Unlisted funds are classified as current as the management expects to realize these financial assets within twelve months after the end of reporting period.

Details of fair value measurement of financial assets at FVTPL are set out in Note 19.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Current		
Trade receivables *(Note (i))*	86,768	45,674
Other receivables	12,617	7,127
Value-added tax recoverable	23,703	30,686
Advances to staff	4,675	3,239
Lease deposits	3,991	3,210
Prepayments for		
– raw materials, equipment and others	65,513	40,926
– advertising services *(Note (ii))*	24,098	43,212
	221,365	174,074
Non-current		
Trade receivables *(Note (i))*	107,335	–
Prepayments for advertising services *(Note (ii))*	33,225	25,127
Lease deposits	6,749	7,293
	147,309	32,420
Total	368,674	206,494

Notes:

(i) The Group's trade receivables are mainly due from certain royalty and franchising business and sales of equipment. These primarily relate to a number of independent shops for whom there is no significant financial difficulty and based on past experience and management's assessment, the overdue amounts can be recovered. The receivables arising from sales of equipment are secured by the sold equipment, of which, the receivables with maturities over one year are presented as non-current assets.

(ii) The amounts represent certain agreements entered between the Group and various third parties for future advertising services, of which amount of RMB33,225,000 (31 December 2025: RMB25,127,000) are not expected to be utilized within twelve months from the end of the reporting period. Therefore, the corresponding portion of prepayments are classified as non-current assets.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

The following is an aged analysis of trade receivables, presented based on the dates of delivery of goods/rendering of franchising service:

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Within 90 days	157,140	40,439
91 to 180 days	22,042	3,903
181 to 365 days	14,647	700
Over 365 days	274	632
	194,103	45,674

The management of the Group closely monitors the credit quality of trade and other receivables and consider the debts are of a good credit quality.

The Group allows a credit period of 30 days to its franchisees for the royalty and franchising business and a credit period of 18 months to its franchisees for sales of equipment.

As at 31 December 2025 and 30 June 2026, the amount of debtors, included in the Group's trade receivables balances that are past due, is insignificant and the Group is satisfied with the subsequent settlements and the credit quality of these customers had not seen deteriorated.

14. DEFERRED TAX

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Deferred tax assets	133,044	159,391
Deferred tax liabilities	(8,509)	(12,602)
	124,535	146,789

	Timing difference on revenue recognition RMB'000	Tax losses RMB'000	Equity instrument at FVTOCI revaluation RMB'000	Deferred deductible advertising expenses RMB'000	Others* RMB'000	Total RMB'000
At 1 January 2025 (audited)	41,211	5,772	59,927	44,168	(2,417)	148,661
Reclassification	–	44,783	44,783	–	–	–
(Charge) credit to profit or loss	(10,459)	6,045	–	9,515	1,576	6,677
Credit to other comprehensive income	–	–	7,190	–	–	7,190
At 30 June 2025 (unaudited)	30,752	56,600	22,334	53,683	(841)	162,528
(Charge) credit to profit or loss	(5,368)	(7,766)	–	7,754	(11,982)	(17,362)
Credit to other comprehensive income	–	–	1,623	–	–	1,623
At 31 December 2025 (audited)	25,384	48,834	23,957	61,437	(12,823)	146,789
(Charge) credit to profit or loss	(6,323)	7,971	–	(1,928)	1,983	1,703
Charge to other comprehensive income	–	–	(23,957)	–	–	(23,957)
At 30 June 2026 (unaudited)	19,061	56,805	–	59,509	(10,840)	124,535

* Others mainly represent the deferred tax assets and liabilities in relation to temporary differences arising from right-of-use assets and lease liabilities and timing difference on unrealised fair value changes of financial assets at FVTPL, all of which are not material.

15. TRADE AND OTHER PAYABLES

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Trade payables *(Note (i))*	273,791	249,095
Deposits *(Note (ii))*	113,367	119,678
Other payables	56,904	69,141
Other tax payable	43,882	31,317
Payroll payable	32,349	58,282
Operational support service fees *(Note (iii))*	22,602	24,049
Dividends payable to non-controlling interest	11,220	–
	554,115	551,562

Notes:

(i) The outstanding payables mainly represent the amounts payable to suppliers of the finished goods and equipment as at 31 December 2025 and 30 June 2026.

(ii) These amounts represent deposits received from franchisees which will be refunded at the end of their respective franchise periods unless renewals were made.

(iii) The amounts mainly represent service fees payable to regional agents for assisting the Group to provide operational support services mainly in relation to the franchise network in newer regions and also managing and maintaining those corresponding franchisees based on the regional agency contracts.

The credit period of trade payables is generally from 30 to 90 days from the invoice date.

The following is an aged analysis of trade payables presented based on the invoice date:

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Within 90 days	268,480	244,722
91 to 365 days	4,979	4,042
Over 365 days	332	331
	273,791	249,095

16. SHARE CAPITAL

	Number of shares	Amount RMB'000
Ordinary shares of RMB0.1 each		
Authorised, issued and fully paid		
At 1 January 2025 (audited), 30 June 2025 (unaudited), 1 January 2026 (audited) and 30 June 2026 (unaudited)	1,477,634,250	147,763

17. CAPITAL COMMITMENTS

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Capital expenditure in respect of:		
the acquisition of property, plant and equipment and intangible assets contracted for but not provided in the condensed consolidated financial statements	7,556	10,769

18. SHARE-BASED PAYMENTS

On 27 June 2023, the Group has adopted the pre-IPO employee incentive scheme (the "Pre-IPO Employee Incentive Scheme") and established a limited partnership, Tongchuang Gongjin, as the pre-IPO employee incentive platform, with a view to improve the enthusiasm and creativity of the eligible participants of the Pre-IPO Employee Incentive Scheme (the "Eligible Participants"), promoting the sustainable growth of the performance of the Group, bringing value-added benefits to the Eligible Participants while enhancing the value of the Group, and thus realising the common development of both the Eligible Participants and the Group. Tongchuang Gongjin had, in turn, subscribed for 638,600 shares, representing approximately 0.4802% of the total issued shares (as at the date of the adoption of the Pre-IPO Employee Incentive Scheme), including the redeemable shares with other preferential rights.

The Eligible Participants, as limited partners of the pre-IPO employee incentive platform, shall subscribe for partnership interest therein according to the amount approved by the board of directors of the Company, and make the corresponding contribution in accordance with the arrangement of the board of directors of the Company, thereby holding indirect interest in the shares of the Company.

The corresponding interests in Tongchuang Gongjin were granted to Eligible Participants on 10 August 2023 and all contribution payments have been paid in full. The Eligible Participants made aggregate contribution payments of RMB29,433,000 into the pre-IPO employee incentive platform, which in turn subscribed for 638,600 shares of the Company. The subscription price per each corresponding share underlying the awards granted, after Share Subdivision, would be RMB4.609 per share.

18. SHARE-BASED PAYMENTS (continued)

The shares of the Company shall subject to transfer restrictions and such restrictions shall be released in the following manner:

- 30% of the total number of shares shall be released from transfer restrictions from the business day following the first anniversary of the date of listing to the last business day right before the second anniversary of the date of listing;

- 30% of the total number of shares shall be released from transfer restrictions from the business day following the second anniversary of the date of listing to the last business day before the third anniversary of the date of listing; and

- 40% of the total number of shares shall be released from transfer restrictions from the business day following the third anniversary of the date of listing to the last business day before the fourth anniversary of the date of listing.

In addition to the timetable sets forth above, the release of the shares shall be further subject to the achievement of the certain performance targets of the Company and the grantee respectively (individually and collectively, the "Performance Target(s)"). The remuneration committee of the board of directors of the Company shall review and determine the fulfilment of the Performance Target(s), and report to the board of directors of the Company accordingly.

The table below discloses movement of the Pre-IPO Employee Incentive Scheme during the period:

	Number of shares
Outstanding as at 1 January 2025 and 30 June 2025	5,475,000
Release of transfer restrictions completed	(1,153,400)
Outstanding as at 31 December 2025, 1 January 2026 and 30 June 2026	4,321,600

The fair value amounted to RMB37,147,000 of the aforesaid granted shares at grant date, after net of the cash consideration received would be recognised as expense on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

During the current interim period, the Group recognised total corresponding share-based payment expense of RMB3,585,000 (six months ended 30 June 2025: RMB7,433,000.

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The management of the Group have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of financial instruments, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under level 3, the Group establish the appropriate valuation techniques and inputs to the model.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include the lowest level inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets	Fair value as at	Fair value hierarchy	Valuation techniques and key inputs
Ordinary shares with other preferential rights at FVTPL	30 June 2026: RMB224,000,000 31 December 2025: RMB224,000,000	Level 3	Market approach Key inputs: equity value; probability of conversion, redemption and liquidation *(Note)*
Unlisted funds at FVTPL	30 June 2026: RMB208,149,000 31 December 2025: RMB211,913,000	Level 2	Quoted value provided by fund managers
Listed equity instruments at FVTOCI	30 June 2026: RMB174,614,000 31 December 2025: RMB276,564,000	Level 1	Quoted prices in active market

Note: The management of the Group considers the sensitivity analyses on unobservable inputs are insignificant.

Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management of the Group considers carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values.

20. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions with related parties:

i Transactions with related parties

Name of related parties	Relationship	Nature of transactions	Six months ended 30 June 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
成都錕麟商業管理有限公司 (Chengdu Kunlin Commercial Management Co., Ltd.*)	Companies controlled by one of the Controlling Shareholders	Interest expenses on lease liabilities	144	147
成都和錕瑞商業管理有限公司 (Chengdu Hekunrui Commercial Management Co., Ltd.*)	Controlled by one of the Controlling Shareholders	Interest expenses on lease liabilities	126	146
四川臻森商業管理有限公司 (Sichuan Zhensen Commercial Management Co., Ltd.*)	Companies controlled by one of the Controlling Shareholders	Interest expenses on lease liabilities	126	113
Chengdu Jinbosen	Ultimate holding company	Interest expenses on lease liabilities	53	52
Mr. Wang Xiaokun and Ms. Liu Weihong	Controlling Shareholders	Interest expenses on lease liabilities	50	51

* English name is for identification purpose only.

20. RELATED PARTY TRANSACTIONS (Continued)

ii Compensation of key management personnel

The remuneration of directors, supervisors and other members of key management of the Group during the current and preceding interim periods were as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Fees		
Salaries and allowances	6,580	4,743
Retirement benefit scheme contributions	479	353
Share-based compensation benefits	2,103	2,298
	9,162	7,394

21. EVENTS AFTER REPORTING PERIOD

Save as disclosed in Note 8, the Group has no other significant event took place subsequent to 30 June 2026 that needs to be disclosed.

茶百道

Sichuan Baicha Baidao Industrial Co., Ltd.

四川百茶百道實業股份有限公司