



唐宮(中國)控股有限公司

TANG PALACE (CHINA) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1181

2014 INTERIM REPORT



唐
TANG
PALACE
宮

香港唐宮飲食集團

HONG KONG TANG PALACE FOOD & BEVERAGE GROUP



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Yip Shu Ming (*Chairman*)
Mr. Chan Man Wai (*Vice-Chairman*)
Mr. Ku Hok Chiu
Ms. Weng Peihe

Independent Non-Executive Directors

Mr. Kwong Chi Keung
Mr. Kwong Ping Man
Mr. Cheung Kin Ting Alfred

COMPANY SECRETARY

Mr. Wong Chung Yeung, *CPA*

AUTHORISED REPRESENTATIVES

Mr. Chan Man Wai
Mr. Wong Chung Yeung, *CPA*

MEMBERS OF AUDIT COMMITTEE

Mr. Kwong Ping Man (*Chairman*)
Mr. Kwong Chi Keung
Mr. Cheung Kin Ting Alfred

MEMBERS OF NOMINATION COMMITTEE

Mr. Cheung Kin Ting Alfred (*Chairman*)
Mr. Kwong Ping Man
Mr. Kwong Chi Keung

MEMBERS OF REMUNERATION COMMITTEE

Mr. Kwong Chi Keung (*Chairman*)
Mr. Cheung Kin Ting Alfred
Mr. Kwong Ping Man

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3, 10th Floor
Greenfield Tower
Concordia Plaza
No. 1 Science Museum Road
Kowloon
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China Limited
Industrial and Commercial Bank of China Limited

AUDITORS

Certified Public Accountants
Ernst & Young

LEGAL ADVISOR

As to Hong Kong law:
Robertsons (up to 31 July 2014)
CFN Lawyers in association with Broad & Bright (since 1 August 2014)

As to the People's Republic of China's law:
Beijing Bairui (Shenzhen) Law Firm

STOCK CODE

The Stock Exchange of Hong Kong Limited:
1181

WEBSITE

www.tanggong.cn

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Since China was more determined than ever to cut expenditure from the government and combat the spending of public funds on luxury items, a change in consumption patterns in the market was beyond doubt. Since 2013, change, reform and transformation are the challenges confronted by the food and beverage industry. Continuously to seize an array of opportunities presented by the re-adjustment of the market, and backed by solid business fundamentals, the Group positively mapped out reinforced business strategy in response to the changes in the market during the Period. While enhancing the efficiency of our business operation through highly effective cost control measures, we strived for higher market share by actively expanding our casual dining business. Thanks to all-out efforts on keeping abreast of the changing market since 2013, we made record-breaking achievements in results, as marked by a profit of RMB28.6 million during the Period, an over 90% surge when compared with RMB15.0 million for the six months ended 30 June 2013.

CHINESE RESTAURANT BUSINESS

In relation to our core business – Chinese catering business, during the Period, we operated 26 restaurants, two of which were newly opened in Shenzhen and Shanghai respectively. With our expertise in the broad realm of the food and beverage market in China, we timely adjusted our marketing strategies by introducing cuisine targeted on younger generation and priced at affordable level. To offer our customers access to fabulous dining experience and to boost customer traffic, we roll out new dishes with a variety of flavours, including spicy, curry and laksa cuisine as well as desserts. As a result, the overall customer traffic during the Period increased by 6% as compared with the corresponding period of last year. We also explored a flurry of business opportunities by launching a wide variety of promotional campaigns on different festivals, such as “Canadian Lobster Festival”, free air ticket draw to Canada at “Lobster Dinner” and “Good Day Campaign”. Besides, we enhanced the efforts of electronic online sales and cooperated with online stores to offer take-out service and sales of seasonal gifts. In addition, we utilised various channels, including online platforms like “淘點點” (dd.taobao.com), “WeChat” and “大眾點評網” (dianping.com), in our promotional campaigns so as to penetrate different groups of customers. The launching of the new membership card scheme since 2013 has served us well in attracting more than 80,000 new members and the Group will continue to boost customers’ loyalty. We expanded into the wedding banquet market, another source of income increment for us. In line with this market, we opened a new restaurant in Shenzhen during the Period. Within six months from the opening of the restaurant, the accumulated sales amount in banquet reached RMB4.4 million. Fuelled by a series of marketing strategies, the sales in Chinese dining business during the Period grew by 7% over last year on period-over-period basis.

What is more, the Group actively enhanced its efficiency. We worked intensively on expanding bulk purchase with sizeable suppliers such as COFCO and Yihai Kerry (益海嘉里), supplying our stores across the country with part of the seafood, frozen goods, meat and grain, etc. Building on our existing resources, we actively tapped into the processing of finished products and semi-finished products such as sauces in our food production plant, in order to beef up the production efficiency of our restaurants. The Group endeavoured to gather unique food ingredients from both domestic and foreign sources, as a realisation of the principle of “exclusive and superior offerings”. The Group arranged for direct purchase from such sources to cut ingredient costs effectively. Meanwhile, we boosted efficiency by putting in place an efficiency evaluation system in earlier years to maintain a reasonable level of output value per capita. On top of this, we continuously put effort on exacting lower expenditure. During the Period, administrative expenses on Chinese catering business decreased by 18% as compared with the same period last year, a proven testimony to the increased efficiency in our overall business operation.

CASUAL DINING BUSINESS

Casual dining business will continue to give fresh impetus to our future business growth and portfolio expansion. Operating 22 restaurants in Beijing, Tianjin and Shanghai as at 30 June 2014, Pepper Lunch has been carving out a ever-higher niche in Beijing, Tianjin and Shanghai. In this light, we spent greater intensity of promotional efforts to build Pepper Lunch into a brand with enhanced awareness. During the Period, with our time-to-market capabilities, we expanded into wider customer base by carrying out promotional activities themed on different festivals and targeted at consumers of different ages, such as couple packages, free couple photo printing, parent-child cooking activities, ladies’ concessions and the World Cup quiz. During the Period, the overall revenue of Pepper Lunch rose by 30% over the same period of last year. Moreover, the turnover of some of the restaurants with an operating history of two years or above recorded double digit same-store growth during the Period.

PappaRich operates three restaurants in Shanghai as at 30 June 2014, garnering exceptional market responses. In view of this, we further extended our reach into different customer groups in a more youthful and refreshed image and with new style of dishes and brand new cuisine. Signature dishes such as “Nasi Ayam”, “Kari Ayam Laksa” and “Nasi Sultan” have been warmly received ever since their launch. Meanwhile, we made use of the wide coverage of the internet to run advertising and promotional campaigns on popular websites. The simultaneous activities on different fronts enhanced PappaRich’s revenue to our satisfaction. The same store growth of our first PappaRich restaurant which was opened in May 2013 exceeded 20%.

OUTLOOK AND PROSPECT

We are confident that we manage to stay in the top spot amid the fierce competition in the market. With our business expertise in high-quality food and beverage over the years, we will remain unwaveringly committed to developing a diversified mix of food and beverage business and providing impressive dining experience for customers. The Group will adjust its business model as appropriate by staying ahead of the market demand, and organise regular food festivals and themed campaigns to attract more customers and continue to generate greater sources of revenue. We will also further lift up our effectiveness in multi-facet spectrums, stretching from the enhancement of cost efficiency of staff and the optimization of processes through introduction of a mobile self-service ordering system, the continued expansion and enhancement of bulk procurement, the improvement of production efficiency through research on frozen food technology, to the stabilization of various operating costs.

Furthermore, with a focus on expanding PappaRich casual dining business, as announced in our announcement dated 17 July 2014, we entered into a joint venture and shareholders' agreement on 17 July 2014 with Shin Yeh Restaurant Group Inc.* (欣葉國際餐飲股份有限公司) of Taiwan, whereby both parties teamed up to open PappaRich restaurant in Taiwan. In addition, the Group announced on 29 July 2014 that we are in the course of negotiating with a well-known restaurant group in Hong Kong on possible cooperation in bringing international brands such as PappaRich to the territory, reflecting our dedication to reaching new horizons of business expansion in Greater China region. While raising our business target to new high by collaborating with outstanding partners within and outside China, we will replicate our ingrained success in food culture in Hong Kong by making an initial move to open restaurants under a new self-owned brand in Hong Kong this year. In our strong belief, well-served by a well-established foundation, we will be well-poised to meet myriad challenges ahead. With adherence to service excellence, we will move forward and add immense momentum to our long-term sustainable growth, thus yielding prominent returns for our shareholders.

* For identification purpose only

FINANCIAL REVIEW

Revenue and cost of inventories consumed

The Group's revenue for the Period increased by RMB40.3 million, or by 9.2%, from RMB437.3 million for the six months ended 30 June 2013 to RMB477.6 million. Such change was attributable to the opening of additional restaurants, as well as the Group's effort in maintaining stable customer traffic by adjusting menus and launching different promotions.

Cost of inventories consumed as a percentage of revenue decreased from 41.9% for the six months ended 30 June 2013 to 40.5% for the Period, revealed the Group's elevated efficiency in procurement and production.

As at 30 June 2014, the Group is operating 52 restaurants. The table below illustrates the number of restaurants by major brands, together with the average spending per customer and percentage of revenue to the Group:

Brand	No. of restaurants as at 30 June		Average spending per customer as at 30 June		Percentage of revenue contributed to the Group as at 30 June	
	2014	2013	2014	2013	2014	2013
Tang Palace*	21	18	139.3	138.2	75.8%	77.3%
Tang's Cuisine	5	5	301.7	303.0	13.9%	14.5%
Pepper Lunch	22	20	42.6	39.7	8.0%	6.8%
PappaRich	3	1	64.4	65.3	1.5%	0.1%

* including Tang Palace Seafood Restaurant, Excellent Tang Palace and Tang Palace Restaurant

Operating expenses

The overall operating expenses for the Period decreased as a percentage of revenue. Staff cost reduced from 27.2% to 25.7%, as a result of the Group's effort in uprising staff efficiency and increasing number of internship staff. Depreciation of items of property, plant and equipment increased from 5.4% for the six months ended 30 June 2013 to 5.6% for the Period, rental and related expenses increased from 9.6% for the six months ended 30 June 2013 to 10.1% for the Period, both mainly attributable by the increased number of new restaurants. Utilities and consumables reduced by 0.2%, due to the effective cost control policies.

Income tax expense

The effective tax rate maintained as 23.2% as a result of continuous efficient tax planning during the Period.

Profit attributable to owners of the Company for the Period

The Group's profit attributable to owners of the Company for the Period increased by 90.7% from RMB15.0 million to RMB28.6 million. The net profit margin for the Period increased from 3.4% to 6.0%, mirrored the Group's effort to improve efficiency.

Cash flow

Cash and cash equivalents increased by RMB8.9 million from RMB234.0 million as at 31 December 2013 to RMB242.9 million as at 30 June 2014.

Net cash of RMB53.8 million was generated from operating activities for the Period. Net cash used in investing activities amounted to RMB23.4 million for the Period, of which RMB26.9 million related to the purchase of property, plant and equipment. Net cash used in financing activities amounted to RMB21.4 million during the Period, including dividend paid amounting to RMB22.2 million.

Liquidity and Financial Resources

The Group's funding and treasury activities are managed and controlled by the senior management. The Group maintained cash and cash equivalents of RMB242.9 million as at 30 June 2014 (31 December 2013: RMB234.0 million). As at 30 June 2014, the Group's total assets, net current assets and net assets were RMB533.4 million (31 December 2013: RMB522.4 million), RMB177.0 million (31 December 2013: RMB166.6 million) and RMB379.8 million (31 December 2013: RMB372.4 million), respectively.

As at 30 June 2014, the Group had no bank borrowings (31 December 2013: Nil). The gearing ratio was nil as at 30 June 2014 (31 December 2013: Nil).

As at 30 June 2014, the current ratio (current assets divided by current liabilities) was 2.2 (31 December 2013: 2.1).

The directors are of the opinion that the Group has sufficient working capital for the Group's operations and expansion in the near future.

Foreign Currency Exposure

The business operations of the Company's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated mainly in RMB. The Group's cash and bank deposits were denominated mainly in RMB, with some denominated in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars against RMB as the functional currency may have a financial impact to the Group.

As at 30 June 2014, the directors considered the Group's foreign exchange risk to be insignificant. During the Period, the Group did not use any financial instruments for hedging purposes.

OTHER INFORMATION

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2014, the Group had over 4,000 employees in Hong Kong, Macau and the PRC. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited for expansion of new restaurants. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industrial practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes, share options and performance related bonus.

CAPITAL COMMITMENT

The Group's capital commitment were approximately RMB4.4 million and RMB6.6 million as at 30 June 2014 and 31 December 2013, respectively.

CHARGES ON GROUP'S ASSETS

As at 30 June 2014, the Group did not have any charges on its assets (31 December 2013: Nil).

CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not have any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, there was no material acquisition or disposal of subsidiaries or associated companies of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

The Board is of the opinion that the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the Period.

MODEL CODE

The Company has adopted its own code for securities transactions by directors on terms no less exacting than the Model Code. The Company has made specific enquiries of all directors and all of the directors confirmed that they have complied with the required standards set out in the Model Code during the Period.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited condensed consolidated interim results and interim report of the Group for the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the interests and short positions of the directors and chief executive of the Company in the shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name of Director	Number of ordinary shares ^(Note 1)			Percentage of the issued share capital of the Company
	Beneficial Owners	Held by controlled corporation	Total	

Ordinary shares of
HK\$0.1 each of the
Company

Mr. Yip Shu Ming	–	98,700,000 (L) ^(Note 2)	98,700,000 (L)	23.52%
Mr. Chan Man Wai	2,716,000 (L)	141,000,000 (L) ^(Note 3)	143,716,000 (L)	34.25%
Mr. Ku Hok Chiu	–	42,340,000 (L) ^(Note 4)	42,340,000 (L)	10.09%
Ms. Weng Peihe	4,670,000 (L)	–	4,670,000 (L)	1.11%

Notes:

- (1) The letter "L" denotes the directors' long position in the shares of the Company or the relevant associated corporation.
- (2) These shares were held by Current Success Investments Limited, which is wholly-owned by Mr. Yip Shu Ming. By virtue of the SFO, Mr. Yip is taken to be interested in the shares held by Current Success Investments Limited.
- (3) These shares were held by Best Active Investments Limited, which is wholly-owned by Mr. Chan Man Wai. By virtue of the SFO, Mr. Chan is taken to be interested in the shares held by Best Active Investments Limited.
- (4) These shares were held by Bright Mind Investments Limited, which is wholly-owned by Mr. Ku Hok Chiu. By virtue of the SFO, Mr. Ku is taken to be interested in the shares held by Bright Mind Investments Limited.

Save as disclosed above, as at 30 June 2014, none of the directors or chief executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, the interests or short positions of the persons (other than a director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/nature of interest	Number and class of securities <small>(Note 1)</small>	Approximate percentage of shareholding
Current Success Investments Limited <small>(Note 2)</small>	Beneficial owner	98,700,000 shares (L)	23.52%
Ms. Wong Sau Mui <small>(Note 2)</small>	Interest of spouse	98,700,000 shares (L)	23.52%
Best Active Investments Limited <small>(Note 3)</small>	Beneficial owner	141,000,000 shares (L)	33.60%
Ms. Au Yim Bing <small>(Note 3)</small>	Interest of spouse	143,716,000 shares (L)	34.25%

Name of Shareholder	Capacity/nature of interest	Number and class of securities <i>(Note 1)</i>	Approximate percentage of shareholding
Bright Mind Investments Limited <i>(Note 4)</i>	Beneficial owner	42,340,000 shares (L)	10.09%
Ms. Ku Wai Man <i>(Note 4)</i>	Interest of spouse	42,340,000 shares (L)	10.09%
Orchid Asia IV, L.P. <i>(Note 5)</i>	Beneficial owner	33,082,000 shares (L)	7.88%
OAV Holdings, L.P. <i>(Note 5)</i>	Interest of a controlled corporation	33,082,000 shares (L)	7.88%
Orchid Asia IV Group Management, Limited <i>(Note 5)</i>	Interest of a controlled corporation	33,082,000 shares (L)	7.88%
Orchid Asia IV Group, Limited <i>(Note 5)</i>	Interest of a controlled corporation	33,082,000 shares (L)	7.88%
Orchid Asia IV Investment, Limited <i>(Note 5)</i>	Interest of a controlled corporation	33,082,000 shares (L)	7.88%
YM Investment Limited <i>(Note 5)</i>	Interest of a controlled corporation	33,646,000 shares (L)	8.01%
Ms. Lam Lai Ming <i>(Note 5)</i>	Founder of a discretionary trust	33,646,000 shares (L)	8.01%
Mr. Li Gabriel <i>(Note 5)</i>	Founder of a discretionary trust	33,646,000 shares (L)	8.01%
ManageCorp Limited <i>(Note 5)</i>	Trustee	33,646,000 shares (L)	8.01%

Notes:

- (1) The letter "L" denotes the shareholder's long position in the shares of the Company.
- (2) These shares were beneficially owned by Current Success Investments Limited, which was wholly owned by Mr. Yip Shu Ming. By virtue of the SFO, Mr. Yip is taken to be interested in the shares held by Current Success Investments Limited. Ms. Wong Sau Mui is the spouse of Mr. Yip. Under the SFO, Ms. Wong is taken to be interested in the shares in which Mr. Yip is interested.

- (3) These shares were beneficially owned by Best Active Investments Limited, which was wholly-owned by Mr. Chan Man Wai. By virtue of the SFO, Mr. Chan is taken to be interested in the shares held by Best Active Investments Limited. Ms. Au Yim Bing is the spouse of Mr. Chan. Under the SFO, Ms. Au is taken to be interested in the shares in which Mr. Chan is interested.
- (4) These shares were beneficially owned by Bright Mind Investments Limited, which was wholly-owned by Mr. Ku Hok Chiu. By virtue of the SFO, Mr. Ku is taken to be interested in the shares held by Bright Mind Investments Limited. Ms. Ku Wai Man is the spouse of Mr. Ku. Under the SFO, Ms. Ku is taken to be interested in the shares in which Mr. Ku is interested.
- (5) So far as the directors are aware of, these shares were beneficially owned as to 33,082,000 shares by Orchid Asia IV, L.P. and as to 564,000 shares by Orchid Asia IV Co-investment, Limited. Orchid Asia IV, L.P. was wholly controlled by OAIV Holdings, L.P., which was in turn wholly controlled by Orchid Asia IV Group Management, Limited, which was in turn wholly controlled by Orchid Asia IV Group, Limited, which was in turn wholly controlled by Orchid Asia IV Investment, Limited, which was approximately 92.61% controlled by YM Investment Limited. Orchid Asia IV Co-investment, Limited was wholly controlled by YM Investment Limited. Under the SFO, OAIV Holdings, L.P., Orchid Asia IV Group Management, Limited, Orchid Asia IV Group, Limited, Orchid Asia IV Investment, Limited and YM Investment Limited were taken to be interested in the shares beneficially owned by Orchid Asia IV, L.P., and YM Investment Limited was taken to be interested in the shares beneficially owned by Orchid Asia IV Co-investment, Limited. Ms. Lam Lai Ming and Mr. Li Gabriel were also interested in YM Investment Limited through ManageCorp Limited as Trustee and were taken to be interested in the shares in which YM Investment Limited was interested.

Save as disclosed above, as at 30 June 2014, no person (other than a director or chief executive of the Company) had registered an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES AND SHARE AWARD PLAN

(a) Pre-IPO Share Option Scheme

The Company had granted 4,000,000 options to eligible senior management and employees of the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated under the Pre-IPO Share Option Scheme.

As at 30 June 2014, there was no outstanding options granted under the Pre-IPO Share Option Scheme.

Share options granted under the Pre-IPO Share Option Scheme are exercisable at HK\$0.825 per share and each of the grantees may exercise the share options (a) up to 30% thereof during the period from 20 April 2012 to 19 April 2013; (b) subject to (a), up to 60% thereof during the period from 20 April 2012 to 19 April 2014; and (c) subject to (a) and (b), all outstanding options during the period from 20 April 2012 to 19 April 2015.

The following table disclosed the movement in the Company's share options during the period:

	Vesting period	Exercisable period	Exercise price	As at 1 January 2014	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed upon termination of employment during the period	As at 30 June 2014
Tranche 1	25/03/2011-19/04/2012	20/04/2012-19/04/2015	HK\$0.825	-	-	-	-	-	-
Tranche 2	25/03/2011-19/04/2013	20/04/2013-19/04/2015	HK\$0.825	-	-	-	-	-	-
Tranche 3	25/03/2011-19/04/2014	20/04/2014-19/04/2015	HK\$0.825	1,192,000	-	1,088,000	-	104,000	-
				1,192,000	-	1,088,000	-	104,000	-

The weighted average closing price of the shares immediately before the date on which the share options were exercised was HK\$1.29 (30 June 2013: \$1.58).

(b) Share Option Scheme

Pursuant to the Share Option Scheme adopted by the Company on 25 March 2011, the directors may invite participants to take up options at a price determined by the Board but in any event shall not be less than the higher of:

- (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;
- (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of the shares.

The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which may be determined and notified by the Board to the grantee at the time of making an offer which shall not expire later than 10 years from the grant date.

Up to and as at 30 June 2014, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

(c) Share Award Plan

The Board may, subject to and in accordance with the rules of the Share Award Plan, make an award of shares to certain classes of eligible participants as specified in the Share Award Plan, as determined by the Board from time to time on the basis of the Board's opinion as to the proposed awardee's contribution and/or future contribution to the development and growth of the Group. The shares and other trust fund for the implementation of the Share Award Plan are administered by a trustee (the "**Share Award Plan Trustee**") appointed by the Company.

Under the Share Award Plan, the Board shall determine the eligibility of the eligible participants and the number of shares to be awarded (the "**Awarded Shares**") and notify the Share Award Plan Trustee of the making of awards. The Share Award Plan Trustee shall then set aside the appropriate number of Awarded Shares pending the transfer and vesting to the relevant participants out of a pool of shares which shall comprise of, among others, shares either (1) transferred to it from any person (other than the Group) by way of gift; (2) purchased by the Share Award Plan Trustee out of the funds received by it by way of gift or for nominal consideration; (3) subscribed for or purchased by the Share Award Plan Trustee out of the funds allocated by the Board out of the Group's resources, subject to the terms and conditions of the rules of the Share Award Plan.

The Share Award Plan Trustee may purchase shares on the Stock Exchange at the prevailing market price or off market. In respect of off-market transactions, purchases shall not be made with any connected person, nor shall the purchase price be higher than the lower of:

- (1) the closing market price on the date of such purchase, and
- (2) the average closing market price for the five preceding trading days on which shares of the Company were traded on the Stock Exchange.

In any given financial year of the Company, the maximum numbers of shares to be purchased by the Share Award Plan Trustee shall not exceed 10% of the total number of shares in issue of the Company at the beginning of such financial year. The Share Award Plan Trustee may also subscribe for new shares at par or at such other subscription price as instructed by the Board out of the Group's contribution if the Board considers it appropriate to do so. The Company shall comply with the relevant Listing Rules when granting the Awarded Shares.

The legal and beneficial ownership of the relevant Awarded Shares shall vest in the relevant selected participant within 10 business days after the latest of (1) the date specified on the notice of the award given by the Board to the Share Award Plan Trustee; and (2) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such selected participant as specified in the related notice of award have been attained and notified to the Share Award Plan Trustee by the Board in writing.

Unless early termination by the Board, the Share Award Plan shall be valid and effective for a term of 10 years commencing from the adoption date. Up to and as at 30 June 2014, 1,363,000 shares had been awarded to selected grantees under the Share Award Plan.

INTERIM DIVIDEND

The Board does not declare an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

APPRECIATION

The Board would like to thank the management of the Group and all of the staff for their hard work and dedication, as well as its shareholders, business partners and associates, bankers and auditors for their support to the Group throughout the Period.

By order of the Board
Tang Palace (China) Holdings Limited
Yip Shu Ming
Chairman

Hong Kong, 28 August 2014

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Revenue	3	477,610	437,290
Other income and gains	3	11,100	10,145
Cost of inventories consumed		(193,612)	(183,379)
Staff cost		(122,738)	(118,935)
Depreciation of items of property, plant and equipment		(26,688)	(23,772)
Utilities and consumables		(27,597)	(26,157)
Rental and related expenses		(48,243)	(42,073)
Other expenses		(32,542)	(33,553)
PROFIT BEFORE TAX	5	37,290	19,566
Income tax expense	6	(8,650)	(4,547)
PROFIT FOR THE PERIOD		28,640	15,019
Attributable to:			
Owners of the Company		28,640	15,019
Non-controlling interests		–	–
		28,640	15,019
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic (RMB cents)		6.84	3.61
Diluted (RMB cents)		6.83	3.60

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2014

	Six months ended 30 June	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
PROFIT FOR THE PERIOD	28,640	15,019
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	24	(755)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	28,664	14,264
Attributable to:		
Owners of the Company	28,664	14,264
Non-controlling interests	–	–
	28,664	14,264

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2014

		As at 30 June 2014 RMB'000 (unaudited)	As at 31 December 2013 RMB'000 (audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		156,799	156,560
Intangible assets		10,855	11,513
Deposits		31,696	34,192
Deferred tax assets		4,442	4,763
Total non-current assets		203,792	207,028
CURRENT ASSETS			
Inventories		30,638	29,520
Trade and other receivables and prepayments	10	31,413	24,387
Time deposits		24,600	27,445
Cash and cash equivalents		242,957	234,035
Total current assets		329,608	315,387
CURRENT LIABILITIES			
Trade and other payables	11	144,854	142,509
Amount due to a related company		5,007	4,258
Tax payable		2,731	2,054
Total current liabilities		152,592	148,821
NET CURRENT ASSETS			
		177,016	166,566
TOTAL ASSETS LESS CURRENT LIABILITIES			
		380,808	373,594
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,052	1,177
Net assets		379,756	372,417
EQUITY			
Equity attributable to owners of the Company			
Issued capital	12	35,221	35,133
Reserves		343,535	336,284
Non-controlling interests		378,756 1,000	371,417 1,000
Total equity		379,756	372,417

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2014

	Attributable to owners of the Company									
	Issued capital	Share premium account	Statutory general reserve	Share options reserve	Other reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2013	34,944	85,180	21,675	1,565	74,326	(496)	147,860	365,054	-	365,054
Profit for the period	-	-	-	-	-	-	15,019	15,019	-	15,019
Other comprehensive loss for the period:										
Exchange difference on translation of foreign operations	-	-	-	-	-	(755)	-	(755)	-	(755)
Total comprehensive income for the period	-	-	-	-	-	(755)	15,019	14,264	-	14,264
Equity-settled share option arrangement	-	-	-	369	-	-	-	369	-	369
Exercise of share options	80	1,432	-	(851)	-	-	-	661	-	661
Share options lapsed during the period	-	-	-	(44)	-	-	44	-	-	-
Final 2012 dividend declared	-	(32,368)	-	-	-	-	-	(32,368)	-	(32,368)
At 30 June 2013	35,024	54,244	21,675	1,039	74,326	(1,251)	162,923	347,980	-	347,980
At 1 January 2014	35,133	55,531	23,207	1,137	74,326	(1,268)	183,351	371,417	1,000	372,417
Profit for the period	-	-	-	-	-	-	28,640	28,640	-	28,640
Other comprehensive income for the period:										
Exchange difference on translation of foreign operations	-	-	-	-	-	24	-	24	-	24
Total comprehensive income for the period	-	-	-	-	-	24	28,640	28,664	-	28,664
Equity-settled share option arrangement	-	-	-	110	-	-	-	110	-	110
Exercise of share options	88	1,877	-	(1,247)	-	-	-	718	-	718
Final 2013 dividend declared	-	(22,153)	-	-	-	-	-	(22,153)	-	(22,153)
At 30 June 2014	35,221	35,255	23,207	-	74,326	(1,244)	211,991	378,756	1,000	379,756

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2014

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	37,290	19,566
Adjustments for:		
Interest income	(767)	(1,120)
Depreciation of items of property, plant and equipment	26,688	23,772
Amortisation of intangible assets	749	709
Equity-settled share option expense	110	369
	64,070	43,296
Increase in inventories	(1,118)	(351)
Increase in trade and other receivables and prepayments	(7,026)	(7,332)
Decrease/(increase) in deposits	2,496	(1,426)
Increase in trade and other payables	2,369	14,473
Decrease in amount due to a related company	749	1,321
Cash generated from operations	61,540	49,981
Income tax paid	(7,777)	(8,058)
Net cash flows from operating activities	53,763	41,923
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	767	1,120
Purchases of items of property, plant and equipment	(26,927)	(30,434)
Additions to intangible assets	(91)	(560)
Decrease in time deposits	2,845	-
Net cash flows used in investing activities	(23,406)	(29,874)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	718	661
Dividends paid	(22,153)	(32,368)
Net cash flows used in financing activities	(21,435)	(31,707)

Six months ended 30 June

2014

2013

RMB'000

RMB'000

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at beginning of Period
Effect of foreign exchange rate changes, net

8,922	(19,658)
234,035	265,405
-	(87)

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD

242,957	245,660
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ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

Cash and bank balances
Non-pledged time deposits with original maturity of less than three months when acquired

225,957	195,660
17,000	50,000

Cash and cash equivalent as stated in the consolidated statement of cash flows

242,957	245,660
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2014

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability. The registered office of the Company is located in Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is located at Unit 3, 10th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong.

During the Period, the Group were principally engaged in restaurant operations and food productions.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed consolidated interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2013 except that the Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSS**") (which include all Hong Kong Financial Reporting Standards, HKASs and interpretations) issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2014.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

Change in Accounting Policies and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time which are pertinent to its operations and relevant to these unaudited condensed consolidated interim financial statements.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of these new and revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated interim financial statements.

The HKICPA has issued a number of new standards, interpretations and amendments to standards which are not effective for accounting period beginning on 1 January 2014. The Group has not early adopted these new and revised HKFRSs.

3. REVENUE, OTHER INCOME AND GAINS

	Six months ended 30 June	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Revenue:		
Gross revenue	505,314	462,830
Less: sales related tax	(27,704)	(25,540)
	477,610	437,290
Other income and gains:		
Bank interest income	767	1,120
Commission income [#]	7,943	6,372
Others	2,390	2,653
	11,100	10,145

[#] Commission income represents commission received or receivable in respect of sales of tea related products.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on geographical areas and has three reportable operating segments as follows:

- (i) the Southern China region;
- (ii) the Eastern China region; and
- (iii) the Northern China region

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted operating profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that head office and corporate income and expenses are excluded from such measurement.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information about major customers

During the Period, there was no revenue from customers individually contributing over 10% to the total revenue of the Group.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment information about the business is presented below:

	Southern China		Eastern China		Northern China		Total	
	For the six months ended 30 June							
	2014	2013	2014	2013	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:								
Sales to external customers	93,734	76,903	235,626	209,807	148,250	150,580	477,610	437,290
Inter-segment sales	-	-	5,489	2,932	-	-	5,489	2,932
	93,734	76,903	241,115	212,739	148,250	150,580	483,099	440,222
<i>Reconciliation:</i>								
Elimination of inter-segment sales							(5,489)	(2,932)
Revenue							477,610	437,290
Segment results	10,050	4,419	22,043	12,588	15,684	14,699	47,777	31,706
<i>Reconciliation:</i>								
Interest income							175	563
Unallocated expenses							(10,662)	(12,703)
Profit before tax							37,290	19,566

For management purposes, segment revenue and segment results are the two key indicators provided to the Group's chief operating decision maker to make decisions about the resource allocation and to assess performance. No segment assets and liabilities information is presented as, in the opinion of the directors, such information is not a key indicator provided to the Group's chief operating decision maker.

The Group's revenue are arising from restaurants operations and food productions.

Geographical information

All of the Group's operations are located in the PRC. The Group's revenue from external customers and all of its non-current assets are located in the PRC, including Hong Kong and Macau.

5. PROFIT BEFORE TAX

The Group's profit before tax has been arrived at after charging:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Directors' emoluments	1,983	1,971
Other staff costs	112,012	108,477
Pension scheme contributions	8,743	8,487
Total staff costs	122,738	118,935
Depreciation of items of property, plant and equipment	26,688	23,772
Amortisation of intangible assets	749	709

6. INCOME TAX EXPENSE

Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. The Company's subsidiaries in Mainland China are subject to income tax at the rate of 25% (six months ended 30 June 2013: 25%).

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current charge for the Period – PRC	8,454	4,903
Deferred	196	(356)
	8,650	4,547

7. DIVIDEND

The Board does not declare an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

8. SHARE-BASED PAYMENT TRANSACTIONS

Pre-IPO Share Option Scheme

Further details of the Pre-IPO Share Option Scheme are disclosed in the “Other Information” section.

The fair value of the share options at the date of grant determined using the binomial option pricing model was approximately HK\$4,240,000. The Group recognised a total expense of approximately HK\$137,000 (presented as RMB110,000) (six months ended 30 June 2013: RMB369,000) during the Period in relation to the share options granted by the Company in 2011.

The variables and assumptions used in computing the fair value of the share options are based on the management’s best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The major inputs into the models at the grant date were as follows:

Expected share price as at grant date	HK\$1.65
Exercise price	HK\$0.825
Expected volatility	59.07%
Expected life	2.6–3.6 years
Risk-free rate	1.797%
Dividend yield	0%
Early exercise level	3.5 times

The risk-free rate has made reference to the yield of HK Exchange Fund Notes (EFN) as at the grant date. The volatility of the Company’s stock was determined by reference to the share price volatilities of companies in similar line of business of the Company and assumed to be constant throughout the option life.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the Company	28,640	15,019
	Number of shares	
Shares:		
Weighted average number of ordinary shares in issue during the Period	418,709,420	416,376,188
Effect of dilutive potential ordinary shares in respect of share options	334,761	978,823
Weighted average number of ordinary shares for the purpose of diluted earnings per share	419,044,181	417,355,011

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group's trading terms with its customers are mainly on credit with credit period ranging from 30 to 80 days. Each customer has a maximum credit limit. The aged analysis of the trade receivables as at the end of the reporting period, based on invoice date and net of provisions, is as follows:

	As at 30 June 2014 <i>RMB'000</i> (unaudited)	As at 31 December 2013 <i>RMB'000</i> (audited)
Trade receivables:		
Within 30 days	8,010	7,554
31 to 60 days	708	432
61 to 90 days	291	551
Over 90 days	638	644
	9,647	9,181
Prepayments	16,958	13,008
Deposits and other receivables	4,808	2,198
	31,413	24,387

11. TRADE AND OTHER PAYABLES

An aged analysis of trade payables by age as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2014 <i>RMB'000</i> (unaudited)	As at 31 December 2013 <i>RMB'000</i> (audited)
Trade payables:		
Within 30 days	37,107	36,332
31 to 60 days	5,209	4,051
61 to 90 days	877	1,568
91 to 180 days	1,726	1,408
Over 180 days	2,790	2,830
	47,709	46,189
Other payables and accruals	17,919	23,205
Salary and welfare payables	28,163	22,423
Receipts in advance	51,063	50,692
	144,854	142,509

12. SHARE CAPITAL

	As at 30 June 2014		As at 31 December 2013	
	HK\$'000 (unaudited)	RMB'000 equivalent (unaudited)	HK\$'000 (audited)	RMB'000 equivalent (audited)
Authorised:				
2,000,000,000 (31 December 2013: 2,000,000,000) ordinary shares of HK\$0.10 (31 December 2013: HK\$0.10) each	200,000		200,000	
Issued and fully paid:				
419,569,000 (31 December 2013: 418,481,000) ordinary shares of HK\$0.10 (31 December 2013: HK\$0.10) each	41,957	35,221	41,848	35,133

A summary of the transactions during the Period with reference to the movements in the Company's issued ordinary share capital is as follows:

	Number of shares in issue	Issued capital HK\$'000	Issued capital RMB'000 equivalent
At 1 January 2014	418,481,000	41,848	35,133
Issue of shares on the exercise of options	1,088,000	109	88
At 30 June 2014	419,569,000	41,957	35,221

13. RELATED PARTIES DISCLOSURES

The Group had the following material transactions with related parties during the period:

Nature of transaction	Six months ended 30 June	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Purchase of leasehold improvement and equipment ⁽ⁱ⁾	1,807	2,177
Rental expenses ⁽ⁱⁱ⁾	516	516
Rental expenses ⁽ⁱⁱⁱ⁾	1,700	1,700

Notes:

- (i) The selling price of the leasehold improvement and equipment was made at pre-determined prices agreed between the Group and Chiu Kwun. Mr. Ku Hok Chiu, a director of the Company, is the beneficial owner of Chiu Kwun.
- (ii) The rental expenses were charged by Dongguan Well Excellent at rates agreed between the Group and Dongguan Well Excellent. Mr. Yip Shu Ming, Mr. Chan Man Wai and Mr. Ku Hok Chiu, directors and shareholders of the Company, are also directors and shareholders of Dongguan Well Excellent.
- (iii) The rental expenses were charged by Mecco Group at rates agreed between the Group and Mecco Group. Mr. Yip Shu Ming, Mr. Chan Man Wai and Mr. Ku Hok Chiu, directors and shareholders of the Company, are also directors and shareholders of Mecco Group.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of time deposits, cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and an accrual and an amount due to a related company, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

GLOSSARY

Abbreviation	Definition
Audit Committee	audit committee of the Company established on 25 March 2011 with written terms of reference
Board	board of Directors of Tang Palace (China) Holdings Limited
Chiu Kwun	Chiu Kwun Engineering (Shenzhen) Co. Ltd., a company established in the PRC with limited liability on 4 April 1990 and indirectly wholly-owned by Mr. Ku Hok Chiu, being one of our executive Directors and substantial Shareholders
Company	Tang Palace (China) Holdings Limited
Corporate Governance Code	corporate governance code contained in Appendix 14 to the Listing Rules
Dongguan Well Excellent	Dongguan Well Excellent Hotel Management Services Co., Ltd., a company established in the PRC with limited liability on 27 October 2006 and wholly owned by HK Well Excellent
Group	Tang Palace (China) Holdings Limited together with its subsidiaries
HK Well Excellent	Well Excellent Development Limited, an investment holding company incorporated in Hong Kong with limited liability and owned as to 50% by Mr. Chan Man Wai, 35% by Mr. Yip Shu Ming, 15% by Mr. Ku Hok Chiu
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
Meco Group	Meco Group Company Limited, a company incorporated in Hong Kong with limited liability on 14 July 1992 and owned as to 50% by Mr. Chan Man Wai, 35% by Mr. Yip Shu Ming and 15% by Mr. Ku Hok Chiu
Model Code	model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules
Nomination Committee	nomination committee of the Company established on 25 March 2011 with written terms of reference
Period	1 January 2014 to 30 June 2014
PRC	People's Republic of China
Pre-IPO Share Option Scheme	pre-initial public offering share option scheme adopted by the Company on 25 March 2011
Remuneration Committee	remuneration committee of the Company established on 25 March 2011 with written terms of reference
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Share Award Plan	share award plan adopted by the Company on 25 March 2011 and revised on 22 March 2013
Share Options Scheme	share option scheme adopted by the Company on 25 March 2011
Stock Exchange	The Stock Exchange of Hong Kong Limited