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Tenfu (Cayman) Holdings Company Limited

天福 (開曼) 控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6868)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

Financial Highlights

- Revenue for the six months ended 30 June 2025 was approximately RMB672.9 million, decreased by 17.1% as compared with approximately RMB811.3 million for the corresponding period in 2024;
- The gross profit of the Group decreased by 16.5% from RMB424.1 million for the six months ended 30 June 2024 to RMB354.2 million for the six months ended 30 June 2025;
- Gross profit margin for the six months ended 30 June 2025 increased from approximately 52.3% for the six months ended 30 June 2024 to 52.6%;
- Profit for the six months ended 30 June 2025 decreased from RMB69.1 million for the corresponding period in 2024 to RMB48.7 million;
- Basic earnings per share for the six months ended 30 June 2025 amounted to RMB0.04; and
- The Board resolved to pay an interim dividend of HKD0.02 (equivalent to RMB0.018) per share.

The board (the “**Board**”) of directors (the “**Directors**”) of Tenfu (Cayman) Holdings Company Limited (the “**Company**” or “**Tenfu**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024 as below.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Six months ended 30 June	
		2025 Unaudited RMB'000	2024 Unaudited RMB'000
Revenue	5	672,943	811,278
Cost of sales		(318,722)	(387,228)
Gross profit		354,221	424,050
Distribution costs		(156,275)	(184,470)
Administrative expenses		(127,243)	(144,064)
Net impairment reversal on financial assets		308	819
Other income	6	9,299	14,678
Other losses – net	7	(702)	(246)
Operating profit		79,608	110,767
Finance income		3,396	3,069
Finance costs		(12,473)	(11,963)
Finance costs – net		(9,077)	(8,894)
Share of net profits/(losses) of investments accounted for using the equity method		1,299	(2,054)
Profit before income tax		71,830	99,819
Income tax expense	8	(23,083)	(30,705)
Profit for the period attributable to the shareholders of the Company		48,747	69,114
Other comprehensive income for the period		–	–
Total comprehensive income for the period attributable to the shareholders of the Company		48,747	69,114
Earnings per share for profit attributable to the shareholders of the Company			
– Basic earnings per share	9	RMB0.04	RMB0.06
– Diluted earnings per share	9	RMB0.04	RMB0.06

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2025	As at 31 December 2024
		Unaudited	Audited
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		637,587	669,973
Right-of-use assets	11	389,104	404,001
Investment properties		63,754	66,404
Intangible assets		3,205	3,449
Investments accounted for using the equity method		7,239	7,957
Deferred income tax assets		43,047	43,304
Prepayments – non-current portion	12(b)	7,905	7,905
Long-term time deposits, with original maturity over one year		118,000	88,000
		<u>1,269,841</u>	<u>1,290,993</u>
Current assets			
Inventories		894,307	960,195
Trade and other receivables	12(a)	149,442	245,488
Prepayments	12(b)	76,536	88,281
Financial assets at fair value through profit or loss		3,411	3,490
Time deposits		13,000	18,000
Restricted cash		2,550	26,680
Cash and cash equivalents		542,366	340,492
		<u>1,681,612</u>	<u>1,682,626</u>
Total assets		<u><u>2,951,453</u></u>	<u><u>2,973,619</u></u>

		As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
	Note		
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital	13	89,077	89,176
Treasury shares		(705)	(3,028)
Other reserves	14	6,691	10,778
Retained earnings		1,636,836	1,668,500
Total equity		1,731,899	1,765,426
LIABILITIES			
Non-current liabilities			
Borrowings	16	15,000	—
Lease liabilities	11	112,140	120,800
Deferred income of government grants		40,995	42,336
Deferred income tax liabilities		67,957	65,271
Other payable		6,000	6,000
		242,092	234,407
Current liabilities			
Trade and other payables	15	256,025	250,467
Current income tax liabilities		40,111	42,223
Borrowings	16	584,193	571,380
Contract liabilities	17	55,005	67,837
Lease liabilities	11	42,128	41,879
		977,462	973,786
Total liabilities		1,219,554	1,208,193
Total equity and liabilities		2,951,453	2,973,619

NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Group is engaged in the classification, packaging and sales of tea leaves, manufacture and sales of tea snacks, sales of tea ware, catering management, beverage production and sales of pre-packaged food. The Group has manufacturing plants in Fujian Province, Sichuan Province, Guangxi Zhuang Autonomous Region, Guizhou Province and Zhejiang Province, the People's Republic of China (the "PRC") and sells mainly to customers located in the PRC.

The Company was incorporated in the Cayman Islands on 22 April 2010 as an exempted company with limited liability under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company's ordinary shares has been listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 September 2011.

This interim condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Company's board of directors (the "Board") on 18 August 2025.

This interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This financial information is extracted from the full set of condensed consolidated interim financial information for the six months ended 30 June 2025 which has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2024, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		Effective for annual periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025

(b) The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2025 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Group has already commenced an assessment of the impact of these new or amended standards and annual improvements. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when the aforesaid new or amended standard and annual improvements become effective.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

5 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined the operating segments based on these reports.

The Board considers the business from a product perspective. The Board assesses the performance of the operating segments based on a measure of segment profit or loss.

The reportable operating segments derive their revenue primarily from the classification, packaging and sales of tea leaves, manufacture and sales of tea snacks, and sales of tea ware.

Others include revenue from restaurants, hotels, tourists, management services and catering management, beverage production and sales of pre-packaged food and liquor. These are not included within the reportable operating segments as they are not presented separately in the reports provided to the Board.

No geographical segment information is presented as almost all the sales and operating profits of the Group are derived within the PRC and almost all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

The Board assesses the performance of the operating segments based on a measure of adjusted operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the condensed consolidated interim financial information. The common administrative expenses, other gains or losses, other income, financing (including finance costs and interest income), share of results of investments accounted for using equity method and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets consist primarily of right-of-use assets, property, plant and equipment, intangible assets, inventories, trade and other receivables, prepayments, as well as time deposits, cash and cash equivalents and restricted cash held by subsidiaries in mainland China. They exclude investment properties, deferred income tax assets and prepaid tax, as well as time deposits, cash and cash equivalents and restricted cash held by the Company and overseas subsidiaries.

Segment liabilities comprise operating liabilities. They exclude deferred income tax liabilities, current income tax liabilities, dividends payable and other payables due to related parties and directors' and senior management's emoluments payable.

Revenue

Revenue of the Group consists of the following revenue for the six months ended 30 June 2025 and 2024. All revenue is derived from external customers.

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Sales of tea leaves	462,654	571,793
Sales of tea snacks	96,543	110,100
Sales of tea ware	86,943	101,728
Others	26,803	27,657
	672,943	811,278

The segment results for the six months ended 30 June 2025:

	Unaudited			
	Tea leaves	Tea snacks	Tea ware	All other segments
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	462,654	96,543	86,943	26,803
Segment cost of goods sold	(208,075)	(47,374)	(51,169)	(12,104)
Segment results	66,458	9,073	6,356	1,843
Unallocated administrative expenses				(12,719)
Other income				9,299
Other losses – net				(702)
Finance costs – net				(9,077)
Share of net profits of investments accounted for using the equity method				1,299
Profit before income tax				71,830
Income tax expense				(23,083)
Profit for the period				48,747

Other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2025:

	Unaudited					
	Tea leaves	Tea snacks	Tea ware	All other	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	segments	<i>RMB'000</i>	<i>RMB'000</i>
				<i>RMB'000</i>		
Depreciation of property, plant and equipment	20,138	5,988	3,310	1,248	6,258	36,942
Depreciation of investment properties	1,204	308	308	–	830	2,650
Depreciation and amortisation of right-of-use assets	25,239	5,196	4,496	916	–	35,847
Amortisation of intangible assets	22	3	4	–	214	243
Losses on disposal of property, plant and equipment, net	291	46	50	–	–	387
	<u>291</u>	<u>46</u>	<u>50</u>	<u>–</u>	<u>–</u>	<u>387</u>

The segment assets and liabilities as at 30 June 2025 are as follows:

	Unaudited					
	Tea leaves	Tea snacks	Tea ware	All other	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	segments	<i>RMB'000</i>	<i>RMB'000</i>
				<i>RMB'000</i>		
Segment assets	1,804,509	283,307	341,954	204,176	317,507	2,951,453
Segment liabilities	635,393	98,800	79,642	7,450	398,269	1,219,554
	<u>635,393</u>	<u>98,800</u>	<u>79,642</u>	<u>7,450</u>	<u>398,269</u>	<u>1,219,554</u>

The segment results for the six months ended 30 June 2024:

	Unaudited					
	Tea leaves	Tea snacks	Tea ware	All other	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	segments	<i>RMB'000</i>	<i>RMB'000</i>
				<i>RMB'000</i>		
Segment revenue	571,793	110,100	101,728	27,657		811,278
Segment cost of goods sold	(257,622)	(55,229)	(61,159)	(13,218)		(387,228)
Segment results	91,056	11,463	8,717	(1,778)		109,458
Unallocated administrative expenses						(13,123)
Other income						14,678
Other losses – net						(246)
Finance costs – net						(8,894)
Share of net losses of investments accounted for using the equity method						(2,054)
Profit before income tax						99,819
Income tax expense						(30,705)
Profit for the period						69,114

Other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2024:

	Unaudited					
	Tea leaves	Tea snacks	Tea ware	All other segments	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	21,991	6,896	3,724	1,532	6,531	40,674
Depreciation of investment properties	1,208	295	298	-	732	2,533
Depreciation and amortisation of right-of-use assets	27,844	5,334	4,780	617	-	38,575
Amortisation of intangible assets	101	17	24	5	373	520
Losses on disposal of property, plant and equipment, net	125	19	20	(4)	-	160

The segment assets and liabilities as at 31 December 2024 are as follows:

	Audited					
	Tea leaves	Tea snacks	Tea ware	All other segments	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	1,885,257	287,708	347,787	206,879	245,988	2,973,619
Segment liabilities	600,657	102,253	80,267	10,625	414,391	1,208,193

6 OTHER INCOME

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	2,862	6,612
Income from investment properties	6,114	6,453
Others	323	1,613
	<u>9,299</u>	<u>14,678</u>

7 OTHER LOSSES – NET

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>
Losses on disposal of property, plant and equipment, net	387	160
Net foreign exchange losses	236	89
Net fair value losses/(gains) on financial assets at fair value through profit or loss	79	(3)
	<u>702</u>	<u>246</u>

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	20,140	26,429
Deferred income tax	2,943	4,276
Income tax expense	<u>23,083</u>	<u>30,705</u>

(i) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

For the six months ended 30 June 2025 and 2024, Hong Kong profits tax has not been provided for subsidiaries incorporated in Hong Kong as these subsidiaries did not have estimated assessable profit for the period.

(iii) PRC corporate income tax (“CIT”)

For the six months ended 30 June 2025 and 2024, the applicable corporate income tax rate for Mainland China subsidiaries is 25% except for subsidiaries which are qualified as small and micro enterprises and would be entitled to enjoy a beneficial tax rate of 5%.

(iv) PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies established outside the PRC when their PRC subsidiaries declare dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies, including those incorporated in Hong Kong.

Such withholding tax is recorded under deferred income tax. For the six months ended 30 June 2025, Tenfu (Hong Kong) Holdings Co., Ltd., a subsidiary of the Company, applied 5% withholding tax rate (the six months ended 30 June 2024: 5%), on its estimate of deferred income tax. Ten Rui (Hong Kong) Sales Holdings Co., Ltd., a subsidiary of the Company, applied 5% withholding tax rate (the six months ended 30 June 2024: 5%), on its estimate of deferred income tax.

(v) The Organisation for Economic Co-operation and Development (“OECD”) Pillar Two model rules

The Group has operations mainly in Mainland China, Hong Kong, Cayman Islands and British Virgin Islands. It is within the scope of the OECD Pillar Two model rules. The Pillar Two model rules in Hong Kong came into effect from 1 January 2025. As of the reporting date, there is no public announcement in jurisdictions including Mainland China, Cayman Islands and British Virgin Islands.

The Group has performed an assessment of the potential exposure of the Group with respect to Pillar Two Global Anti-Base Erosion Proposal (“GloBE”) Rules. The assessment is based on the most recently available financial information and financial performance. The Group has estimated that the potential exposure for the reporting period ended 30 June 2025 is immaterial.

9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
Profit attributable to the shareholders of the Company (RMB'000)	48,747	69,114
Weighted average number of ordinary shares in issue ('000)	1,083,698	1,086,241
Basic earnings per share (RMB)	0.04	0.06

10 DIVIDENDS

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Interim dividend declared	19,504	29,326

Diluted earnings per share for the six months ended 30 June 2025 and 2024 were the same as the basic earnings per share as there were no dilutive instruments during the periods.

An interim dividend for 2025 of HKD2 cents (equivalent to RMB1.8 cents) (interim dividend for 2024: HKD3 cents (equivalent to RMB2.7 cents)) per share was declared by the Board on 18 August 2025 using RMB19,504,000 of the retained earnings (interim dividend for 2024: RMB29,326,000). This interim dividend, amounting to HKD21,671,000 (equivalent to RMB19,504,000) (interim dividend for 2024: HKD32,584,000 (equivalent to RMB29,326,000)), has not been recognised as liability in these interim condensed consolidated financial statements. It will be reflected as an appropriation of retained earnings for the year ending 31 December 2025. Similarly, the interim dividend for 2024 declared by the Board on 19 August 2024 was reflected as an appropriation of retained earnings for the year ended 31 December 2024 after 30 June 2024.

The final dividend for 2024 of HKD86,778,000 (equivalent to RMB80,411,000) and the one for 2023 of HKD130,605,000 (equivalent to RMB120,669,000) had been reflected as an appropriation of retained earnings for the six months ended 30 June 2025 and 2024 respectively after obtaining the approval from the shareholders at the Company's annual general meeting held on 9 May 2025 and 10 May 2024 respectively.

The dividend paid in the six months ended 30 June 2025 were RMB80,411,000 (six months ended 30 June 2024: RMB120,669,000).

11 LEASES

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 audited RMB'000
Right-of-use assets		
– Land use rights	238,226	245,306
– Retail shops	150,878	158,695
	<u>389,104</u>	<u>404,001</u>
Lease liabilities		
– Current	42,128	41,879
– Non-current	112,140	120,800
	<u>154,268</u>	<u>162,679</u>

(ii) Amounts recognised in the statement of comprehensive income

The statement of profit or loss shows the following amounts relating to leases:

	Unaudited					
	2025			2024		
	Retail Shops	Land use	Total	Retail	Land use	Total
	RMB'000	rights	RMB'000	Shops	rights	RMB'000
		RMB'000		RMB'000	RMB'000	
Depreciation and amortisation charge of right-of-use assets						
Distribution costs	25,412	5,484	30,896	28,613	6,012	34,625
Administrative expenses	3,355	156	3,511	2,354	156	2,510
Cost of sales	–	1,440	1,440	–	1,440	1,440
	<u>28,767</u>	<u>7,080</u>	<u>35,847</u>	<u>30,967</u>	<u>7,608</u>	<u>38,575</u>
Interest expense (including in finance cost)			3,386			3,949
Expense relating to short-term leases			8,289			12,293
Total charges to the statement of comprehensive income			<u>47,522</u>			<u>54,817</u>

The total cash outflow for leases during the period was RMB32,746,000(30 June 2024: RMB33,269,000).

12 TRADE RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Trade receivables due from third parties	126,763	222,395
Trade receivables due from related parties	8,391	9,548
Total trade receivables	135,154	231,943
Less: provision for impairment	(1,249)	(1,557)
Trade receivables, net	133,905	230,386
Interest receivable on time deposits	4,427	4,043
Dividend receivable from investment in associates	1,671	2,655
Others	9,439	8,404
	15,537	15,102
Trade and other receivables	149,442	245,488

Most of the Group's sales are settled in cash or in bills by its customers. Credit sales are made to selected customers with good credit history with a credit term of 140 days.

The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Up to 140 days	123,604	224,427
141 days to 6 months	2,046	1,629
6 months to 1 year	7,333	4,282
1 year to 2 years	1,485	704
Over 2 years	686	901
	135,154	231,943

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(b) Prepayments

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Non-current		
Prepayments for property, plant and equipment	7,905	7,905
Current		
Prepayments for lease of property and lease deposits	18,154	22,143
Prepayments to related parties	1,521	12,034
Prepayments for raw materials and packaging materials	37,493	34,838
Tax recoverable	19,368	19,266
	76,536	88,281
	84,441	96,186

13 SHARE CAPITAL AND TREASURY SHARES

	Number of authorised shares (thousands)	Number of issued shares (thousands)	Unaudited Ordinary shares (nominal value) RMB'000	Treasury shares RMB'000	Total RMB'000
At 1 January 2024	8,000,000	1,088,377	89,474	(9,112)	80,362
Repurchase of shares	—	—	—	(957)	(957)
Cancellation of shares	—	(2,247)	(184)	9,922	9,738
At 30 June 2024	8,000,000	1,086,130	89,290	(147)	89,143
At 1 January 2025	8,000,000	1,084,730	89,176	(3,028)	86,148
Repurchase of shares	—	—	—	(1,857)	(1,857)
Cancellation of shares	—	(1,198)	(99)	4,180	4,081
At 30 June 2025	8,000,000	1,083,532	89,077	(705)	88,372

(i) Details of treasury shares

	Number of issued shares (thousands)
At 1 January 2024	2,034
Repurchase of shares	248
Cancellation of shares	(2,247)
	<hr/>
At 30 June 2024	35
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At 1 January 2025	834
Repurchase of shares	603
Cancellation of shares	(1,198)
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At 30 June 2025	239
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The Company repurchased 248,000 ordinary shares of its own through the Stock Exchange from 1 January 2024 to 30 June 2024. The total value of shares repurchased was approximately HKD1,054,000 (approximately RMB957,000) and has been deducted from shareholders' equity, and the actual payment made for the repurchase was RMB959,000 due to the directly attributable incremental costs for shares repurchased before the shares are cancelled.

As at 30 June 2024, the Company cancelled 2,247,000 shares. After the cancellation, the Company's ordinary shares in issue were reduced from 1,088,377,460 to 1,086,130,460. The amount of share capital was deducted accordingly.

The Company repurchased 603,000 ordinary shares of its own through the Stock Exchange from 1 January 2025 to 30 June 2025. The total value of shares repurchased was approximately HKD2,014,000 (approximately RMB1,857,000) and has been deducted from shareholders' equity, and the actual payment made for the repurchase was RMB1,863,000 due to the directly attributable incremental costs for shares repurchased before the shares are cancelled.

As at 30 June 2025, the Company cancelled 1,198,000 shares. After the cancellation, the Company's ordinary shares in issue were reduced from 1,084,730,460 to 1,083,532,460. The amount of share capital was deducted accordingly.

14 OTHER RESERVES

	Merger reserve RMB'000	Capital reserve RMB'000	Unaudited Statutory reserves RMB'000	Other RMB'000	Total RMB'000
At 1 January 2024	278,811	231	342,056	(614,841)	6,257
Cancellation of shares	—	—	—	(9,740)	(9,740)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2024	278,811	231	342,056	(624,581)	(3,483)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 January 2025	278,811	231	361,002	(629,266)	10,778
Cancellation of shares	—	—	—	(4,087)	(4,087)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2025	278,811	231	361,002	(633,353)	6,691
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the six months ended 30 June 2025, the Company cancelled 1,198,000 shares (six months ended 30 June 2024: 2,247,000 shares) repurchased, resulted in a reduction to other reserve by RMB4,087,000 (six months ended 30 June 2024: RMB9,740,000) including the expenses attributable to the cancellation.

15 TRADE AND OTHER PAYABLES

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Trade payables – due to third parties	68,173	69,017
Trade payables – due to related parties	17,571	25,177
	<hr/>	<hr/>
Total trade payables	93,350	84,043
	<hr/>	<hr/>
Notes Payable	8,500	–
Deposits	88,728	88,965
Payables for property, plant and equipment	2,005	4,508
Other taxes payable	16,339	23,782
Employee benefit payables	25,973	34,647
Others	21,130	14,522
	<hr/>	<hr/>
	256,025	250,467
	<hr/> <hr/>	<hr/> <hr/>

The ageing analysis of trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Up to 6 months	93,083	83,728
6 months to 1 year	–	32
1 year to 2 years	23	45
Over 2 years	244	238
	<hr/>	<hr/>
	93,350	84,043
	<hr/> <hr/>	<hr/> <hr/>

16 BORROWINGS

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Long-term bank borrowings		
– Guaranteed and unsecured	15,000	59,760
Less: Long-term borrowings to be settled within one year	–	(59,760)
Total guaranteed and unsecured (i)	15,000	–
Short-term bank borrowings		
– Guaranteed and unsecured	559,193	486,620
Add: Long-term borrowings to be settled within one year	–	59,760
Total guaranteed and unsecured (ii)	559,193	546,380
– Unguaranteed and unsecured	25,000	25,000
Total short-term bank borrowings	584,193	571,380
Total borrowings	599,193	571,380

- (i) As at 30 June 2025, long-term bank borrowings of RMB15,000,000 were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling, Mr. Lee Kuo-Lin, all of them are directors of the Company, and the subsidiaries of the Company, either separately or jointly. The borrowing bears interest at the rates quoted by People's Bank of China from time to time and requires one time repayment at 2026.
- (ii) As at 30 June 2025, short-term bank borrowings of RMB559,193,000 (31 December 2024: RMB546,380,000) were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling, Mr. Lee Kuo-Lin, all of them are directors of the Company, and the subsidiaries of the Company, either separately or jointly.

17 CONTRACT LIABILITIES

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Advance receipts from customers	44,817	56,177
Deferred revenue: customer loyalty programme	10,188	11,660
	55,005	67,837

The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to redeem products of the Group in the future. Accordingly certain portion of the revenue from sale transaction is required to be deferred. Revenue from the reward points is recognised when the points are redeemed. Unused reward points will expire within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

In the first half of 2025, the Group achieved revenue of RMB672.9 million, down 17.1% from the corresponding period in 2024, and recorded profit for the period of RMB48.7 million, down 29.5% from the corresponding period in 2024. The decrease in the Group's revenue for the period was mainly due to the weak consumption market and overall economic conditions affected by multiple global factors.

In the first half of 2025, the global economy continued to face multiple risks such as rising inflation, geopolitical tensions and fluctuations in energy and commodity prices. Under the macro environment, the PRC government actively rolled out a series of policies and measures to promote consumption, focusing on expanding domestic demand and unleashing the potential of consumption. The consumer market demonstrated continuing and slow recovery. Consumers are increasing their concern about product quality, health and convenience, becoming more rational in consumption decisions, and focused on products with value, while paying attention to quality and practical demands. In response to the market development, the Group has further enhanced its organizational coordination, utilized its advantages in supply chain, maximized its resources utilization efficiency and strengthened its market position. The following measures have been taken to promote the efficiency of its operations, including further expanding its network, actively promoting the customer loyalty programme, consolidating and developing customer base, increasing release of marketing program and education and training for the employees, improving employees' benefits, while controlling expenditures.

- 1. Leading brand position.** The Company has been awarded the titles of “2024 China Tea Industry “Enterprise of the Year” (2024中國茶行業“年度企業”)” by Forbes and “2024 Top 10 Tea Enterprise Brands in China (2024中國茶企業品牌TOP10)” by Chinese Tea Brand Value Evaluation Task Force (中國茶品牌價值評價工作組). The Company has been awarded the title of “2024 Key Tea Enterprise (Formerly Top 100 Tea Industry Enterprise) (2024年度茶葉重點(原百強)企業)” and “China's Tea Industry Comprehensive Top 100 Enterprises (中國茶葉行業百強企業)” by the China Tea Marketing Association from 2013 to 2024. The Company was listed in the list of each of “Evergreen Companies in the Tea Industry (茶業常青藤企業)”, “2024 Top Enterprises with Comprehensive Competitiveness in the Tea Industry (2024年度茶葉綜合競爭強力企業)”, “Benchmark Brands for Tea Industry Competitiveness 2022 (2022年度茶業市場競爭力標桿品牌)”, “Leading Tea Enterprises for Comprehensive Strength 2023 (2023年度綜合實力引領茶企業)” and “Key Tea Enterprises 2023 (2023年度重點茶企)” by China Tea Marketing Association. Pursuant to the data from Chinese Enterprises Brands Research Centre (中國企業品牌研究中心), Tenfu ranked first among 2019 China's chain stores of tea in terms of brand index, the “Tenfu” (天福) brand has one of the highest levels of brand awareness amongst tea product consumers in the PRC. The Company was also granted the award of “Zhangzhou Time-Honored Brand (漳州老字號)”, “Zhangzhou Municipal Pilot Unit for Quality Empowerment in Industrial and Supply Chains (漳州市產業鏈供應鏈質量賦能試點單位)”, “2nd Zhangzhou Municipal Government Quality (第二屆漳州市政府品質獎稱號)” by Zhangzhou municipal government and “Enterprise with Outstanding Economic Contribution 2022 (2022年度突出經濟貢獻企業)” by Zhangpu county government, respectively. Mr. Lee Rie-Ho, the chairman of the Board, obtained the honorary title of Outstanding Chinese Tea People (Lifetime Achievement) in November 2020 and listed

as one of the tea industry influencers in 2022 by Chinese Tea Association and China Tea Industry Alliance. The tea mooncakes of the Group have been awarded the honorable titles of Golden Mooncakes (金牌月餅) and China Mooncakes (中國名餅) for the five consecutive years from 2016 to 2020. The tea mooncakes of the Group also won the first prize for China Mooncake Quality (中華月餅品質一等獎) in 2019 and honorable titles of Golden Mooncakes (金牌月餅) and China Mooncakes (中國名餅) in the China Mooncake Festivals in 2022 and 2023. With its high level of brand awareness and more than 25 years of presence in the market, the Group believes that it is in a strong position to continue to occupy a large market share of branded traditional Chinese tea leaves and wait for the market re-bounce.

2. **Adjusting and optimising sales network.** The Group has continued adjusting retail outlets and retail points with a view to optimising the reach of its sales network for its tea products in the PRC. As at 30 June 2025, the Group had a total of 1,335 self-owned and third-party owned retail outlets and retail points, down a net of 14 retail stores and retail points from a total of 1,349 as at 31 December 2024.
3. **Adjustment in each tea product category and development of diversified product lines.** In the first half of 2025, the Group adjusted its tea product categories improved packages. The Group also established a food research and development department to develop diversified traditional food, such as Pork Crispy Strips and Instant Bird's Nest.
4. **Strengthened costs control.** The Group has strengthened its costs control on all items in accordance with prevailing economic environment and market conditions, and as a result, the aggregate of distribution costs and administrative expenses decreased as compared with the corresponding period in 2024.
5. **Anti-counterfeiting effort.** The Group has implemented a security code for each product, which has covered most of the products. The customers can easily check and confirm the product authenticity.
6. **Environmental, social and governance (“ESG”) endeavours.** The Company obtained the best practice awards of Wind ESG in the fast consumer goods industry for Hong Kong listing companies in 2022 (2022年度Wind ESG港股日常消費行業最佳實踐獎). The Company ranked no. 4 for Wind ESG Rating Distribution (Beverage) in 2023. The Company ranked A for Wind ESG Comprehensive Score Industry Ranking (Beverage) in 2024.

In the second half of 2025, the Group will cater its plans to keep its market share, continue with its expansion, optimise its network of self-owned and third-party owned retail outlets and retail points. In particular, the Group plans to:

1. **Continue to adjust and optimise its retail sales network.** The Group will further adjust retail outlets and retail points, including both self-owned and third-party owned retail outlets and retail points, according to the economic development of the PRC. As part of this goal, the Group plans to identify, establish and keep new retail outlets on high-traffic streets in the central business districts of selected cities, as well as retail points in popular shopping malls, actively expand networks in third-tier and fourth-tier and small cities, and develop quality distributors to increase sales of its tea products. To capture more customers who prefer to buy their tea products online, the Group continues to promote internet sales through its subsidiary, namely, Xiamen Tianyu Commerce and Trading Co., Limited (廈門天鈺商貿有限公司). The Group will continue to monitor other opportunities for multi-channel sales and distribution network, which enables the Group to access a broad market audience and penetrate into different regions in the PRC, and continue to rapidly expand their sales. There has been a significant increase in customer stickiness to online consumption. The accelerated development of digital economy continued to drive the upgrading of online consumption and the online and offline integration speeded up, accelerating the development of emerging consumption models such as food delivery and delivery-to-home services. Consumer demands showed a trend of diversified, personalised and rational development. Consumption appeared more polarized, with high-end and affordable products each having their own market. The Group upholds a value-based marketing strategy, continues to cultivate both offline and online diversified channels, develop products with ingenuity and insist on innovation to satisfy consumers' demands.
2. **Continue to enhance brand reputation and consumer awareness.** The Group plans to maintain and promote its high level of brand awareness through targeted marketing and promotional activities. As part of these promotional activities, the Group plans to make further efforts to promote its products and brands during traditional Chinese festivals, and actively hold tea ware exhibition, pu'er tea expo, new tea tasting events and tea art education activities for enhancement of communication and interactions with customers in order to maintain and promote the well-known "Tenfu" (天福) brand. The Group also plans to continue the promotion of an enhanced rewards program for its customers in order to encourage repeating business and increase customer loyalty.
3. **Continue to develop new concepts for tea-related products.** The Group believes that a broad portfolio of products will help it maintain its leading brand position and keep pace with constantly changing consumer preferences and trends. To this end, the Group will continue the development of tea and tea-related products to meet market requirements, as well as creating the trend and leading the trend. The Group offers the tea drink (including milk tea) with the trademark of "放牛斑". The Group will further monitor the opportunity and expand its market share in other tea products once available.

4. **Expand production capacity through the increase of the number of processing facilities.** The Group acquired land in Xiapu county, Ningde, Fujian Province, for construction of a processing facility of white tea, which started processing tea leaves in April 2025. The Group plans to cater for future growth and anticipated increases in the demand for tea and tea-related products by expanding production capacity when suitable acquisition opportunities arise or suitable construction sites can be acquired. The Group has production facilities strategically located in different parts of the PRC, which would achieve optimisation in procurement costs.
5. **Quality control.** The Group considers product quality control to be essential to its operations, and places particular emphasis on inspecting and controlling the quality of raw materials in its supply chain. The Group will continue its commitment to quality assurance going forward by further enhancing its internal testing capabilities. In October 2015, the Group got the qualification certification for its egg roll and candy production line and related auxiliary areas, reaching the consolidated standards for prerequisite and food safety programs of American Institute of Baking. Tea mooncakes of the Group have obtained the titles of “high quality mooncakes”, “Golden Mooncakes” and “China Mooncakes” of China Mooncakes Culture Festival since 2012 for 11 consecutive years. In the meantime, the Company also implemented one product, one bar-code anti-counterfeiting traceability system at all factories. Longjing tea of the Group was regarded as the raw materials of Longjing tea sensory grading standard samples developed according to GB/T18650-2008 geographical indication product Longjing tea.

Looking forward, the Group’s primary goal is to continue growing its business and increasing its market share by leveraging on its strong market position and sales network and the anticipated long-term growth in the PRC tea market.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2025, the Group was engaged in the sales and marketing of a comprehensive range of tea products and the development of product concepts, tastes and packaging designs. The Group has manufacturing plants in Fujian province, Sichuan province, Zhejiang province, Guangxi Zhuang Autonomous Region and Guizhou province, the PRC. The Group's key products are tea leaves, tea snacks and tea ware, which it sells through a nationwide network of self-owned and third-party owned retail outlets and retail points. The Group has started the sales of tea drink (including milk tea, with the trademark of “放牛斑”).

During the six months ended 30 June 2025, the Group derived substantially all of its revenue from the sales of tea leaves, tea snacks and tea ware. The revenue of the Group decreased by 17.1% from RMB811.3 million for the six months ended 30 June 2024 to RMB672.9 million for the six months ended 30 June 2025. The following table sets forth a breakdown of revenue by product category for the periods indicated:

	Six months ended 30 June			
	2025		2024	
	RMB'000	%	RMB'000	%
Revenue contributed from:				
Sales of tea leaves	462,654	68.8	571,793	70.5
Sales of tea snacks	96,543	14.3	110,100	13.6
Sales of tea ware	86,943	12.9	101,728	12.5
Others ⁽¹⁾	26,803	4.0	27,657	3.4
Total	<u>672,943</u>	<u>100.0</u>	<u>811,278</u>	<u>100.0</u>

Notes:

- (1) “Others” include revenue from restaurants, hotels, tourists, management services and catering management, beverage production and sales of pre-packaged food and liquor. The Group derived its revenue from these operations through the provision of accommodation, food and beverages and other ancillary services and ticket sales from its tea museums.
- (2) Each of the figures is rounded up to one decimal place and may not add up due to rounding.

Revenue from sales of the Group's tea leaves decreased by 19.1% from RMB571.8 million for the six months ended 30 June 2024 to RMB462.7 million for the six months ended 30 June 2025. Revenue from sales of the Group's tea snacks decreased by 12.3% from RMB110.1 million for the six months ended 30 June 2024 to RMB96.5 million for the six months ended 30 June 2025. Revenue from sales of the Group's tea ware decreased by 14.5% from RMB101.7 million for the six months ended 30 June 2024 to RMB86.9 million for the six months ended 30 June 2025. The decrease in revenue across all three product categories were mainly due to weak consumer market.

As at 30 June 2025, the Group had approximately 151 self-owned retail outlets and 1,184 distributors' stores throughout Mainland China accounted for approximately 35.4% and 60.6% of the total revenue respectively, compared with approximately 157 self-owned retail outlets and 1,192 distributors' stores as at 31 December 2024.

Cost of sales

Cost of sales of the Group primarily comprises costs of inventories (mainly including costs of raw materials) and labour costs. Cost of sales of the Group decreased by 17.7% from RMB387.2 million for the six months ended 30 June 2024 to RMB318.7 million for the six months ended 30 June 2025, primarily due to a decrease in sales.

Gross profit and gross profit margin

As a result of decrease in revenue, gross profit of the Group decreased by 16.5% from RMB424.1 million for the six months ended 30 June 2024 to RMB354.2 million for the six months ended 30 June 2025, with gross profit margin increasing from 52.3% for the six months ended 30 June 2024 to 52.6% for the six months ended 30 June 2025 due to cost control measures on raw materials and labour cost.

Distribution costs

The distribution costs of the Group decreased by 15.3% from RMB184.5 million for the six months ended 30 June 2024 to RMB156.3 million for the six months ended 30 June 2025. The decrease of distribution costs was primarily due to a decrease of self-owned retail outlets and cost control measures of the Group to reduce costs and increase efficiency.

Administrative expenses

Administrative expenses for the Group decrease by 11.7% from RMB144.1 million for the six months ended 30 June 2024 to RMB127.2 million for the six months ended 30 June 2025. The decrease was primarily due to further cost control measures on various aspects, including labour cost by effective use of human resources.

Other income

Other income of the Group decreased by 36.6% from RMB14.7 million for the six months ended 30 June 2024 to RMB9.3 million for the six months ended 30 June 2025. The decrease was primarily due to a decrease in the PRC government grants which were recognised as income, reduced from RMB6.6 million for the six months ended 30 June 2024 to RMB2.9 million for the six months ended 30 June 2025.

Other losses – net

Other losses of the Group was RMB0.7 million for the six months ended 30 June 2025, as compared to other losses of RMB0.2 million for the six months ended 30 June 2024, primarily due to an increase in losses on disposal of property, plant and equipment.

Finance income

Finance income of the Group increased from RMB3.1 million for the six months ended 30 June 2024 to RMB3.4 million for the six months ended 30 June 2025, primarily due to an increase in interest income.

Finance costs

Finance costs of the Group increased by 4.3% from RMB12.0 million for the six months ended 30 June 2024 to RMB12.5 million for the six months ended 30 June 2025, reflecting an increase in net foreign exchange losses.

Share of net profits/(losses) of investments accounted for using the equity method

Share of net profits/(losses) of investments accounted for using the equity method of the Group was a net profit amounting to RMB1.3 million and a net loss amounting to RMB2.1 million for the six months ended 30 June 2025 and 2024, respectively. The increase was primarily due to the profits gain from invested business.

Income tax expense

Income tax expense of the Group decrease by 24.8% from RMB30.7 million for the six months ended 30 June 2024 to RMB23.1 million for the six months ended 30 June 2025, primarily due to a decrease in the Group's profit before tax from RMB99.8 million for the six months ended 30 June 2024 to RMB71.8 million for the six months ended 30 June 2025. In addition, the effective tax rate of the Group increased from 30.8% to 32.1%, primarily due to the increase in the accumulated loss of unrecognised deferred income tax assets.

Profit for the period

As a result of the foregoing factors, the profit of the Group, all of which was attributable to the owners of the Company, decreased by RMB20.3 million, or 29.5%, from RMB69.1 million for the six months ended 30 June 2024 to RMB48.7 million for the six months ended 30 June 2025. Net profit margin of the Group decreased from 8.5% for the six months ended 30 June 2024 to 7.2% for the six months ended 30 June 2025, primarily due to a decrease in revenue.

Liquidity and capital resources

Cash position

The operations of the Group are capital intensive, and its liquidity requirements arise principally from the need for working capital to finance its operations and expansions. The Group has historically met its working capital and other capital requirements principally from cash generated from its operations, bank borrowings and capital contributions by its shareholders (the “Shareholders”).

The Group’s cash and cash equivalents increased by RMB201.9 million, or 59.3%, from RMB340.5 million as at 31 December 2024 to RMB542.4 million as at 30 June 2025, primarily due to cash generated from operations.

The Group had net cash inflow from operating activities of RMB292.0 million, net cash outflow from investing activities of RMB26.0 million and net cash outflow from financing activities of RMB63.1 million for the six months ended 30 June 2025.

Bank borrowings and gearing ratio

The Group had total bank borrowings of RMB599.2 million as at 30 June 2025 as compared to RMB571.4 million as at 31 December 2024. As at 30 June 2025, the weighted average effective interest rate of the Group’s long-term and short-term bank borrowings was 2.60%, and 2.53%, respectively; and the Group’s bank borrowings in the amount of RMB589,200,000 were denominated in RMB. Bank borrowings as at 30 June 2025 and those in corresponding period last year were charged at variable interest rates.

As at 30 June 2025, long-term bank borrowings of RMB15.0 million and short-term bank borrowings of RMB559,193,000 were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling, Mr. Lee Kuo-Lin, all of them are Directors, and the subsidiaries of the Company, either separately or jointly. As at 31 December 2024, short-term bank borrowings of RMB546,380,000 were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, all of them are the Directors, and the subsidiaries of the Company, either separately or jointly.

The Directors are of the view that the guarantee of bank borrowings of RMB559,193,000 as at 30 June 2025 by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, being a form of financial assistance (as defined in the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) for the benefit of the Group, was on normal commercial terms where no security over the assets of the Group was granted in respect of such financial assistance provided by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin. Accordingly, such guarantee is exempt from all reporting, announcement and independent Shareholders’ approval requirements pursuant to Rule 14A.90 of the Listing Rules.

The Group regularly monitors its gearing ratio, which represents net debt as a percentage of total equity. Net debt is calculated as total borrowings (including current and non-current borrowings) add lease liabilities less cash and cash equivalents. As at 30 June 2025, the gearing ratio of the Group was 12.2%, compared to 22.3% as at 31 December 2024. The decrease during the first half of 2025 was primarily due to an increase in cash and cash equivalents.

Working capital

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Trade and other receivables	149,442	245,488
Trade and other payables	256,025	250,467
Inventories	894,307	960,195
Trade receivables turnover days ⁽¹⁾	73	80
Trade payables turnover days ⁽²⁾	50	48
Inventories turnover days ⁽³⁾	524	470

Notes:

- (1) Trade receivables turnover days = the average of the beginning and ending trade receivables balances for the period, divided by revenue from wholesales to third-party retailers plus sales from the Group's self-owned retail points located in hypermarkets and department stores and sales through other sales channels mainly representing wholesales to other end customers for the period, multiplied by the number of days in the period.
- (2) Trade payables turnover days = the average of the beginning and ending trade payables balances for the period, divided by cost of sales for the period, multiplied by the number of days in the period.
- (3) Inventories turnover days = the average of the beginning and ending inventory balances for the period, divided by the cost of sales for the period, multiplied by the number of days in the period.

The Group's trade and other receivables represent primarily balances due from third-party retailers. The Group's trade and other receivables decreased by RMB96.0 million from RMB245.5 million as at 31 December 2024 to RMB149.4 million as at 30 June 2025, primarily due to settlement of trade receivables from the third parties.

The Group's trade and other payables principally comprise payables to its raw material suppliers, employee benefit payables, other taxes payable, accrued operating expenses and advances from customers. The Group's trade and other payables increased from RMB250.5 million as at 31 December 2024 to RMB256.0 million as at 30 June 2025, primarily due to increase in trade payables due to third parties.

The Group's inventories comprise raw materials (including packaging materials), work-in-progress and finished goods. The Group's inventories decreased from RMB960.2 million as at 31 December 2024 to RMB894.3 million as at 30 June 2025, because of a decrease in procurement volume.

As at 30 June 2025, the Group has sufficient working capital and financial resources to support its regular operations.

Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB, since all of its operating subsidiaries are based in the PRC. As at 30 June 2025, most of the operating entities' revenues, expenses, assets and liabilities were denominated in RMB. The Group's foreign exchange risk mainly arises from the portion of its sales and purchases of products denominated in USD and JPY and financing activities denominated in HKD. The Directors are of the view that the Group does not have significant foreign currency risk.

Any future depreciation of RMB could adversely affect the value of any dividends the Group pays to its Shareholders. There are limited hedging instruments available in the PRC to reduce our exposure to exchange rate fluctuations between the RMB and other currencies. The Group currently does not engage in hedging activities designed or intended to manage such exchange rate risk.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2025.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2025, the Group had a total of 3,302 employees, with 3,297 employees based in the PRC and 5 employees based in Hong Kong. For the six months ended 30 June 2025, the labour cost of the Group was RMB145.4 million, compared to RMB163.3 million for the corresponding period in 2024.

The Group's employee remuneration policy is determined by reference to factors such as remuneration in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Group conducts performance appraisal once every year for its employees, the results of which are applied in annual salary review and promotional assessment. The Group's employees are considered for annual bonuses according to certain performance criteria and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations.

The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve customer service. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute during the six months ended 30 June 2025.

OTHER INFORMATION

Purchase, Sales or Redemption of Shares

During the six months ended 30 June 2025, the Company repurchased a total of 603,000 shares of the Company (the “**Shares**”) on the Stock Exchange at an aggregate consideration of HK\$2,006,520. On 21 January 2025, 10 April 2025 and 26 May 2025, respectively, 869,000, 106,000 and 223,000 Shares repurchased were cancelled. There were 239,000 Shares repurchased for cancellation but not yet cancelled as at 30 June 2025. Subsequently, the Company had repurchased a total of 65,000 Shares at the aggregate consideration of HK\$207,630 in July 2025 and on 9 July 2025 and 24 July 2025, respectively, 251,000 and 53,000 Shares repurchased were cancelled. As at the date of this announcement, all outstanding repurchased shares were cancelled. There are no treasury shares held by the Company as at 30 June 2025 and the date of this announcement.

Details of the Share repurchases during the six months ended 30 June 2025 are as follows:

Month	Total number of Shares repurchased	Purchase price paid per Share		Aggregate consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
2025				
January	35,000	3.96	3.67	132,430
March	61,000	3.50	3.37	208,810
April	167,000	3.46	3.30	564,390
May	221,000	3.39	3.12	718,470
June	119,000	3.31	3.12	382,420
	<u>603,000</u>			<u>2,006,520</u>

The Board considers that the current trading price of the Shares does not reflect their intrinsic value. The Board believes that the Share repurchases reflected the Company’s confidence in its long-term business prospects and would ultimately benefit the Company and create value for the Shareholders. The Board also believes that the Company’s strong financial position will enable it to conduct the Share repurchases while maintaining a solid financial position for the continuation of the Company’s business and growth in the current financial year.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares) during the six months ended 30 June 2025.

Corporate Governance

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. For the six months ended 30 June 2025, the Company has complied with the code provisions included in the Corporate Governance Code (the **"CG Code"**) as set out in Appendix C1 of the Listing Rules and there has been no deviation from the code provisions as set forth under the CG Code for the six months ended 30 June 2025.

Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the **"Model Code"**) as set out in Appendix C3 of the Listing Rules as the code for dealings in securities transactions by the Directors. Specific enquiries have been made with all Directors and they have confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

Interim Dividend

At the Board meeting held on 18 August 2025, it was resolved that an interim dividend of HK\$0.02 (equivalent to RMB0.018) per Share (2024 interim dividend: HK\$0.03 (equivalent to RMB0.027) per Share) be paid on or around 29 September 2025 to the Shareholders whose names appear on the Company's register of members on 8 September 2025 (i.e. record date). The dividend is intended to be ordinary in nature. The total amount of the dividend to be paid is approximately 50% of the consolidated after tax net profit of the Group for the six months ended 30 June 2025, which is similar to the basis of dividend paid for the same period last year.

The Company held no treasury shares (including any treasury shares held or deposited with Central Clearing and Settlement System (**"CCASS"**)) as at the date of this announcement. Any treasury shares would not receive the dividend. If the Company repurchases any Shares before the ex-date for the dividend but has not withdrawn the Shares from CCASS for cancellation on or before the record date, the Company will instruct the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, to exclude such repurchased Shares in determining the entitlements under the name of HKSCC Nominees Limited. The Company and its relevant broker will notify Hong Kong Securities Clearing Company Limited (**"HKSCC"**) the number of such repurchased Shares held in CCASS, details of the broker and other information HKSCC may prescribe from time to time.

Closure of Register of Members

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from 4 September 2025 to 8 September 2025, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to qualify for the interim dividend, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 3 September 2025.

Review of Accounts

The audit committee of the Company (the “**Audit Committee**”) comprises the three independent non-executive Directors and one non-executive Director. The Audit Committee and the Company’s management have reviewed the accounting principles and practices adopted by the Group, and discussed risk management, internal control and financial reporting matters including review of the unaudited interim results of the Group for the six months ended 30 June 2025. The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 have also been reviewed by PricewaterhouseCoopers, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

Publication of Interim Report

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.tenfu.com>). The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be made available for review on the aforesaid websites in due course.

By order of the Board
Tenfu (Cayman) Holdings Company Limited
Lee Chia Ling
Director

Hong Kong, 18 August 2025

As at the date of this announcement, the Board comprises nine members, of which Mr. Lee Rie-Ho, Mr. Lee Chia Ling, Mr. Lee Kuo-Lin, Dr. Fan Ren Da, Anthony and Mr. Zhang Honghai are the executive Directors; Mr. Tseng Ming-Sung is the non-executive Director; and Mr. Lo Wah Wai, Mr. Lee Kwan Hung, Eddie and Dr. Huang Wei are the independent non-executive Directors.