上海 小南国
SHANGHAI MIN

2015
INTERIM REPORT

Xiao Nan Guo Restaurants Holdings Limited
小南國餐飲控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code : 3666

南小館 the dining room
上海 小南国 SHANGHAI MIN
MAISON DE CHUI 慧公馆
POKKA CAFÉ
米芝蓮 Mai Chi Ling
俺の株式会社 ORENO Corporation
WOLFGANG PUCK
THE BOATHOUSE SHANGHAI, CHINA
とん吉 TOMKICHI

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Wang Huimin (Chairlady)
Ms. Wu Wen
Mr. Kang Jie (Chief Executive Officer)

Non-executive Directors

Ms. Wang Huili
Mr. Weng Xiangwei
Mr. Wang Hairong

Independent Non-executive Directors

Mr. Lui Wai Ming
Dr. Wu Chun Wah
Mr. Wang Chiwei

JOINT COMPANY SECRETARIES

Mr. Wang Shoudong
Ms. Mok Ming Wai

AUTHORIZED REPRESENTATIVES

Mr. Kang Jie
Mr. Wang Shoudong
Ms. Leng Yijia (Alternate Authorized Representative)

AUDIT COMMITTEE

Mr. Lui Wai Ming (Chairman)
Mr. Weng Xiangwei
Dr. Wu Chun Wah

REMUNERATION COMMITTEE

Dr. Wu Chun Wah (Chairman)
Ms. Wang Huimin
Mr. Wang Chiwei

NOMINATION COMMITTEE

Mr. Wang Chiwei (Chairman)
Ms. Wang Huimin
Mr. Lui Wai Ming

EXECUTIVE COMMITTEE

Ms. Wang Huimin (Chairlady)
Ms. Wu Wen
Mr. Kang Jie

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Cayman Islands

HONG KONG SHARE REGISTRAR

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Cayman Islands

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Certified Public Accountants
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Central, Hong Kong

STOCK CODE

03666

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Ms. Arica Huang
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FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2015	2014	%Change
	(unaudited)	(unaudited)	Increase/(decrease)
Revenue(RMB'000)	**1,002,917**	742,749	35.0%
Gross profit[1] (RMB'000)	**696,949**	498,332	39.9%
Gross margin[2]	**69.5%**	67.1%	2.4%
Profit for the period attributable to owners of the Company (RMB'000)	**14,899**	578	2,477.7%
Net profit margin[3]	**1.5%**	0.1%	1.4%
Earnings per share — Basic	**RMB1.02 cents**	RMB0.04 cents	
Interim dividend per share (HK cents)	**—**	—	
Number of restaurants (as at 30 June)[4]	**137**	88	

Notes:

1 The calculation of gross profit is based on revenue less cost of sales.

2 The calculation of gross margin is based on gross profit divided by revenue.

3 Net profit margin is calculated as profit for the period attributable to owners of the Company divided by revenue.

4 The number of restaurants included the 30 stores of POKKA HK acquired at the beginning of 2015 and excluded Mai Chi Ling licensed stores.

INDUSTRY OVERVIEW

After two years of turmoil and conciliation, the food and beverage industry in China finally demonstrated its signs of recovery in the first half of 2015. Pursuant to the National Bureau of Statistics, in the first half of 2015, revenue from the food and beverage industry reached RMB 1,499.6 billion, representing an increase of 11.5% year-on-year, which is higher than the growth rate of 10.6% in total retail sales of social consumer goods.

In 2015 we witnessed steady rise in revenue. On the back of the rise, there laid a substantial reorganization in the structure of the industry. Since the recovery, the mid to high end restaurant market maintained its steady development in general. There was boom in the mass consumer market. Consumers were faced with new styles of dining and new models of purchasing. Competition in that market also became extraordinarily intense. On the other hand, Internet restaurants became those keywords most preoccupied in the food and beverage industry in 2015. Online operation expanded the channels for the food and beverage industry, and became its new normal state of development.

FINANCIAL PERFORMANCE FOR THE FIRST HALF OF 2015

The Group's revenue for the first half of 2015 increased by 35.0% to RMB1,002.9 million from that of the same period last year, which was mainly attributable to the consolidation of revenue from POKKA HK after the Company completed acquisition in January 2015 as well as the sales growth in comparable restaurants during first half of the year. Profit for the period attributable to owners of the Company in the first half of 2015 reached RMB14.9 million, representing an increase of RMB14.3 million from the same period last year, which was mainly attributable to the improvement in profitability of Shanghai Min and the profit contribution from the combination with POKKA HK.

OPERATIONS REVIEW FOR THE FIRST HALF OF 2015

Shanghai Min: continuous growth in same-store sales, and steady increase in the profit level

Since the beginning of 2013, the central government banned luxurious consumption with public budget, which created significant impact on the demand for Shanghai Min restaurants, resulting in the decline of our same-store sales by 10.2% in 2013. Shanghai Min successfully reversed the downward trend in the first half of 2014. For the past three consecutive half-year periods, the growth in the same-store sales of Shanghai Min was -2.4%, 2.6% and 3.7%, respectively. In particular, during the first half of 2015, same-store sales from Shanghai Min increased by 3.7% despite the decrease of 19.1% in promotion cost as compared to the same period in last year, which was mainly attributable to the effective implementation of various measures in transformation:

- Refined positioning by separating two different consumption markets. Based on distinct geographic locations, shopping districts and customer types, the Company had divided the existing Shanghai Min restaurants in Mainland China region into two categories: business banquet stores and personal consumption stores, which differentiated the dining environment and service standard accordingly in order to meet the specific demand for each category.

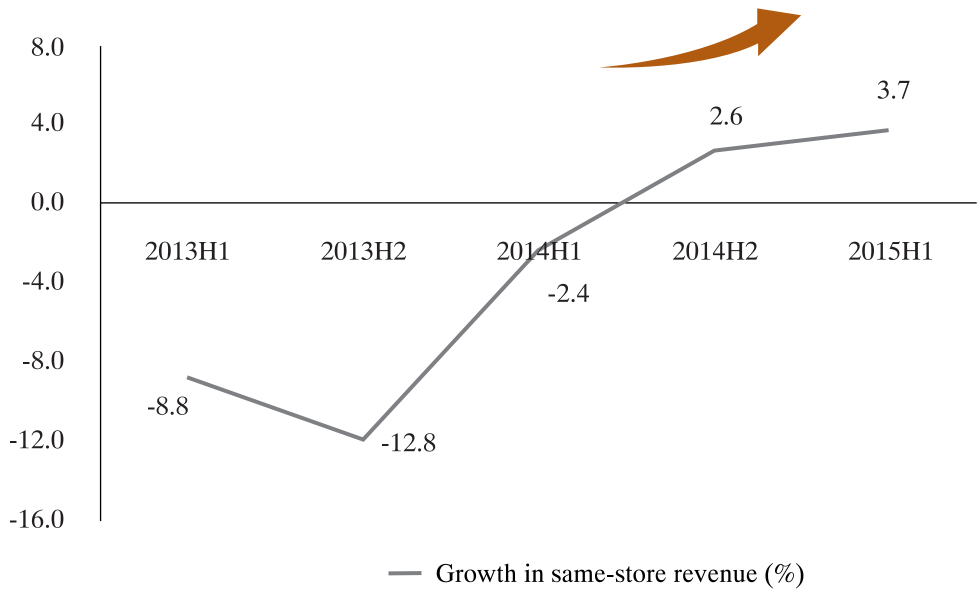
- Improved customer satisfaction by focusing on quality of products and services. Conducting continuous trainings and assessments improved the skills of primary staff at the stores. Meanwhile, the Company used the customer's comments and feedback information from third party platforms such as Dian Ping for analysis, in order to monitor the quality on products and services of the stores. By maintaining the quality of products and services at high standard, the brand advantages of the Company in mid to high end restaurant market were further consolidated.

- Expanded dimensions of the operation and increased distribution channels. We strived not only to improve the current business of current stores, but also actively explored business opportunities such as corporate banquets, family gatherings, branded merchandises and catering services. Meanwhile, the Company entered into proactive cooperation with various O2O online platforms, third party order channels so as to increase the revenue.

- Reform on the incentive mechanism was implemented at selected stores. During the first half of the year, the Company launched the reform on the incentive mechanism. Through the mechanism of sharing risks and revenue, the initiatives and sense of responsibility of the store management were mobilized, which brought positive effects to product innovation, service improvement and quality assurance.

- Effectively control the costs and improved the profitability of stores.

Trend of same-store revenue from Shanghai Min



In the first half of 2015, apart from the growth in the same-store sales, the profitability of Shanghai Min stores also improved significantly compared with the same period last year. The operating profit margin of Shanghai Min stores was 10.6%, representing an increase of 3.5% from the same period last year, which was mainly attributable to the effective cost control at the stores:

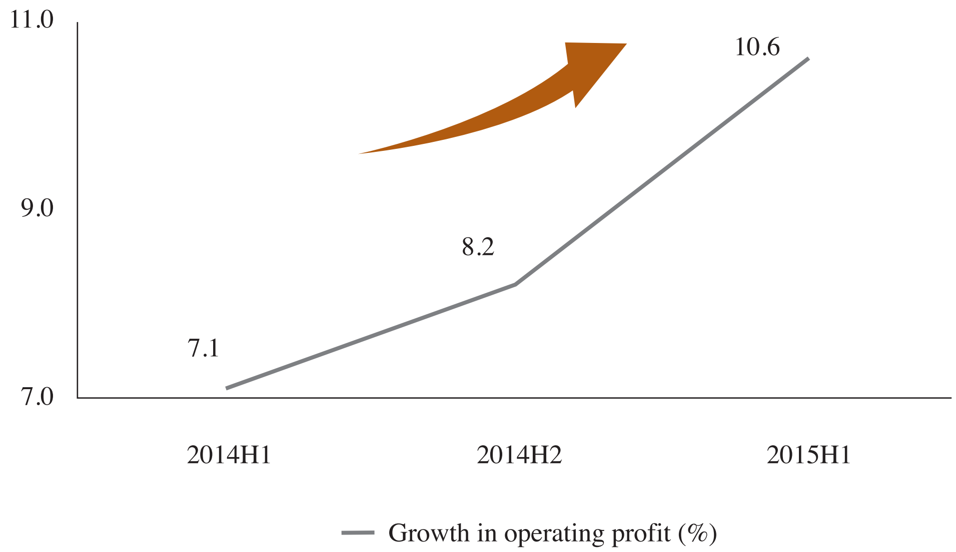
- Through thorough study in the demand from different customers, the Company improved the promotion measures and methods and enhanced the promotional discounts efficiency, so that the cost of promotional discount was under effective control;

- By fully capitalizing on the brand and scale advantages of Shanghai Min, and implementing strict cost control measures, the food cost to revenue ratio was maintained to a lower level than that of the same period last year;

- Through optimizing the headcount allocation and shift arrangement, the stores operation efficiency were improved. The number of employees at the stores were placed under strict control, so that the labor costs at the stores were well-managed;

- Through reform on the incentive mechanism, the Company developed the initiatives of the front-line managers at the stores, which effectively mitigated the store operating expenses such as energy and material consumption.

Trend of operating profit from Shanghai Min stores



“the dining room”: adjusted its development strategies and focused on model optimization

We launched “the dining room” brand targeting the casual dining market in Hong Kong in May 2012. We introducted it into the mainland market in June 2013, which was followed by rapid growth rate in the past two years. As of 30 June 2015, we have entered into eight cities such as Hong Kong, Shanghai and Beijing, with a total of 19 restaurants.

In 2015, the Company adjusted the development strategies of “the dining room”, where it’s determined to rapidly develop franchise stores on a national scale. During the first half of 2015, we focused on optimizing its business model.

- Optimization of operational model: As at 30 June 2015, there are 19 stores of “the dining room”, increased by 9 stores as compared to the same period in 2014. The income from “the dining room” has increased 66.7% in the first half of 2015 as compared to the same period in 2014, accounting for 8.8% of the total income in the first half of 2015, increased from 7.1% in the first half of 2014.

- Improvements in investment efficiency. The Company controlled the investment cost effectively. The standardized single store investment decreased from RMB2.8 million in 2014 to RMB2.5 million. Meanwhile, the Company effectively controlled the kitchen and logistics areas through design innovation and thus improved the overall store operation efficiency. The kitchen area to total store area ratio decreased by 5% of the 2015 new stores as compared to that of the 2014 stores.

- Product mix optimization. The Company optimized the product mix by introducing new beverages and desserts in order to maintain the novelty and attractiveness of the brand. Meanwhile, the Company introduced external third-party semi-finished product suppliers for certain products so as to improve the product standardization and thus facilitated the rapid expansion of stores.

Successful launch of new brand and establishment of the base of brand management

The Company's multi-brand strategy achieved major breakthrough in 2015, by ways of self-development, introduction from external parties and merger and acquisition. Currently the Company owns nine brands, which successfully formed a complete coverage of mid-to-high end Chinese cuisine, western cuisine and casual dining.

- The income from our core brand "Shanghai Min" has increased by 7.4%, accounting for 71.0% of the total income in the first half of 2015, decreasing from 89.3% in the first half of 2014, which fully implemented the development strategy of focusing on the strategies of multi-brand development as well as standardization duplication, brought up in the end of 2014.

- In the first half of 2015, the Company completed the acquisition of the 65% equity interest for POKKA HK. While maintaining its development in Hong Kong, the Company is using its best endeavours in the preliminary preparations for its western café restaurant business in Mainland China. The first store in mainland is scheduled to open in Shanghai during the second half of the year.

- The Company entered into cooperation with Oreno Corporation (俺の株式會社), a renowned restaurant group from Japan, for the promotion of Japanese-styled western cuisines business. During the first half of 2015, a Japanese styled restaurant and a French-Italian fusion restaurant were opened at Lan Kwai Fong, Hong Kong and Xintiandi, Shanghai, respectively. They both became the hot spots of the town since grand opening, and were celebrated by the consumers and the media. The operation results also met the expectations of the Company.

- The Company also introduced a western restaurant, named after its legendary founder, Oscar Chef, aka "First Chef of California", Mr. Wolfgang Puck. The new restaurant was opened in July at Xintiandi, Shanghai.

- The Company also entered into a joint venture with The Boathouse, a renowned food and beverage company in the United States, for the establishment of a theme restaurant. The preparation is now being conducted in full swing. The restaurant is expected to commence operation next year.

Chart: Table of brands operated by the Company.

Chinese cuisine	上海小南国 SHANGHAI MIN	MAISON DE CHUI		
Western cuisine	俺の株式会社 ORENO Corporation	WOLFGANG PUCK	BOATHOUSE	とん吉
Casual dining	南小馆 the dining room	POKKA CAFÉ	米芝莲 Mai Chi Ling	

The rapid growth of "Mai Chi Ling" declared the first victory in licensing business

In the second half of 2014, the Company began to enter cooperation with third-party entrepreneurs for the operation of tea house brand "Mai Chi Ling". The primary business model is to grant licence for franchise operation to rapidly develop throughout the country. The licensor company will collect a certain percentage of pre-defined revenue from the franchisee stores as management fee. The brand achieved rapid development during the first half of 2015. As of 31 July 2015, 178 franchises were granted (of which 88 franchisee stores already commenced operation) covering 87 cites. The average profit margin of licensed stores exceeded 20%. Other than Hong Kong style milk tea as the key product, "Mai Chi Ling" also launched new trendy popular snacks each month. Internet was used to conduct marketing in a flexible and fashionable manner, which facilitated the brand to rapidly penetrate across the country. The Company gained rich experience from "Mai Chi Ling" project in brand operation, which helps the Company to successfully implement the "Brand Management" strategy.

The business of POKKA was implemented according to plans

The Company acquired 65% equity interest of POKKA HK and its subsidiaries at the beginning of 2015, which operates a series of Western and Japanese leisure brand restaurants mainly in Hong Kong and Macau. As at 30 June 2015, POKKA HK has a total of 30 stores, including 16 Pokka Café and special features cafés, 2 Buono Nuobo (Italian restaurants) and 1 Copper Luwak (café), 4 Tonkichi (Japanese pork cutlet restaurants), 2 Michichi (ramen restaurants) and 5 new stores with special features. In the first half of 2015, POKKA HK has contributed a revenue of RMB148 million and a profit of RMB4 million. The operation team of POKKA HK has rich experience and resources on restaurant locations in Hong Kong and has identified Oreno Restaurant in Lan Kwai Fong for the Company. Since the acquisition, POKKA HK aims to develop café business in Mainland China, which is ongoing, with the first café to be opened in the second half of 2015. Benefited from the existing vast operation network of Shanghai Min, the next step of franchise business is in preparation.

Strategic outlook for the second half of 2015

Development of "brand management" strategy

"Brand Management" means to obtain potential brands by self-inventing, acquiring, developing and introducing and to expand and develop in the best way after model optimization.

In 2015, the Company fine-tuned its development strategies, changed from "multi-brand development" to "brand management". By capitalizing our extensive experience and understanding in food and beverage industry, strong advantages in product standardization, model optimization and cross region management capability, we will strive to become a brand management platform enterprise in food and beverage industry. Compared to the original strategy, the main adjustments for "brand management" strategy are as follows:

For brand selection, the Company will capitalize the Chairlady's and managements' extensive experiences and in-depth insights in the food and beverage industry, so as to explore and adopt state-of-the-art popular business models. The Company may obtain them by the way of acquisition or joint venture and consider potential sales depending on the life cycles of different brands.

For operation of each brand, the Company will facilitate the growth of revenue through combination of franchising and direct operation. In respect of the brands for Chinese cuisine and western cuisine, given the relatively more complicated technology and store operating management, the Company will continue direct operation as main business model. Meanwhile for casual dining brands such as "Mai Chi Ling", "the dining room" and "Pokka Café", given the simple business models and lower technical barrier of the staff, the Company will rapidly expand these brands through franchising.

Business development strategies under brand management

- In respect of our core brand "Shanghai Min", the Company will launch brand new product menu in the second half of 2015. Through it, the Company optimized the product mix to improve the affordability and attractiveness to younger generation and family customers. It would also improve the table-turn rate and turnover of stores. Meanwhile, the Company will continue to improve the operating efficiency and profitability through detailed shift arrangement, refined human resources allocation and operating cost control of the stores.

- In 2015, "the dining room" completed the model optimization and developed rapidly by franchise and business cooperation in the second half of 2015.

- Pokka Café: the most mature model was chosen from its existing brands. After the model optimization, it rapidly developed in the country; in 2015 and 2016, we will focus on develop simplified Pokka Café brand.

- Oreno: Based on the flagship stores in Shanghai and Hong Kong, we will promote Oreno brand and develop Oreno single store rapidly.

Fully implement the reform on incentive mechanism and put initiative of the front-line management into play

Given the better-than-expected achievement from the incentive plan implemented by the Company during the first half of 2015, the Company will fully implement the incentive mechanism throughout the Company in the second half of 2015. We will encourage the internal operating management at all levels to employ their entrepreneurship and sense of responsibility and further mobilize the staffs to put their initiative and creativity into play. These efforts are expected to facilitate product innovation, service improvement and cost saving and thus stimulate the profit growth of the stores.

Promote the construction of management system in headquarter and enhance operation efficiency

As to headquarters administration, the Company also underwent a series of reform in order to enhance the efficiency of the headquarters during the first half of 2015. The Company successfully developed and launched an in-house IT management system, which unified various administrative functions such as budgeting, contract approval, payment claims, ordering and receipt, attendance management under one platform. This had considerably enhanced the efficiency of both the Company and the staff. Meanwhile, the administrative expense to revenue ratio decreased from 8.3% of the same period last year to 8.0% in the first half of 2015, which was mainly due to the strict control on headquarters expense during the first half of 2015.

FINANCIAL REVIEW

For the six months ended 30 June 2015, the revenue of the Group reached RMB1,002.9 million, representing an increase of RMB260.2 million or 35.0% compared to RMB742.7 million for the six months ended 30 June 2014. The improvement consists of RMB148.3 million contributed by newly acquired POKKA HK, revenue increase of RMB48.8 million from Shanghai Min Restaurants and RMB63.1 million from brands other than Shanghai Min, including Oreno, the new brand in 2015. The gross profit of the Group achieved RMB696.9 million, an increase of approximately RMB198.6 million from RMB498.3 million for the same period of 2014. For the six months ended 30 June 2015, the profit attributable to owners of the Company amounted to approximately RMB14.9 million, an increase of RMB14.3 million compared to the profit for the same period of 2014.

As at 30 June 2015, the Group operated a restaurant network of 81 "Shanghai Min" restaurants, 3 "Maison De L'Hui" restaurants, 19 "the dining room" restaurants, 2 restaurants under new-brand "Oreno" and 2 restaurants under other brands, as well as 30 newly acquired restaurants under POKKA HK brands, which covers some of the most affluent and fast-growing cities in China, Hong Kong and other regions. The following table sets forth the revenue and the number of the restaurants in operation, by geographical region and brand, as at 30 June 2015 and 2014.

	Six months ended 30 June			
	2015		2014	
	Number of restaurants (Note (iii))	Revenue RMB'000 (unaudited)	Number of restaurants	Revenue RMB'000 (unaudited)
China (Note (ii))				
— Shanghai Min (Note (vi))	71	613,598	63	560,616
— Maison De L'Hui	3	28,725	4	23,554
— the dining room	14	56,984	7	23,592
— Oreno	1	1,001	—	—
— Other brands (Note (iv))	2	4,911	1	2,067
Hong Kong				
— Shanghai Min	9	86,912	9	87,468
— the dining room	4	29,042	3	29,222
— Oreno	1	11,610	—	—
— POKKA HK Brands (Note (v))	29	140,972	—	—
Macau				
— Shanghai Min	1	11,170	1	14,835
— the dining room	1	2,035	—	—
— POKKA HK Brands (Note (v))	1	7,362	—	—
Total revenue of restaurant operations (Note (i))	137	994,322	88	741,354
Other revenue		8,595		1,395
Total revenue		1,002,917		742,749

Notes

(i) Total revenue of restaurant operations included revenue of restaurant operations and packaging products of restaurants.

(ii) The People's Republic of China ("China") which for the purpose of this report and for geographical reference only, excludes Hong Kong, Macau and Taiwan.

(iii) The number of restaurants did not include "Mai Chi Ling" licensed stores.

(iv) Other brands include 1 "Shanghai Min's Family Restaurant" and 1 "Coast Fever" restaurant.

(v) POKKA HK brands include 30 stores under 10 brands such as Pokka Café and Tonkichi, etc., in Hong Kong and Macau.

(vi) Shanghai Min store number increased by 8, mainly contributed by stores opening in the second half of 2014. The net store number increase in 2015 was nil.

Revenue

Revenue of the Group increased by RMB260.2 million, or 35.0%, from RMB742.7 million for the six months ended 30 June 2014 to RMB1,002.9 million for the six months ended 30 June 2015. This increase was due to an increase of RMB253.0 million in total revenue of restaurant operations and an increase of RMB7.2 million in other revenue during the period.

Total Revenue of restaurant operations

Total revenue of restaurant operations increased by RMB253.0 million, or 34.1%, from RMB741.3 million for the six months ended 30 June 2014 to RMB994.3 million for the six months ended 30 June 2015 primarily reflecting:

- an increase of RMB148.3 million in revenue contributed by 30 stores under POKKA HK brands that were acquired at the beginning of 2015;
- an increase of RMB24.3 million, representing an increase of 4.0%, in comparable restaurants sales from the six months ended 30 June 2014 to the six months ended 30 June 2015;
- an increase of RMB86.6 million in revenue from restaurants that were opened in 2014;
- an increase of RMB23.2 million in revenue from 7 restaurants newly opened during 2015 among which RMB12.6 million from 2 stores under the new brand "Oreno";
- the closure, renovation, suspension of stores in 2014 and in the first half of 2015 incurred a decrease in revenue of RMB29.4 million.

Other revenue

Other revenue increased by RMB7.2 million, from RMB1.4 million for the six months ended 30 June 2014 to RMB8.6 million for the six months ended 30 June 2015, which primarily reflected an increase of RMB4.2 million in Mai Chi Ling licensing business during 2015.

Cost of sales

Cost of sales increased by RMB61.6 million, or 25.2%, from RMB244.4 million for the six months ended 30 June 2014 to RMB306.0 million for the six months ended 30 June 2015.

Cost of sales as a percentage of the revenue decreased from 32.9% for the six months ended 30 June 2014 to 30.5% for the six months ended 30 June 2015 primarily reflecting the reduction in food cost and promotion discount.

Other income

Other income decreased by RMB2.3 million, from RMB25.0 million for the six months ended 30 June 2014 to RMB22.7 million for the six months ended 30 June 2015, primarily reflecting the change in policies resulting in the reduction of government subsidies by RMB2.7 million.

Selling and distribution expenses

Selling and distribution expenses increased by RMB153.3 million, or 33.9%, from RMB452.3 million for the six months ended 30 June 2014 to RMB605.6 million for the six months ended 30 June 2015, including selling and distribution expenses of RMB98.8 million from newly acquired POKKA HK for the six months ended 30 June 2015.

Labor costs relating to the restaurants, central kitchens and central warehouses increased by RMB67.8 million, or 37.7%, from RMB179.7 million for the six months ended 30 June 2014 to RMB247.5 million for the six months ended 30 June 2015. As a percentage of our revenue, labor costs slightly increased from 24.2% for the six months ended 30 June 2014 to 24.7% for the six months ended 30 June 2015, reflecting the higher labor cost in newly acquired POKKA HK.

Occupancy costs relating to restaurants, central kitchens and central warehouses increased by RMB44.2 million, or 34.0%, from RMB130.1 million for the six months ended 30 June 2014 to RMB174.3 million for the six months ended 30 June 2015. As a percentage of our revenue, occupancy costs decreased from 17.5% for the six months ended 30 June 2014 to 17.4% for the six months ended 30 June 2015.

Depreciation expenses relating to the restaurants, central kitchens and central warehouses increased by RMB17.0 million, or 29.1%, from RMB58.4 million for the six months ended 30 June 2014 to RMB75.4 million for the six months ended 30 June 2015. As a percentage of our revenue, depreciation expenses decreased from 7.9% for the six months ended 30 June 2014 to 7.5% for the six months ended 30 June 2015.

General and administrative expenses

Administrative expenses increased by RMB18.2 million, or 29.5%, from RMB61.6 million for the six months ended 30 June 2014 to RMB79.8 million for the six months ended 30 June 2015, and as a percentage of our revenue, administrative expenses decreased from 8.3% to 8.0% during the same periods. It primarily reflected the successful restructure of the Business Units and Head Office resulted in reduction in administrative expense.

Other expenses

Other expenses of RMB7.3 million for the six months ended 30 June 2015 were mainly attributable to a one-time write-off of store closure of RMB6.3 million.

Income tax expenses

Income tax expenses increased by RMB5.1 million from RMB0.9 million for the six months ended 30 June 2014 to RMB6.0 million for the six months ended 30 June 2015, which was mainly attributable to increase of profit before tax for the same period and increased earnings shares contributed by Mainland segment that has a higher tax burden compared with other region.

Profit for the period attributable to owners of the Company

As a result of the foregoing, the profit for the period attributable to owners of the Company increased by RMB14.3 million from RMB0.6 million for the six months ended 30 June 2014 to RMB14.9 million in the six months ended 30 June 2015. The net profit margin increased from 0.1% for the six months ended 30 June 2014 to 1.5% for the six months ended 30 June 2015.

Dividends payable

For the six months ended 30 June 2015, the Group did not pay any dividends. As at 30 June 2015, there were no outstanding dividends payable.

MRL, a subsidiary of the Group, declared HK$34,000,000 (equivalent to RMB26,812,000) distribution on 20 March 2015 to its shareholders Bright Charm and Rosy Metro. The outstanding balance represented the dividends payable to Rosy Metro.

Liquidity, financial resources and cash flow

The Group should fund the liquidity and capital requirements primarily through capital contributions from shareholders, bank loans, cash inflows from the operating activities and proceeds received from equity raise.

The gearing ratio was 26.8%. Gearing ratio is net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank loans, trade payables and other payables and accruals, less cash and cash equivalents. Capital represents equity attributable to owners of the Company.

As at 30 June 2015, total current assets and total current liabilities were RMB534.4 million and RMB576.7 million respectively. The current liabilities exceeded the current assets by approximately RMB42.3 million, which was mainly attributable to the one-off consideration paid for the acquisition of POKKA HK during the first half of 2015. Meanwhile, net cash inflow from operating activities of the Group for the first half of 2015 was RMB82.6 million, which was sufficient for various payments.

The Group had net cash inflows from operating activities of RMB82.6 million for the six months ended 30 June 2015 (for the six months ended 30 June 2014: RMB30.2 million). As at 30 June 2015, the Group had RMB252.7 million in cash and cash equivalents (30 June 2014: RMB305.5 million). The following table sets out certain information regarding the consolidated cash flows for the period ended 30 June 2015 and 2014.

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash flows from operating activities	**82,622**	30,153
Net cash flows used in investing activities	**(198,277)**	(77,031)
Net cash flows from financing activities	**100,353**	25,020
Net decrease in cash and cash equivalents	**(15,302)**	(21,858)
Cash and cash equivalents at the beginning of the period	**269,305**	324,499
Effect of foreign exchange rate changes, net	**(1,274)**	2,898
Cash and cash equivalents at the end of the period	**252,729**	305,539

Operating activities

Net cash inflow from operating activities increased by RMB52.5 million from RMB30.2 million for the six months ended 30 June 2014 to RMB82.6 million for the six months ended 30 June 2015, which was primarily attributable to the increase of profit in operating activities.

Investing activities

Net cash flow used in investing activities was RMB198.3 million in the six months ended 30 June 2015, compared with RMB77.0 million for the same period in 2014. It was mainly due to the acquisition of POKKA HK at the beginning of 2015.

Financing activities

Net cash flow generated from financing activities changed from a cash inflow of RMB25.0 million during the six months ended 30 June 2014 to a cash inflow of RMB100.4 million during the six months ended 30 June 2015, representing an increase of RMB75.4 million, which was primarily attributable to the bank loans increase as a result of acquisition at the beginning of the year.

Foreign currency exposure

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in a different currency from the functional currency of the relevant subsidiaries of the Group). None of the Group's purchase for the six-month periods ended 30 June 2015 and 30 June 2014 are denominated in currencies other than the functional currency of the relevant subsidiaries. The Group has minimal exposure of foreign exchange risk.

Contingent liabilities

There were no significant contingent liabilities for the Group as at 30 June 2015 and 31 December 2014.

Operating lease arrangements

As lessee

The Group leases certain of its offices and restaurant properties under operating lease arrangements. Leases for properties are negotiated for terms mainly ranging from 5 to 12 years.

At the end of each reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Within one year	**234,579**	247,237
In the second to fifth years, inclusive	**686,400**	694,581
After five years	**260,835**	283,368
	1,181,814	1,255,186

Capital commitment

Capital commitments were approximately RMB32.1 million and RMB77.0 million as at 30 June 2015 and 31 December 2014 respectively.

Human resources

The salary level of employees in the China restaurant industry has been generally increasing in recent years. Employee attrition level tend to be higher in the catering industry than other industries. The Group offers competitive wages and other benefits to the restaurant employees to manage employee attrition. As at 30 June 2015, the Group recruited about 6,295 employees in China, Hong Kong and other regions. During the six months ended 30 June 2015, total staff cost was RMB293.6 million, accounting for 29.3% of the revenue (six months ended 30 June 2014: RMB220.0 million, 29.6% of the revenue).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six-month period ended 30 June 2015

	Notes	Six-month period ended 30 June	
		2015	2014
		RMB'000	RMB'000
		(unaudited)	(unaudited)
REVENUE	5	**1,002,917**	742,749
Cost of sales		**(305,968)**	(244,417)
Gross profit		**696,949**	498,332
Other income	5	**22,703**	24,977
Selling and distribution expenses		**(605,634)**	(452,293)
Administrative expenses		**(79,770)**	(61,608)
Other expenses		**(7,253)**	(5,853)
Finance costs	7	**(6,823)**	(2,360)
PROFIT BEFORE TAX	6	**20,172**	1,195
Income tax expense	8	**(5,969)**	(905)
PROFIT FOR THE PERIOD		**14,203**	290
Attributable to:			
Owners of the Company		**14,899**	578
Non-controlling interests		**(696)**	(288)
		14,203	290
Earnings per share attributable to ordinary equity holders of the Company			
– Basic	10	**RMB1.02 cents**	RMB0.04 cents
– Diluted	10	**RMB1.02 cents**	RMB0.04 cents

Details of the dividends declared for the period are disclosed in Note 9 to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six-month period ended 30 June 2015

	Six-month period ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	**14,203**	290
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,287)**	3,408
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(1,287)**	3,408
TOTAL COMPREHENSIVE INCOME FOR THE PEIOD	**12,916**	3,698
Attributable to:		
Owners of the Company	**13,612**	3,986
Non-controlling interests	**(696)**	(288)
	12,916	3,698

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**790,264**	685,999
Intangible assets		**35,627**	4,325
Goodwill	4	**11,930**	—
Available-for-sale investments		**27,268**	20,100
Long-term rental deposits		**94,061**	66,234
Deferred tax assets		**81,548**	72,611
Pledged deposits	15	**60,000**	—
Loan to non-controlling interest shareholder	4/a.2	**51,259**	—
Other long-term receivables	4/b	**29,967**	—
Other long-term assets		**51**	157
Total non-current assets		**1,181,975**	849,426
CURRENT ASSETS			
Inventories	12	**50,571**	45,014
Trade receivables	13	**21,402**	18,068
Prepayments, deposits and other receivables	14	**189,520**	175,693
Financial asset at fair value through profit or loss		**213**	—
Pledged deposits	15	**20,000**	—
Cash and cash equivalents	15	**252,729**	269,305
Total current assets		**534,435**	508,080
CURRENT LIABILITIES			
Trade payables	16	**97,907**	102,458
Interest-bearing bank loans	17	**262,627**	236,141
Tax payable		**24,070**	16,240
Other payables and accruals	18	**181,685**	150,508
Dividends payable	9	**9,384**	—
Deferred income		**1,044**	841
Total current liabilities		**576,717**	506,188
NET CURRENT (LIABILITIES)/ASSETS		**(42,282)**	1,892
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,139,693**	851,318

	Note	**30 June 2015 RMB'000 (unaudited)**	31 December 2014 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Long-term payables		**101,487**	61,887
Interest-bearing bank loans	17	**153,856**	—
Deferred tax liabilities		**777**	777
Total non-current liabilities		**256,120**	62,664
Net assets		**883,573**	788,654
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**12,035**	12,062
Treasury shares		—	(2,711)
Reserves		**777,076**	772,809
		789,111	782,160
Non-controlling interests		**94,462**	6,494
Total equity		**883,573**	788,654

Director *Director*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 2015

	Attributable to owners of the Company												
	Issued capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Share option reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As of 1 January 2015	12,062	475,538	(2,711)	—	59,771	(69,246)	13,238	(16,329)	14,504	295,333	782,160	6,494	788,654
Profit for the period	—	—	—	—	—	—	—	—	—	14,899	14,899	(696)	14,203
Other comprehensive income for the period:													
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(1,287)	—	—	(1,287)	—	(1,287)
Total comprehensive income for the period	—	—	—	—	—	—	—	(1,287)	—	14,899	13,612	(696)	12,916
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	82,803	82,803
Cancellation of shares	(27)	(2,711)	2,711	27	—	—	—	—	—	—	—	—	—
Capital contribution from the non-controlling interests	—	—	—	—	973	—	—	—	—	—	973	5,861	6,834
Dividend paid to non-controlling interest	—	—	—	—	—	—	—	—	—	(9,384)	(9,384)	—	(9,384)
Equity-settled share option arrangements	—	—	—	—	—	—	—	—	1,750	—	1,750	—	1,750
As of 30 June 2015(unaudited)	12,035	472,827	—	27	60,744	(69,246)	13,238	(17,616)	16,254	300,848	789,111	94,462	883,573

	Attributable to owners of the Company											
	Issued capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Share option reserve RMB'000	Retained earnings RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As of 1 January 2014	12,047	473,301	60,174	(69,246)	12,898	(17,330)	11,725	295,107	—	778,676	4,596	783,272
Profit for the period	—	—	—	—	—	—	—	578	—	578	(288)	290
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	—	—	—	—	—	3,408	—	—	—	3,408	—	3,408
Total comprehensive income for the period	—	—	—	—	—	3,408	—	578	—	3,986	(288)	3,698
Issue of shares	16	2,219	—	—	—	—	(204)	—	—	2,031	—	2,031
Equity-settled share option arrangements	—	—	—	—	—	—	1,000	—	—	1,000	—	1,000
As of 30 June 2014 (unaudited)	12,063	475,520	60,174	(69,246)	12,898	(13,922)	12,521	295,685	—	785,693	4,308	790,001

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2015

	Notes	Six-month period ended 30 June 2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Cash flows from operating activities			
Profit before tax:		**20,172**	1,195
Adjustments for:			
Finance costs	7	**6,823**	2,360
Interest income	5	**(2,286)**	(989)
Dividend income from available-for-sale investment	5	**(2,000)**	—
Depreciation	11	**80,716**	59,163
Amortisation of intangible assets		**1,359**	632
Amortisation of other long-term assets		**106**	106
Loss on disposal of items of property, plant and equipment		**6,314**	4,004
Equity-settled share option expense	19	**1,750**	1,000
		112,954	67,471
Decrease in inventories		**3,023**	9,634
Decrease in trade receivables		**947**	567
Increase/(decrease) in prepayments, deposits and other receivables		**166**	(250)
Decrease in trade payables		**(12,016)**	(343)
Increase/(decrease) in other payables and accruals		**(3,954)**	(27,197)
Increase in long-term rental deposits		**(12,107)**	(5,835)
Increase in long-term payables		**3,233**	3,530
Increase/(decrease) in deferred income		**203**	(1,156)
Cash generated from operations		**92,449**	46,421
Income tax paid		**(9,827)**	(16,268)
Net cash flow generated from operating activities		**82,622**	30,153
Cash flows from investing activities			
Dividends received from available-for-sale investment		**2,000**	—
Purchases of items of property, plant and equipment		**(69,972)**	(86,020)
Proceeds from disposal of items of property, plant and equipment		—	8,000
Acquisition of a subsidiary		**(74,164)**	—
Purchase of available-for-sale investment		**(7,168)**	—
Loan to non-controlling interest shareholder		**(51,259)**	—
Interest received		**2,286**	989
Net cash flow used in investing activities		**(198,277)**	(77,031)

	Notes	Six-month period ended 30 June 2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Cash flows from financing activities			
Proceeds from issue of shares		—	3,908
Increase in pledged time deposits		**(80,000)**	—
Repayment of bank loans		**(19,555)**	(95,218)
Proceeds from new bank loans		**199,897**	120,000
Capital contribution from non-controlling interests		**6,834**	—
Interest paid		**(6,823)**	(3,670)
Net cash generated from financing activities		**100,353**	25,020
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(15,302)**	(21,858)
Cash and cash equivalents at beginning of the period		**269,305**	324,499
Effect of foreign exchange rate changes - net		**(1,274)**	2,898
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**252,729**	305,539
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	**252,369**	301,205
Non-pledged time deposits with maturity of less than three months	15	**360**	4,334
Cash and cash equivalents as stated in the statement of cash flows		**252,729**	305,539

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 2 February 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered office of the Company is located at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 4 July 2012 (the "Listing").

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the operation of restaurant chain stores in Mainland China, Hong Kong and other regions. On 7 January 2015, the Group completed the acquisition of Pokka Corporation (HK) Limited and its subsidiary Pokka Coffee (Macau) Ltd., (collectively referred to as "POKKA HK") for a total purchase price of approximately HK$300,000,000. For the details of the acquisition transaction, please refer to note 4.

2.1 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as well as with all the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Net current liability

As at 30 June 2015, the current liabilities of the Group exceeded its current assets by approximately RMB42 million, which was caused by consideration paid for the acquisition transaction mentioned in note 4. In the opinion of the Directors, it is the industry practice for the restaurant business to keep a low level of current ratio. The Directors have prepared these financial statements on a going concern basis notwithstanding the net current liability position because the Directors expected that the Group will generate sufficient cash inflows from the sales proceeds on the operation of restaurants to meet its financial obligations when they fall due.

These condensed consolidated interim financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. These condensed consolidated interim financial statements have not been audited. These condensed consolidated interim financial statements were approved and authorized for issue by the board of directors on 27 August 2015.

The 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 as at 31 December 2014.

2.2 IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the new and revised standards and interpretations as of 1 January 2015, noted below:

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Annual Improvements 2010-2012 Cycle	*Amendments to a number of IFRSs*[1]
Annual Improvements 2011-2013 Cycle	*Amendments to a number of IFRSs*[1]

1 Effective for annual periods beginning on or after 1 July 2014

The adoption of these new and revised IFRSs had no significant effect on these financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements:

IFRS 9	*Financial Instruments*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
IFRS 14	*Regulatory Deferral Accounts*[4]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27 (Revised)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of IFRSs*[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for an entity that first adopts IFRSs for its annual financial statements for annual periods beginning on or after 1 January 2016 and therefore is not applicable to the Group.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

The Group has following two reportable operating segments since the Group completed the acquisition of POKKA HK on 7 January 2015:

(a) Xiao Nan Guo Business

(b) POKKA HK Business

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessments Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank loans, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION *(Continued)*

Period ended 30 June 2015

	Xiao Nan Guo RMB'000 (unaudited)	POKKA HK RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue			
Sales to external customers	854,583	148,334	1,002,917
Revenue from continuing operations			1,002,917
Segment results	26,825	3,473	30,298
Reconciliation:			
Elimination of internal results			(431)
Dividend income from available-for-sale investment			2,000
Equity-settled share option expense			(1,750)
Interest income			2,286
Finance costs			(6,823)
Corporate and other unallocated expenses			(5,408)
Profit before tax			20,172
Segment assets	1,028,978	278,144	1,307,122
Reconciliation:			
Elimination of internal receivables			(32,470)
Corporate and other unallocated assets			441,758
Total assets			1,716,410
Segment liabilities	381,884	41,534	423,418
Reconciliation:			
Elimination of internal payables			(32,470)
Corporate and other unallocated liabilities			441,889
Total liabilities			832,837
Other segment information:			
Depreciation and amortization	69,282	12,793	82,075
Capital expenditure*	69,335	637	69,972

* Capital expenditure consists of items of property, plant and equipment, and intangible assets including assets from the acquisition of a subsidiary.

3. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	Six-month period ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Mainland China	**713,814**	611,327
Hong Kong	**268,536**	116,690
Others	**20,567**	14,732
	1,002,917	742,749

The revenue information above is based on the location of the customers.

(b) Non-current assets

	30 June	31 December
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(audited)
Mainland China	**684,855**	699,066
Hong Kong	**138,903**	54,659
Others	**108,175**	2,990
	931,933	756,715

The non-current asset information above is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about a major customer

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the six-month periods ended 30 June 2015 and 2014, no major customers segment information is presented in accordance with IFRS 8 *Operating Segments*.

4. BUSINESS COMBINATION

Bright Charm Development Limited (Bright Charm) (a wholly-owned subsidiary of the Company) and Rosy Metro Investment Limited (Rosy Metro) (a company wholly-owned by Ms. Pauline Wong) own 65% and 35% of the issue of share of the Million Rank Limited ("MRL"). On 7 January 2015, MRL acquired 100% equity interest of POKKA HK from Pokka Singapore (the "Seller"), for a total consideration of HK$300,000,000 (equivalent to RMB236,580,000). POKKA HK, incorporated in Hong Kong, a company specialises in the operating restaurants in Hong Kong and Macau under a portfolio of brand mainly in the casual dining segment of western and Japanese cuisines. The acquisition was made as part of the Group's strategy to expand both its existing product portfolio and customer base. After the acquisition, the Company indirectly holds 65% shares of interest in POKKA HK.

The fair values of the identifiable assets and liabilities of POKKA HK as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	128,868
Intangible assets*	32,661
Long-term rental deposits	15,720
Deferred tax asset	615
Inventories	8,580
Prepayments, deposits and other receivables	12,416
Due from the precedent controlling shareholder	34,698
Trade receivables	4,281
Financial asset at fair value through profit or loss	213
Cash and cash equivalents	44,915
Trade payables	(7,465)
Other payables and accruals	(41,086)
Tax payable	(3,340)
Long-term payables	(6,400)
Deferred tax liability	(26)
Total identifiable net assets at fair value	224,650
Goodwill on acquisition	11,930
Satisfied by cash	236,580

4. BUSINESS COMBINATION *(Continued)*

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB4,281,000 and RMB12,416,000, respectively. The contractual amounts of trade receivables and other receivables were RMB4,281,000 and RMB12,416,000, respectively.

* The fair values of intangible assets as at the date of acquisition amounted to RMB32,661,000, which is consist of favourable contract, trademark and customer relationship.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(236,580)
Cash consideration to be paid	31,544
Cash consideration paid	(205,036)
Cash and bank balances acquired	44,915
Consideration net off with the due from the precedent controlling shareholder	34,698
Consideration paid by non-controlling shareholder	51,259
Net outflow of cash and cash equivalents included in cash flows from investing activities	(74,164)
Transaction costs of the acquisition included in cash flows from operating activities	(7,852)
	(82,016)

The purchase price payment arrangement is as follows:

a. At the acquisition, Bright Charm and Rosy Metro shall pay to the Seller HK$216,000,000 (equivalent to RMB170,338,000).

a.1 The HK$151,000,000 (equivalent to RMB119,079,000) paid by MRL through Bright Charm's subscription price for its subscription of shares in MRL was derived from the bank loan, which are secured by:(i) the pledge of certain of the Group's time deposits amounting to RMB 80,000,000, (ii) mortgages over the buildings of Xiao Nan Guo (Group) Co., Ltd., which is a company owned by the Controlling Shareholders, amounting to RMB80,000,000 as at 30 June 2015.

a.2 The HK$65,000,000 (equivalent to RMB51,259,000) constitutes part of the subscription price to be paid by Rosy Metro for its subscription of shares in MRL, was derived from the loan provided by POKKA HK. POKKA HK entered into a facility agreement, amounted to HK65,000,000 (equivalent to RMB51,259,000), with a commercial bank to fund the loan to Rosy Metro on 15 December 2014. The bank loans borrowed by POKKA HK are secured by POKKA HK's building, which had the net carrying value of approximately RMB72,235,000 at the end of reporting period. The loans to Rosy Metro, a non-controlling shareholder of the Group, is unsecured and bear interest no more than 5% and should be repaid in the next three years since 30 March 2015, the drawdown date.

4. BUSINESS COMBINATION *(Continued)*

b. The outstanding of HK$40,000,000 (equivalent to RMB31,544,000) paid by MRL through Rosy Metro's subscription price for its subscription of shares in MRL shall pay to the Seller in five instalments in accordance with the deferred payment schedule. According to the deferred payment schedule, HK$2,000,000 (equivalent to RMB1,577,000), HK$4,000,000 (equivalent to RMB3,154,000), HK$5,000,000 (equivalent to RMB3,943,000), HK$6,000,000 (equivalent to RMB4,732,000) and HK$23,000,000 (equivalent to RMB18,138,000) shall be paid on the first, second, third, fourth and fifth anniversary of the closing date of acquisition, respectively.

   MRL and the Seller has entered into a equity pledge agreement on 7 January 2015, pursuant to which 2,400,000 shares, representing 15% of the total issued share capital of POKKA HK, have been charged to the Seller as security for above deferred payment of HK$40,000,000 (equivalent to RMB31,544,000). Upon punctual payment of each instalment of the deferred payment, the Seller undertakes to release certain charged shares in the amount proportional to the amount of each instalment of the deferred payment.

   The loan to Rosy Metro and the deferred payment schedule mentioned in note a.2 and b are both mortgaged by 35% equity interest of MRL held by Rosy Metro. If Rosy Metro fails to fulfill these obligations, the Company and Bright Charm shall purchase or cause a third party to purchase the shares held by Rosy Metro.

c. The HK$44,000,000 (equivalent to RMB34,698,000) payable by MRL through Bright Charm's subscription price for its subscription of shares in MRL was net off with the payment to POKKA HK assumed by the Seller.

d. The transaction costs incurred for this acquisition are RMB14,162,000. HK$8,000,000 (equivalent to RMB6,310,000) had been undertaken by the seller. HK$6,840,000 (equivalent to RMB5,395,000) and RMB1,239,000 had been expensed by POKKA HK and the Company in the consolidated statement of profit or loss for the year ended 31 December 2014, respectively. The remaining costs had been expensed and was included in other expenses in the consolidated statement of profit or loss for the period ended 30 June 2015.

From the date of acquisition, POKKA HK has contributed RMB148,333,627 to the Group's revenue and RMB4,020,297 to the consolidated profit for the period ended 30 June 2015.

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of services rendered and goods sold, after allowances for returns and trade discounts, net of sales taxes and surcharges.

An analysis of revenue and other income is as follows:

	Six-month period ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue		
Restaurant operations	**994,322**	741,354
Other revenue	**8,595**	1,395
Revenue, net	**1,002,917**	742,749
Other income		
Government grants	**13,667**	16,399
Bank interest income	**2,286**	989
Management fee	**3,882**	6,994
Dividend income from available-for-sale investment	**2,000**	—
Foreign exchange differences	**163**	—
Others	**705**	595
	22,703	24,977

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six-month period ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of sales	**305,968**	244,417
Depreciation	**80,716**	59,163
Amortisation of intangible assets	**1,359**	632
Amortisation of other long-term assets	**106**	106
Minimum lease payments under operating lease on buildings	**178,555**	143,782
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**233,346**	171,305
Equity-settled share option expense	**1,750**	1,000
Defined contribution pension scheme	**58,515**	47,728
	293,611	220,034
Bank interest income	**(2,286)**	(989)
Loss on disposal of items of property, plant and equipment	**6,314**	4,004

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Six-month period ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank loans wholly repayable within five years	**7,226**	2,799
Less: Interest capitalised	**(403)**	(439)
	6,823	2,360

8. INCOME TAX

	Six-month period ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Group:		
Current - Mainland China charged for the period	**13,523**	11,839
Current - Hong Kong and elsewhere charged for the period	**794**	—
Deferred tax	**(8,348)**	(10,934)
Total tax charge for the period	**5,969**	905

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

Pursuant to the International Business Companies Act, 1984 (the "IBC Act") of the BVI, international business companies incorporated pursuant to the IBC Act enjoy a complete exemption from income tax. This includes an exemption from capital gains tax and all forms of withholding tax. Accordingly, the subsidiaries incorporated in the BVI are not subject to tax.

According to the PRC Corporate Income Tax Law ("PRC CIT Law"), the applicable income tax rates for both domestic and foreign investment enterprises in the People's Republic of China (the "PRC") are unified at 25%.

According to the Macau Complementary Tax("MCT") Law, taxable profits below MOP200,000 are exempted from tax, taxable profits between MOP200,001 to MOP300,000 are subject to the rate of 9% and taxable profits over MOP300,000 are subject to the rate of 12%.

9. DIVIDENDS

	Six-month period ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
Interim – Nil (2014: Nil) per ordinary share	**—**	—

* MRL, a subsidiary of the Group, declared HK$ 34,000,000(equivalent to RMB26,812,000) distribution on 20 March 2015 to its shareholders Bright Charm and Rosy Metro. The dividends payable represented the dividends payable to Rosy Metro.

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

The calculation of basic earnings per share for the six-month period ended 30 June 2015 is based on the consolidated profit attributable to the equity holders of the Company and weighted average number of ordinary shares of 1,464,104,000 (30 June 2014: 1,463,741,481) in issue throughout the period.

The calculation of diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company. The number of ordinary shares used in the calculation is the number of ordinary shares used in the basic earnings per share calculation and the number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Six-month period ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**14,899**	578

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

	Six-month period ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation*	**1,464,104,000**	1,463,741,481
Effect of dilution – weighted average number of ordinary shares:		
Share options**	—	605,859
Number of ordinary shares used in the diluted earnings per share calculation	**1,464,104,000**	1,464,347,340

* Not taking into account 11,250,000 ordinary shares issued to Affluent Harvest Limited, a wholly-owned subsidiary of the Company.

** Since the exercise prices of these options exceed the average market price of ordinary shares during the period, there was no dilutive effect as of 30 June 2015.

11. PROPERTY, PLANT AND EQUIPMENT

Group

	Building RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
30 June 2015						
At 31 December 2014 and 1 January 2015(audited):						
Cost	—	891,043	200,800	6,455	9,147	1,107,445
Accumulated depreciation and impairment	—	(313,017)	(103,453)	(4,976)	—	(421,446)
Net carrying amount	—	578,026	97,347	1,479	9,147	685,999
At 1 January 2015, net of accumulated depreciation(audited)	—	578,026	97,347	1,479	9,147	685,999
Additions	—	33,474	9,480	—	19,486	62,440
Acquisition of a subsidiary	73,380	31,045	23,562	881	—	128,868
Depreciation provided during the period	(1,145)	(57,941)	(21,404)	(226)	—	(80,716)
Disposal	—	(5,505)	(781)	(28)	—	(6,314)
Transfers	—	15,518	2,850	—	(18,368)	—
Exchange realignment	—	(12)	(1)	—	—	(13)
At 30 June 2015, net of accumulated depreciation (unaudited)	72,235	594,605	111,053	2,106	10,265	790,264
At 30 June 2015(unaudited):						
Cost	73,380	956,718	233,794	6,771	10,265	1,280,928
Accumulated depreciation and impairment	(1,145)	(362,113)	(122,741)	(4,665)	—	(490,664)
Net carrying amount	72,235	594,605	111,053	2,106	10,265	790,264

11. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group

	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
30 June 2014					
At 31 December 2013 and 1 January 2014(audited):					
Cost	780,951	168,529	6,460	28,552	984,492
Accumulated depreciation and impairment	(220,249)	(74,102)	(4,635)	—	(298,986)
Net carrying amount	560,702	94,427	1,825	28,552	685,506
At 1 January 2014, net of accumulated depreciation(audited)	560,702	94,427	1,825	28,552	685,506
Additions	17,162	9,993	2	30,501	57,658
Depreciation provided during the period	(44,059)	(14,819)	(285)	—	(59,163)
Disposal	(3,436)	(568)	—	—	(4,004)
Transfers	23,476	4,755	—	(28,231)	—
Exchange realignment	435	75	—	—	510
At 30 June 2014, net of accumulated depreciation (unaudited)	554,280	93,863	1,542	30,822	680,507
At 30 June 2014(unaudited):					
Cost	817,348	182,147	6,461	30,822	1,036,778
Accumulated depreciation and impairment	(263,068)	(88,284)	(4,919)	—	(356,271)
Net carrying amount	554,280	93,863	1,542	30,822	680,507

At 30 June 2015, certain of the Group's building with a net carrying amount of approximately RMB72,235,000 (30 June 2014: nil) was pledged to secure bank loans granted to the Group(note 17).

12. INVENTORIES

	Group	
	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Food and beverages, and other operating items for restaurant operations	**50,571**	45,014

13. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on cash and credit card settlement. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

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

	Group	
	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Within 1 month	**12,031**	12,224
1 to 2 months	**5,309**	2,548
2 to 3 months	**766**	1,163
Over 3 months	**3,296**	2,133
	21,402	18,068

All of the receivables were neither past due nor impaired and mainly relate to corporate customers and receivables from banks for credit cards settlement for whom there was no recent history of default.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Deposits and other receivables	**54,430**	59,108
Prepaid expense	**24,431**	24,852
Amount due from companies owned by the Controlling Shareholder	**50,557**	53,923
Amount due from a director of major subsidiaries in Hong Kong	**576**	455
Contribution receivables from non-controlling interest(Note 4/b)	**1,577**	—
Prepayments	**57,949**	37,355
	189,520	175,693

Amounts due from companies owned by the Controlling Shareholder are unsecured, interest-free and repayable on demand.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group	
	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Cash and bank balances, unrestricted	252,369	264,501
Time deposits	80,360	4,804
	332,729	269,305
Less: Pledged time deposits:		
Pledged for current portion of long term bank loans	(20,000)	—
Pledged for long term bank loans	(60,000)	—
Cash and cash equivalents	252,729	269,305

The cash and bank balances and time deposits of the Group subsidiaries in mainland China denominated in RMB amounted to RMB186,638,000 and RMB183,126,000 as at 30 June 2015 and 31 December 2014, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

16. TRADE PAYABLES

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

	Group	
	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Within 3 months	96,541	99,850
3 months to 1 year	788	1,112
Over 1 year	578	1,496
	97,907	102,458

The trade payables are non-interest-bearing and normally settled within 30 days of receiving the invoice.

17. INTEREST-BEARING BANK LOANS

Group

	30 June 2015			31 December 2014		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – unsecured	6.60	2015	80,000	6.60	2015	80,000
Bank loans – unsecured	Hibor+2.50	2015	42,059	Hibor+2.50%	2015	47,334
Bank loans – unsecured	Hibor+2.75	2015	35,049	Hibor+2.75%	2015	39,445
Bank loans – unsecured	Hibor+3.00	2015	9,858	—	—	—
Bank loans – unsecured	Hibor+3.00	2016	9,857	Hibor+3.00%	2016	29,584
Bank loans – unsecured	COF+2.50	2015	39,763	COF+2.50	2015	39,778
Bank loans – secured	Hibor+1.70	2016	4,561	—	—	—
Bank loans – unsecured	Hibor+2.45	2016	3,943	—	—	—
Current portion of long-term bank loans-secured	Hibor+2.30	2016	37,537	—	—	—
			262,627			236,141
Non-current						
Bank loans – secured	Hibor+1.70	2017	29,415	—	—	—
Bank loans – unsecured	Hibor+2.45	2017	11,829	—	—	—
Bank loans – secured	Hibor+2.30	2017	112,612	—	—	—
			153,856			—
			416,483			236,141
Analysed into:						
Bank loans repayable:						
Within one year or on demand			262,627			236,141
In the second year			46,041			—
In the third to fifth years, inclusive			107,815			—
			416,483			236,141

18. OTHER PAYABLES AND ACCRUALS

	Group	
	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Payroll and welfare payables	**49,456**	37,910
Taxes other than corporate income tax	**8,840**	9,238
Other payables for construction in progress	**42,666**	50,198
Accruals and other payables	**59,821**	46,165
Advance from customers	**20,902**	6,997
	181,685	150,508

The balance of other payables and accruals is unsecured, interest-free and repayable on demand.

19. SHARE-BASED PAYMENTS

(1) Pre-IPO Share Option Scheme

Two Pre-IPO share option schemes (the "Pre-IPO Schemes") were approved pursuant to the resolutions passed by the Company's board of directors on 10 February 2010 and 15 March 2011 (subsequently amended on 10 August 2011), respectively. According to the Pre-IPO Schemes, the directors may invite directors of the Group companies, senior management and other eligible participants to take up share options of the Company. The Pre-IPO Schemes became effective on 10 February 2010 and 15 March 2011, respectively. Options granted become vested after certain employment periods ranging from one to four years, while the grantees are required to complete the service till the vesting date. Some batches of share options were also conditional upon the achievement of performance conditions. The exercise price of share options is determinable by the directors.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of RMB1 or RMB1.1 or RMB1.175 in total by the grantee. The exercise period of the share options granted commences after a vesting period of one to four years and ends on a date which is 10 years from the date of offer of the share options or the expiry dates of the Pre-IPO Schemes, if earlier.

19. SHARE-BASED PAYMENTS *(Continued)*

(1) Pre-IPO Share Option Scheme *(Continued)*

The following share options were outstanding under the Pre-IPO Schemes during the six-month period ended 30 June 2015 and 2014:

	Six-month period ended 30 June 2015	
	Weighted average exercise price per share RMB	Number of options '000
At 1 January 2015		**45,048**
Forfeited during the period	**1.129**	**(9,292)**
Exercised during the period	—	—
At 30 June 2015		**35,756**

	Six-month period ended 30 June 2014	
	Weighted average exercise price per share RMB	Number of options '000
At 1 January 2014		61,755
Forfeited during the period	1.121	(12,648)
Exercised during the period	1.044	(1,946)
At 30 June 2014		47,161

The weighted average share price at the date of exercise for share options under the Pre-IPO Schemes exercised during the period ended 30 June 2014 was RMB1.044 per share.

19. SHARE-BASED PAYMENTS *(Continued)*

(1) Pre-IPO Share Option Scheme *(Continued)*

The exercise prices and exercise periods of the share options outstanding as at 30 June 2015 are as follows:

Number of options '000	Exercise price RMB per share	Exercise period
11,708	1	1 January 2012 to 11 February 2020
330	1	1 January 2012 to 21 June 2020
2,495	1	1 January 2012 to 1 September 2020
2,056	1.1	1 January 2012 to 15 December 2020
126	1.1	1 January 2012 to 26 January 2021
3,999	1.1	1 January 2012 to 22 March 2021
2,834	1.1	1 January 2012 to 22 March 2021
2,135	1.1	1 July 2012 to 1 July 2021
161	1.1	1 July 2012 to 1 July 2021
3,500	1.1	1 July 2012 to 12 August 2021
450	1.175	1 July 2012 to 12 August 2021
2,195	1.175	1 January 2013 to 15 January 2022
3,767	1.175	1 January 2013 to 15 May 2022
35,756		

There was no share options granted under Pre-IPO Share Option Scheme after 4 July 2012, the Company's listing date.

There were no share options exercised during the period ended 30 June 2015.

During the year ended 31 December 2011, a director of the Company agreed to replace 15,797,820 share options (the "Original Share Options") granted to him under the Pre-IPO Schemes, and the Company issued 25,000,000 ordinary shares (the "Compensation Shares") to Affluent Harvest Limited, a wholly owned subsidiary, which will transfer the Compensation Shares to the director at a consideration of RMB1.175 per share in the following manner:

i. Conditional upon the initial public offering and listing of the Company's shares on the Stock Exchange (the "Listing"), 15,000,000 shares should be transferred from the investment holding company to the director in four equal instalments by 1 July 2012, 2013, 2014 and 2015, respectively.

ii. Conditional upon the Listing and the achievement of certain performance conditions for each of the four years ending 31 December 2014, 10,000,000 shares will be transferred to the director in four equal instalments as at 1 July 2012, 2013, 2014 and 2015, respectively. Subsequently, 1,250,000 shares have been repurchased and cancelled by the Company on 8 June 2012, pursuant to the resolution of board of directors of the Company. During the year ended 31 December 2014, the transfer of 2,500,000 shares has been cancelled by the Company, pursuant to the resolution of the board of directors of the Company.

The incremental fair value of the replacement share-based payment arrangement for the director is recognised as share option expenses over the vesting period.

19. SHARE-BASED PAYMENTS *(Continued)*

(2) Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") which became effective on 4 July 2012. The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants as rewards or incentives for their contribution to the Group.

The Board may, at its absolute discretion, offer an option to eligible participants to subscribe for the shares of the Company (the "Shares") at an exercise price and subject to other terms under the Share Option Scheme. The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 147,500,000 shares, being 10% of the total number of Shares in issue at the time when dealings of the Shares first commence on the Stock Exchange.

The total number of Shares issued and to be issued upon the exercise of the options granted or to be granted to each eligible participant under the Share Option Scheme and any other schemes of the Group (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue. The Share Option Scheme will remain in force for a period of 10 years from 4 July 2012.

The following share options were outstanding under the Share Option Scheme during the six-month period ended 30 June 2015 and 2014:

	Six-month period ended 30 June 2015	
	Weighted average exercise price per share HKD	**Number of options '000**
At 1 January 2015		**47,524**
Granted during the period	**1.10**	**23,251**
Forfeited during the period	**1.40**	**(7,357)**
At 30 June 2015		**63,418**

	Six-month period ended 30 June 2014	
	Weighted average exercise price per share HKD	Number of options '000
At 1 January 2014		31,085
Granted during the period	1.40	25,165
Forfeited during the period	1.37	(3,414)
At 30 June 2014		52,836

19. SHARE-BASED PAYMENTS *(Continued)*

(2) Share Option Scheme *(Continued)*

No share options under the Share Option Scheme were exercised during the six-month period ended 30 June 2015 and 2014.

The exercise prices and exercise periods of the share options under the Share Option Scheme outstanding as at 30 June 2015 are as follows:

Number of options '000	Exercise price HKD per share	Exercise period
—	1.3	12 April 2013 to 11 April 2023
21,634	1.5	23 August 2013 to 22 August 2023
9,160	1.5	1 July 2015 to 29 June 2024
11,414	1.3	1 July 2015 to 29 June 2024
6,290	1.3	1 Jan 2016 to 31 Dec 2024
14,420	1.0	1 Jan 2016 to 31 Dec 2024
500	1.0	1 Jan 2016 to 29 Jan 2025
63,418		

The Group recognised share option expenses of RMB1,750,000 under the Pre-IPO Schemes and the Share Option Scheme during the six-month period ended 30 June 2015 (six-month period ended 30 June 2014: RMB1,000,000).

As at 30 June 2015, the Company had 35,756,000 and 63,418,341 share options outstanding under the Pre-IPO Schemes and the Share Option Scheme, respectively. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 99,174,341 additional ordinary shares of the Company and additional share capital of RMB782,000 and share premium of RMB71,170,000 (before issue expense).

At the date of approval of these financial statements, the Company had 99,174,341 share options outstanding under the Pre-IPO Schemes and the Share Option Scheme, which represented approximately 6.8% of the Company's shares in issue as at that date.

20. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office and restaurant properties under operating lease arrangements. Leases for properties are negotiated for terms mainly ranging from 5 to 12 years.

At the end of each reporting periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Within one year	**234,579**	247,237
In the second to fifth years, inclusive	**686,400**	694,581
After five years	**260,835**	283,368
	1,181,814	1,255,186

21. COMMITMENTS

In addition to the operating lease commitments detailed in Note 20, the Group had the following capital commitments at the end of the reporting period:

	Group	
	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Contracted, but not provided for:		
Leasehold improvements	**32,082**	76,987

22. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	Notes	Six-month period ended 30 June 2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Fee income from provision of food processing service	(i)	**609**	272
Management fee income	(ii)	**1,963**	4,994
Property rental expense	(iii)	**6,528**	6,315
Integrated property management expense	(iv)	**115**	115
Purchase of goods and service	(v)	—	—
Sales of goods and service	(vi)	**12,127**	11,658
Actual Spending of Pre-paid Cards	(vii)	**68,552**	44,546
Commission of Pre-paid Cards	(vii)	**732**	476
Transfer of equity	(viii)	**4,000**	—

Notes:

(i) The Group made purchases on behalf of certain related companies and charged processing fee based on a pre-determined flat rate mutually agreed by both parties.

(ii) The Group entered into integrated management service agreements with Xiao Nan Guo (Group) Co., Ltd., a company owned by the Controlling Shareholder, pursuant to which the Group has agreed to provide integrated management services to Xiao Nan Guo (Group) Co., Ltd. for the period commencing from 1 July 2010 to 31 December 2014 and extended to 31 December 2017 in 2014, for a monthly service fee of RMB250,000.

The Group entered into a management service agreement with Shanghai Huimei Restaurant Management Co., Ltd. ("Shanghai Huimei"), a company indirectly owned by the Controlling Shareholder, pursuant to which the Group has agreed to provide integrated management services to Shanghai Huimei for the period commencing from 1 January 2014 to 31 December 2016. The actual service fee charged during the period ended 30 June 2015 was RMB463,000 (30 June 2014: RMB3,494,000).

(iii) Shanghai Hongqiao Xiao Nan Guo Restaurant Management Co., Ltd. ("Hongqiao XNG"), a company owned by the Controlling Shareholder, leases restaurant premises to the Group for an annual rental fee of RMB4 million, which was determined with reference to the market rental rate, for a period of five years commencing 1 July 2008 and extended the lease period from 1 July 2013 to 31 December 2014 in 2012, from 1 January 2015 to 31 December 2017 in 2014 respectively. During the period ended 30 June 2015, the actual fee charged by Hongqiao XNG was RMB2,000,000 (30 June 2014: RMB2,000,000).

The Group entered into a lease agreement with Xiao Nan Guo (Group) Co., Ltd. to lease office premises for the period commencing from 1 July 2012 to 31 December 2014 and extended the lease period to 31 December 2017 in 2014, at a rental fee based on a market price mutually agreed by both parties. The actual fee charged during the period ended 30 June 2015 was RMB1,516,000, with service fee included (30 June 2014: RMB1,488,000).

The Group entered into a lease agreement with Xiao Nan Guo (Group) Co., Ltd. to lease a banquet hall as a restaurant for the period commencing from 16 September 2012 to 31 December 2014 and extended the lease period to 31 December 2017 in 2014, at a rental fee based on a market price mutually agreed by both parties. During the period ended 30 June 2015, the rental charged by Xiao Nan Guo (Group) Co., Ltd. was RMB 3,012,000 (30 June 2014: RMB2,827,000).

22. RELATED PARTY TRANSACTIONS *(Continued)*

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period: *(Continued)*

Notes: *(Continued)*

(iv) The Group entered into a service agreement with Hongqiao XNG for the period commencing from 1 January 2012 to 31 December 2014, and renewed for next 3 years (the "Service Agreement"), pursuant to which Hongqiao XNG has agreed to provide property management service to the Group. The service fee was charged based on actual costs incurred. The transaction incurred during the period ended 30 June 2015 and 30 June 2014 amounted to RMB115,000.

(v) The Group entered into a purchase agreement with WHM Japan Co., Ltd. for a term of three years commencing from 1 January 2009 to 31 December 2011 (the "Purchase Agreement") and extended the period to 31 December 2014 in 2012. Pursuant to the Purchase Agreement, the Group agreed to purchase and WHM Japan Co,. Ltd. agreed to supply Japanese food materials at cost. There was no transaction conducted during the period ended 30 June 2014. The Group terminated the purchase transaction upon the expiration of the Purchase Agreement.

The Group entered into a hotel coupon purchase agreement in 2012 with WH Ming Hotel, a hotel owned by the Controlling Shareholder (the "Coupon Purchase Agreement"). The Coupon Purchase Agreement should be reviewed annually and was revised with a term of three years in 2014, pursuant to which the Group agreed to purchase the framework hotel coupon at an agreed price to ensure that the external sales of the Group attains a gross margin rate no lower than 25% of its selling price. There is no transaction incurred during the six-month period ended 30 June 2015 (30 June 2014: nil).

(vi) The Group provided banquet food to WH Ming Hotel, a hotel owned by the Controlling Shareholder, upon request for banquet arrangements at the Hotel premises for the customers of WH Ming Hotel. The price of banquet food sold to WH Ming Hotel shall be decided by the Group, and shall not be lower than 75% of the selling price of the food in the menu of the Group. The income generated from banquet food provided to WH Ming Hotel amounted to RMB11,556,000 during the period ended 30 June 2015 (30 June 2014: RMB11,142,000).

The Group sold gift boxes to Xiao Nan Guo (Group) Co., Ltd. amounting to RMB571,000 based on market price (30 June 2014: RMB516,000).

(vii) The Group entered into a Pre-paid Cards Agreement in 2014 with Shanghai Xiao Nan Guo Enterprises Service Information Development Limited ("XNG Information Development"), a company indirectly owned by Wang Bai Xuan Tiffany who is the daughter of the Controlling Shareholder of the Company. Pursuant to the agreement, the Pre-paid Cards can be used at the Shanghai Min Restaurants, the WH Ming Hotel as well as other businesses operated by the Controlling Shareholder. The actual spending is the amount which the Pre-paid Card holders have actually spent at the Shanghai Min Restaurants via the Pre-paid Cards, which amounted to RMB68,552,000 (30 June 2014: RMB44,546,000). The commission rate payable to XNG Information Development shall be 1% of the actual dining expenses, which amounted to RMB732,000 (30 June 2014: RMB476,000), of a Pre-paid Card holder for every bill (before discount (if any)) at the Shanghai Min Restaurants.

(viii) The Group has entered into an Equity Transfer Agreement with the Controlling Shareholder to purchase 20% equity interest held in 上海眾橫快建品牌管理有限公司 in June 2015, with a total consideration of RMB4,000,000.

22. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Other transactions with related parties

(i) The Group entered into a trademark licensing agreement with Xiao Nan Guo (Group) Co., Ltd. pursuant to which Xiao Nan Guo (Group) Co., Ltd. had granted the Group an exclusive license to use its registered trademarks for no consideration.

(ii) Xiao Nan Guo (Group) Co., Ltd. had guaranteed certain bank loans made to the Group of up to RMB80,000,000 by buildings (30 June 2014:nil) as at 30 June 2015, as further detailed in note 17 to the financial statements.

(c) Outstanding balances with related parties

The amounts due from the companies owned by the Controlling Shareholder are disclosed in Note 14 to the financial statements. These balances are unsecured, interest-free and have no fixed terms of repayment.

The amounts due from non-controlling shareholder are disclosed in other long-term receivables and loan to non-controlling shareholder to the financial statements. The loan to non-controlling shareholder is unsecured and bears interest no more than 5% and will repay in the next three years from the drawdown date. Except the loan, these balances are unsecured, interest-free and will be repaid according to payment schedule mentioned in the section 2 of the circular dated on 15 December 2014.

(d) Compensation of key management personnel of the Group

	Six-month period ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(audited)
Short-term employee benefits	**3,185**	4,233
Equity-settled share-based payment	**535**	232
Total compensation paid to key management personnel	**3,720**	4,465

The related party transactions with the Controlling Shareholder and companies owned by the Controlling Shareholder also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

23. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group - 30 June 2015 (unaudited)

Financial assets

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Available-for-sale investments	—	27,268	27,268
Long-term rental deposits	94,061	—	94,061
Loan to non-controlling interest shareholder	51,259	—	51,259
Other long-term receivables	29,967	—	29,967
Trade receivables	21,402	—	21,402
Financial assets included in prepayments, deposits and other receivables	79,474	—	79,474
Financial asset at fair value through profit or loss	213	—	213
Pledged deposits	80,000	—	80,000
Cash and cash equivalents	252,729	—	252,729
	609,105	27,268	636,373

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Long-term payables	101,487
Trade payables	97,907
Financial liabilities included in other payables and accruals	155,513
Interest-bearing bank loans	416,483
	771,390

23. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Group - 31 December 2014 (audited)

Financial assets

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Available-for-sale investments	—	20,100	20,100
Long-term rental deposits	66,234	—	66,234
Trade receivables	18,068	—	18,068
Financial assets included in prepayments, deposits and other receivables	89,901	—	89,901
Cash and cash equivalents	269,305	—	269,305
	443,508	20,100	463,608

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Long-term payables	61,887
Trade payables	102,458
Financial liabilities included in other payables and accruals	115,482
Interest-bearing bank loans	236,141
	515,968

24. FAIR VALUE

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. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, pledged deposits, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, interest-bearing bank loans, long-term rental deposits and long-term payables approximate to their carrying amounts.

Unlisted available-for-sale equity investments are stated at cost less impairment because the investments do not have a quoted market price in an active market and in the opinion of the directors, the fair value cannot be measured reliably.

The following table provides the fair value measurement hierarchy of the Company's financial instruments measured at fair value as at 30 June 2015:

Group

Financial assets measured at fair value

	Fair value measurements categorised into			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial asset at fair value through profit or loss	—	213	—	213

There have been no transfers between Level 1 and Level 2 during the year.

The fair value of financial asset at fair value through profit or loss is derived from quoted price in active market.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

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

For the six-month period ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Changes of Directors and senior management

As of the date of this Report, there were no significant changes in the information related to directors and senior management to the particulars in the Company's 2014 Annual Report, save as disclosed below:

At 4 June 2015, Mr. Tsang Henry Yuk Wong ("Mr. Tsang") and Mr. Wang Yu ("Mr. Wang") resigned as independent non-executive Directors. Mr. Tsang has ceased to be the chairman of the Audit Committee and member of the Nomination Committee. Mr. Wang has ceased to be a member of the Audit Committee and the chairman of Remuneration Committee.

At 4 June 2015, Dr. Wu Chun Wah ("Dr. Wu") was appointed as the independent non-executive Director, the chairman of Audit Committee and member of Nomination Committee. The biographical details and other relevant information of Dr. Wu are set out in the Company's circular dated 23 April 2015. Mr. Wang Chiwei was appointed as a member of the Audit Committee and the chairman of Nomination Committee.

At 18 August 2015, Mr. Lui Wai Ming ("Mr. Lui") was appointed as the independent non-executive Director, chairman of the Audit Committee and member of the Nomination Committee. The biographical details and other relevant information of Mr. Lui are set out in the Company's announcement dated 18 August 2015.

At 18 August 2015, Dr. Wu was re-designated from the chairman to a member of the Audit Committee, ceased to be a member of the Nomination Committee, and appointed as the chairman of the Remuneration Committee.

At 18 August 2015, Mr. Wang Chiwei was re-designated from the chairman to a member of the Remuneration Committee, and ceased to be a member of the Audit Committee.

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

As of 30 June 2015, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to notify to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), are set out as follows:

Name of Director	Nature of Interest	Number of Shares(1)	Approximate percentage of shareholding
Wang Huimin(2)	Interest in controlled corporation	511,725,000(L)	34.68%
	Trustee	162,031,250(L)	10.98%
Wu Wen(3)	Interest in controlled corporation	68,313,750(L)	4.63%
	Beneficial owner	8,700,000(L)	0.59%
Kang Jie(4) (5)	Interest in controlled corporation(4)	5,000,000(L)	0.34%
	Beneficiary of a trust(5)	23,750,000(L)	1.61%
	Beneficial owner	9,213,088(L)	0.62%
Wang Huili(6)	Interest in controlled corporation(6)	33,543,750(L)	2.27%
	Beneficial owner	9,100,000(L)	0.62%
Wang Hairong(7)	Interest in controlled corporation(7)	78,815,750(L)	5.34%
	Beneficial owner	8,198,000(L)	0.56%
Weng Xiangwei(8)	Interest in controlled corporation(8)	167,887,000(L)	11.38%

Notes:

(1) The letter "L" denotes long position in the shares held by the directors.

(2) The entire issued share capital of Value Boost Limited is held by the trustee. Wang Huimin ("Ms. Wang") is the settlor and the beneficiary of The Wang Trust, and is deemed to be interested in the shares held by The Wang Trust under the SFO. Ms. Wang is also interested in approximately 10.98% of the Company's total issued shares as a trustee. Please refer to the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" for details.

(3) Wu Wen owns the entire issued share capital of Brilliant South Limited ("Brilliant South"), which beneficially owns 100% equity interest in Well Reach Limited, which in turn owns approximately 4.63% equity interest in the Company.

(4) Kang Jie owns the entire issued share capital of Victor Merit Limited ("Victor Merit"), which beneficially owns 100% equity interest in Fast Glow Limited, which in turn owns approximately 0.34% equity interest in the Company.

(5) Kang Jie is entitled to certain beneficial interest in the Company under the Employee Trust, for details of which please refer to the section headed "Further Information about Directors, Management and Staff –Terms of the Employee Trust" in the Company's Prospectus dated 21 June, 2012.

(6) Wang Huili owns the entire issued share capital of Ever Project Investments Limited, which beneficially owns 100% equity interest in Fast Thinker Limited, which in turn owns approximately 2.27% equity interest in the Company.

(7) Wang Hairong owns the entire issued share capital of Wealth Boom Enterprises Limited, which beneficially owns 100% equity interest in Full Health Limited, which in turn owns approximately 5.34% equity interest in the Company.

(8) Weng Xiangwei owns the entire issued share capital of Shining (BVI) Limited, which beneficially owns 100% equity interest in Shining Capital Management Limited, which in turn beneficially owns 100% equity interest in Shining Capital Holdings L.P., which also in turn beneficially owns 100% equity interest in Sunshine Property I Limited, which also in turn owns approximately 11.38% equity interest in the Company.

SHARE OPTION SCHEME

The Company currently adopted two share option schemes. The purpose of these share option schemes is to enable the Group to grant options to the eligible participants as rewards or incentives for their contribution to the Group.

(1) Pre-IPO Share Option Schemes

Pursuant to the written resolutions of the shareholders of the Company passed on 10 February 2010 and 15 March 2011, the rules of two Pre-IPO share option schemes (the "Pre-IPO Share Option Schemes") were approved and adopted, respectively. The PreIPO Share Option Schemes adopted on 15 March 2011 was subsequently amended on 10 August 2011 pursuant to the written resolutions of the shareholders of the Company passed on 29 July 2011. The options granted to any grantee under the Pre-IPO Share Option Scheme adopted on 15 March 2011 and amended on 10 August 2011 shall vest according to the following schedule:

(a) from 1 July 2012 to 10 years from the date of grant:

(1) 25% shall vest if the Company's net profit for the year ended 31 December 2011 reaches a specified target;

(2) 12.5% shall vest if the Company's net profit for the year ended 31 December 2011 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;

(3) if the Company's net profit for the year ended 31 December 2011 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options;

(b) from 1 July 2013 to 10 years from the date of grant:

(1) 25% shall vest if the Company's net profit for the year ended 31 December 2012 reaches a specified target;

(2) 12.5% shall vest if the Company's net profit for the year ended 31 December 2012 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;

(3) if the Company's net profit for the year ended 31 December 2012 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options;

(c) from 1 July 2014 to 10 years from the date of grant:

(1) 25% shall vest if the Company's net profit for the year ended 31 December 2013 reaches a specified target;

(2) 12.5% shall vest if the Company's net profit for the year ended 31 December 2013 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;

(3) if the Company's net profit for the year ended 31 December 2013 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options; and

(d) from 1 July 2015 to 10 years from the date of grant:

(1) 25% shall vest if the Company's net profit for the year ended 31 December 2014 reaches a specified target;

(2) 12.5% shall vest if the Company's net profit for the year ended 31 December 2014 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;

(3) if the Company's net profit for the year ended 31 December 2014 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options.

Each option granted under the Pre-IPO Share Option Scheme is exercisable within 10 years from the date on which such option becomes vested. For details of the share options, please refer to Note 19 to the financial statements.

Under the Pre-IPO Scheme Option Schemes, all the options were granted on or before 13 June 2012 as mentioned in the Prospectus. No further options will be granted under the Pre-IPO Share Option Schemes upon listing of the Shares on the Stock Exchange. The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of RMB1 or RMB1.1 or RMB1.175 by the grantee.

Since the adoption of the Pre-IPO Share Option Schemes, 101,318,199 share options have been granted under these schemes. From 1 January 2015 to the year ended 30 June 2015, no share options granted under the Pre-IPO Share Option Schemes have been exercised and 943,750 shares options granted under the Pre-IPO Share Option Schemes have been lapsed. As of 30 June 2015, 35,756,000 share options granted under the Pre-IPO Share Option Schemes were still outstanding. The summary of the share options granted under the Pre-IPO Share Option Schemes that were still outstanding as of 30 June 2015 are as follow:

Name of the grantee	No. of share options outstanding as of 1 January 2015	No. of share options granted during the period ended 30 June 2015	No. of share options exercised during the period ended 30 June 2015	No. of share options cancelled during the period ended 30 June 2015	No. of share options lapsed during the period ended 30 June 2015	No. of share options outstanding as of 30 June 2015
Employees (in aggregate)	45,048,510	—	—	8,348,760	943,750	35,756,000

(2) Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") which became effective on 4 July 2012. The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants as rewards or incentives for their contribution to the Group.

The Board may, at its absolute discretion, offer an option to eligible participants to subscribe for the shares of the Company (the "Shares") at an exercise price and subject to other terms under the Share Option Scheme. The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 147,500,000 Shares, being 10% of the total number of Shares in issue at the time when dealings of the Shares first commence on the Stock Exchange. The exercise price shall be determined and notified to the qualified participants by the Board and shall not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the date of grant of such share option (which must be a business day); (ii) the average closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of such share option; and (iii) the nominal value of the Shares on the date of grant.

The total number of Shares issued and to be issued upon the exercise of the options granted or to be granted to each eligible participant under the Share Option Scheme and any other schemes of the Group (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue. The Share Option Scheme will remain in force for a period of 10 years from 4 July 2012. Under the Share Option Scheme, each option has a 10-year exercise period. For the period from 1 January 2015 to 30 June 2015, except 22,750,509 share options in total granted to eligible employees and Mr. Kang Jie (an executive Director and Chief Executive Officer) on 1 January 2015 to subscribe for ordinary shares of HK$0.01 each of the Company and 500,000 share options granted to Mr. Tsang Henny Yuk Wong (a resigned independent non-executive director) on 30 January 2015 to subscribe for ordinary shares of HK$0.01 each of the Company, no other share option was granted under the Share Option Scheme.

Details of the share options granted to employees on 1 January 2015 were as follows:

Date of grant:	1 January 2015
Exercise price per Share under the share option:	HK$1/HK$1.3
Closing price of the Share on the date of grant:	HK$1
Number of share options granted:	13,250,000/7,930,000
Validity of the share options granted:	Ten (10) years since the date of grant (i.e. 31 December 2024)
Vesting date of the share option:	The vesting period of share options granted with exercise price of HK$1 is two years. 50% of share options will be vested on 1 January 2016 and 1 January 2017 respectively. The vesting period of share options granted with exercise price of HK$1.3 is four years. 25% of share options will be vested on 1 January 2016, 1 January 2017, 1 January 2018 and 1 January 2019 respectively.

Details of the share options granted to Mr. Kang Jie on 1 January 2015 were as follows:

Date of grant:	1 January 2015
Exercise price per Share under the share option:	HK$1
Closing price of the Share on the date of grant:	HK$1
Number of share options granted:	1,570,509
Validity of the share options granted:	Ten (10) years since the date of grant (i.e. 31 December 2024)
Vesting date of the share options:	The vesting period of share options granted is two years. 50% of share options will be vested on 1 January 2016 and 1 January 2017 respectively.

Details of the share options granted to Mr. Tsang Henry Yuk Wong on 30 January 2015 were as follows:

Date of grant:	30 January 2015
Exercise price per Share under the share option:	HK$1
Closing price of the Share on the date of grant:	HK$0.94
Number of share options granted:	500,000
Validity of the share options granted:	Ten (10) years since the date of grant (i.e. 29 January 2025)
Vesting date of the share options:	The vesting period of share options granted is two years. 50% of share options will be vested on 1 January 2016 and 1 January 2017 respectively.

The summary of the share options granted under the Share Option Schemes that were still outstanding as of 30 June 2015 are as follow:

Name of the grantee	No. of share options outstanding as of 1 January 2015	No. of share options granted during the period ended 30 June 2015	No. of share options exercised during the period ended 30 June 2015	No. of share options cancelled during the period ended 30 June 2015	No. of share options lapsed during the period ended 30 June 2015	No. of share options outstanding as of 30 June 2015
Employees (in aggregate)	39,881,143	21,180,000	—	6,487,190	868,700	53,705,253
Kang Jie (Executive Director and CEO)	7,642,579	1,570,509	—	—	—	9,213,088
Tsang Henry Yuk Wong (resigned as Independent Non-executive Director of the Company on 4 June 2015)	—	500,000	—	—	—	500,000

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 30 June 2015, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of Shares[(1)]	Approximate percentage of shareholding
Extensive Power Limited[(2)]	Interest in controlled corporation	511,725,000(L)	34.68%
Value Boost Limited[(2)]	Beneficial owner	511,725,000(L)	34.68%
Full Health Limited[(3)]	Beneficial owner	78,815,750(L)	5.34%
Shining Capital Holdings L.P. [(4)]	Interest in controlled corporation[(4)]	167,887,000(L)	11.38%
Shining Capital Management Limited[(4)]	Interest in controlled corporation[(4)]	167,887,000(L)	11.38%
Sunshine Property I Limited	Beneficial owner	167,887,000(L)	11.38%
Moon Glory Enterprises Limited[(5)]	Beneficial owner	85,387,000(L)	5.79%
Milestone F&B I Limited	Beneficial owner	113,820,000(L)	7.71%
Milestone China Opportunities Fund III, L.P. [(6)]	Interest in controlled corporation[(6)]	113,820,000(L)	7.71%
Milestone Capital Partners III Limited[(7)]	Interest in controlled corporation[(7)]	113,820,000(L)	7.71%

Notes:

(1) The letter "L" denotes long position in the shares.

(2) The entire issued share capital of Value Boost Limited is held by Extensive Power Limited (the "Trustee") as the trustee of The Wang Trust. The Wang Trust is a trust established by Wang Huimin ("Ms. Wang") as the settlor and the Trustee on 27 August 2011. The beneficiaries of The Wang Trust are Ms. Wang and in the event of her decease her estate administrator. Ms. Wang is deemed to be interested in 511,725,000 Shares held by Value Boost Limited which is wholly-owned by the trustee.

(3) Wang Hairong owns the entire issued share capital of Wealth Boom Enterprises Limited, which beneficially owns 100% equity interest in Full Health Limited, which in turn owns approximately 5.34% equity interest in the Company.

(4) Shining Capital Management Limited beneficially owns 100% shareholding interest in Shining Capital Holdings L.P. and Shining Capital Holdings L.P. beneficially owns 100% shareholding interest in Sunshine Property I Limited. Therefore, Shining Capital Management Limited and Shining Capital Holdings L.P. are deemed to be interested in the shares held by Sunshine Property I Limited.

(5) CITIC Securities Company Limited indirectly holds 100% interests in CITIC Securities International Company Limited, which in turn indirectly holds 72% interests in CITIC Securities International Partners Limited. CITIC Securities International Partners Limited indirectly holds 100% interests in CSI Capital GP Company, Ltd, which in turn indirectly holds 100% interests in CSI Capital GP, L.P. which also in turn indirectly holds 100% interests in CSI Capital L.P. CSI Capital L.P. directly holds 100% interests in Moon Glory Enterprises Limited, therefore all the above entities are deemed to have interest in the shares held by Moon Glory Enterprises Limited.

(6) Milestone China Opportunities Fund III, L.P. holds the entire shareholding interest in Milestone F&B I Limited and is therefore deemed to be interested in the Shares held by Milestone F&B I Limited.

(7) James Christopher Kralik indirectly holds 50% interests in Linden Street Capital Limited, which in turn indirectly holds 100% in MCP China Investment Holdings Limited. MCP China Investment Holdings Limited indirectly holds 85% interests in Milestone Capital Investment Holdings Limited, which in turn indirectly holds 100% interests in Milestone Capital Partners III Limited. Milestone Capital Partners III Limited is the general partner of Milestone China Opportunities Fund III, L.P. and is therefore deemed to be interested in the Shares held by Milestone F&B I Limited.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company regarding directors' transactions of the listed securities of the Company.

All the Directors have confirmed that they have complied with the required standard of dealings set out in the Model Code for the six months ended 30 June 2015.

CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules as its code of corporate governance. Except as disclosed below, for the six months ended 30 June 2015, the Company has complied with the applicable code provisions in the CG Code.

On 4 June 2015, the Company failed to comply with Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules after the retirements of Mr. Tsang Henry Yuk Wong and Mr. Wang Yu as independent non-executive Directors. Since Mr. Lui Wai Ming's appointment as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee, independent non-executive Director Dr. Wu Chun Wah's appointment as the chairman of the Remuneration Committee, and Mr. Wang Chiwei's re-designation of the chairman to a member of the Remuneration Committee on 18 August 2015, the Company has fully complied with the requirements under Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules.

AUDIT COMMITTEE

The Company has established the Audit Committee on 30 August 2011 with written terms of reference formulated in accordance with the Listing Rules and the CG Code. The members of the Audit Committee include Mr. Lui Wai Ming, Dr. Wu Chun Wah and Mr. Weng Xiangwei, a non-executive director. Mr. Lui Wai Ming is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the Group's internal control and financial reporting process and to maintain an appropriate relationship with the Company's independent auditors.

The Audit Committee has discussed with the management of the Company and the external auditor about the accounting principles and practices adopted by the Company and reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2015.

By order of the Board
Xiao Nan Guo Restaurants Holdings Limited
WANG Huimin
Chairlady

Shanghai, China, 27 August 2015