Xiabuxiabu Catering Management (China) Holdings Co., Ltd.
呷哺呷哺餐飲管理(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 520

2015 ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ho Kuang-Chi *(Chairman)*
Ms. Yang Shuling

Non-executive Directors

Ms. Chen Su-Yin
Mr. Wei Ke

Independent Non-executive Directors

Ms. Hsieh Lily Hui-yun
Mr. Hon Ping Cho Terence
Ms. Cheung Sze Man

AUDIT COMMITTEE

Ms. Hsieh Lily Hui-yun *(Chairman)*
Mr. Wei Ke
Mr. Hon Ping Cho Terence

NOMINATION COMMITTEE

Mr. Ho Kuang-Chi *(Chairman)*
Ms. Hsieh Lily Hui-yun
Ms. Cheung Sze Man

REMUNERATION COMMITTEE

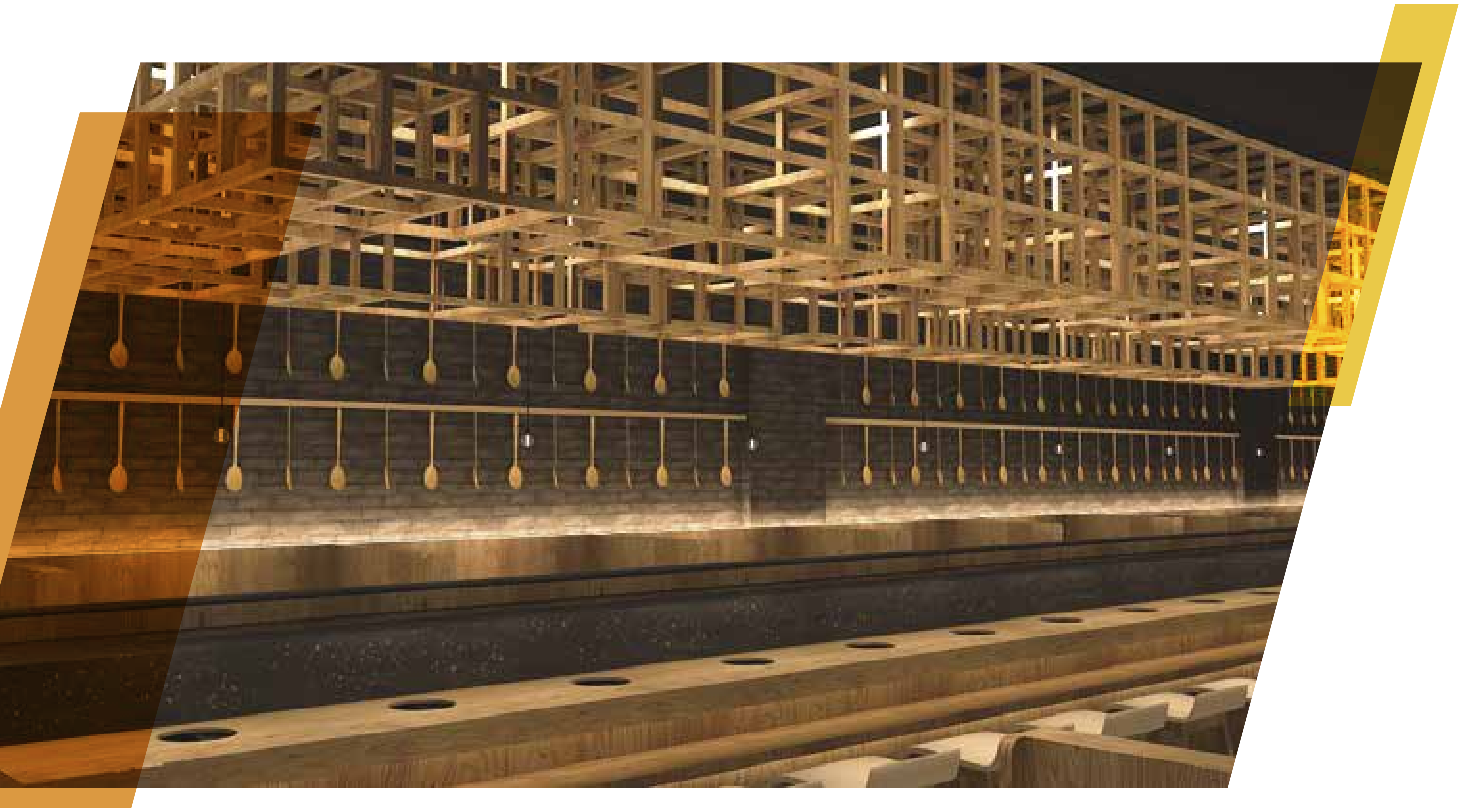
Mr. Hon Ping Cho Terence *(Chairman)*
Mr. Ho Kuang-Chi
Ms. Cheung Sze Man

COMPANY SECRETARY

Ms. Ng Sau Mei

AUTHORIZED REPRESENTATIVES

Mr. Ho Kuang-Chi
Ms. Ng Sau Mei



CORPORATE INFORMATION

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

COMPLIANCE ADVISOR

Anglo Chinese Corporate Finance Limited
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Two Exchange Square
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Central
Hong Kong

COMPANY'S WEBSITE

www.xiabu.com

STOCK CODE

520

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Suncun Industrial Development Zone
Huangcun Town
Daxing District
Beijing
PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Codan Trust Company (Cayman) Limited
2901 One Exchange Square
Connaught Place
Central
Hong Kong

HONG KONG SHARE REGISTRAR

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

REGISTERED OFFICE IN CAYMAN ISLANDS

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1201, 12/F
OfficePlus @Wan Chai
No. 303 Hennessy Road
Wanchai
Hong Kong

PRINCIPAL BANK

Shanghai Pudong Development Bank

FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**2,424,606**	2,201,989	1,890,470	1,508,331	997,269
Restaurant level operating profit[(1)]	**495,154**	450,257	365,823	282,645	194,481
Profit before tax	**323,120**	186,043	184,708	139,556	98,771
Profit and total comprehensive income for the year attributable to owners of the Company	**263,363**	141,193	140,710	107,523	75,662

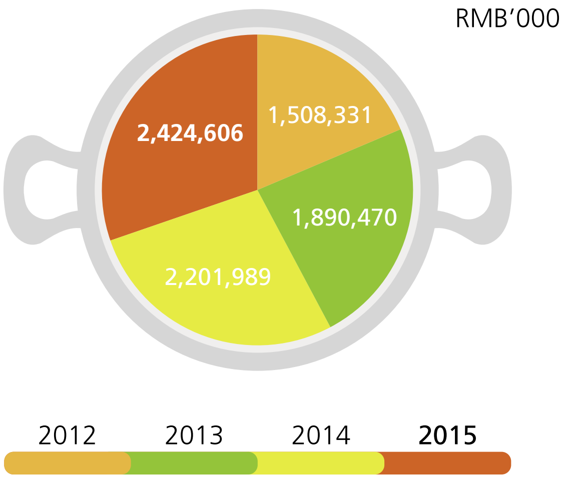
ASSETS AND LIABILITIES

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	**452,414**	404,223	349,677	313,680	245,383
Current assets	**1,511,717**	1,277,927	491,662	332,167	239,847
Total assets	**1,964,131**	1,682,150	841,339	645,847	485,230
Equity and liabilities					
Total equity	**1,480,483**	1,273,866	537,417	365,403	308,164
Non-current liability	**16,555**	17,465	18,375	16,835	17,745
Current liabilities	**467,093**	390,819	285,547	263,609	159,321
Total liabilities	**483,648**	408,284	303,922	280,444	177,066
Total equity and liabilities	**1,964,131**	1,682,150	841,339	645,847	485,230
Net current assets	**1,044,624**	887,108	206,115	68,558	80,526
Total assets less current liabilities	**1,497,038**	1,291,331	555,792	382,238	325,909

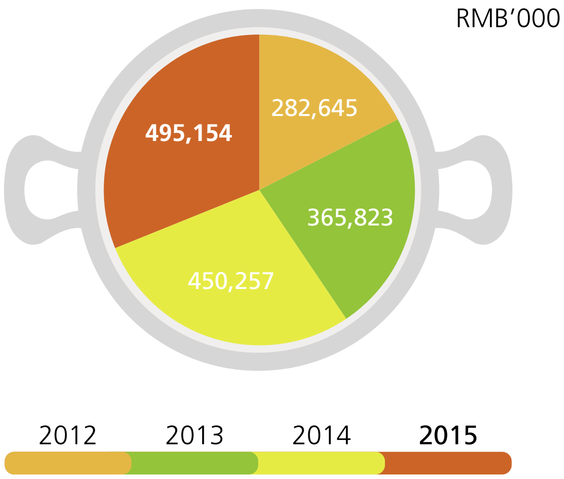
Note:

(1) Restaurant level operating profit is calculated by deducting raw materials and consumables cost and restaurant level staff costs, restaurant level rental and property related expenses, restaurant level depreciation and amortization and other restaurant level expenses. Restaurant level operating profit is an unaudited non-generally accepted accounting principle ("**GAAP**") item. The Group has presented this non-GAAP item because the Group considers it important supplemental measures of the Group's operating performance and believe it is frequently used by analysts, investors and other interested parties in the evaluation of companies in the industry the Group operates in. The Group's management uses such non-GAAP item as an additional measurement tool for purposes of business decision-making. Other companies in the industry the Group operates may calculate this non-GAAP item differently than the Group does. This non-GAAP item is not a measure of operating performance or liquidity under International Financial Reporting Standards ("**IFRS**") and should not be considered as a substitute for, or superior to, profit before tax or cash flow from operating activities in accordance with IFRS. This non-GAAP item has limitation as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of the Group's results as reported under IFRS. The Group's presentation of this non-GAAP item should not be construed as an inference that the Group's future results will be unaffected by unusual or non-recurring items.

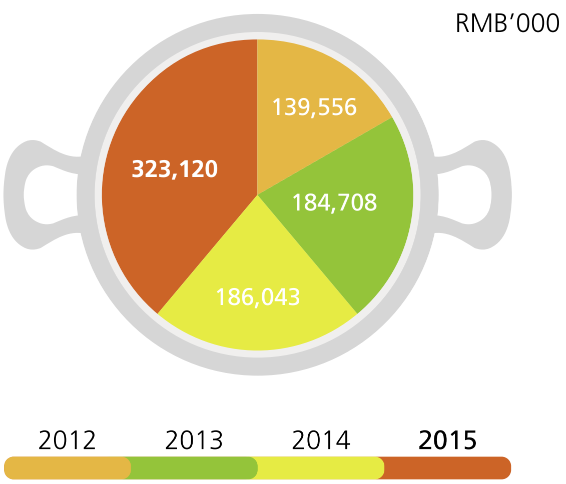
REVENUE



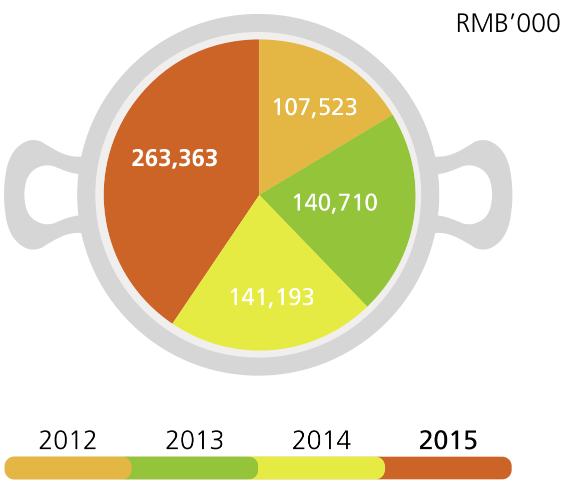
RESTAURANT LEVEL OPERATING PROFIT



PROFIT BEFORE TAX



PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY



CHAIRMAN'S STATEMENT

Mr. Ho Kuang-Chi
Chairman of the Board

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Xiabuxiabu Catering Management (China) Holdings Co., Ltd (the "**Company**" or "**Xiabuxiabu**"), I am pleased to present the annual report of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015.

The motto of success of the Company is "High quality derives from persistent efforts" and we believe in values as "unity, pragmatism, integrity, diligence and creativity". We strive to improve the values and competitive strengths of the Company and are determined to build the Company as the leader of the fast casual restaurants in China.

FINANCIAL HIGHLIGHTS

Although we encountered economic slowdown and instability, restructuring and increasing competition of the catering service industry in 2015, we have been actively responding to such challenges and persisting in realizing the continuous growth of our operating results. For the year ended 31 December 2015, Xiabuxiabu has achieved outstanding results in our key operational indicators. In 2015, we opened a total of 100 new restaurants and our revenue increased to RMB2,425 million in 2015, representing a year-on-year growth of 10.1% from 2014. Net profit for 2015 reached RMB263 million and after excluding the share based compensation expenses in relation to employee share options of RMB6.52 million, the adjusted net profit was approximately RMB270 million, representing a year-on-year growth of 45.1% compared to 2014. The adjusted net profit margin increased by 2.7% to 11.1% compared to 2014.

BUSINESS HIGHLIGHTS

We believe that Xiabuxiabu is the undisputed leader of the fast casual hotpot industry. We persist in innovating, improving our operating results and strengthening our competition advantages through economies of scale and systematic management, so that we will be able to provide continuous and stable returns to our shareholders.

New Restaurants Opening

We have been steadily implementing our five-year expansion plan. We have expanded our business by further cultivating our current markets in Beijing and Northern China, as well as developing new markets. To ensure our success in expansion, we enhanced our restaurant development plan and continuous inventory management. We also optimize our site selection standards and ensure research and pre-test before we enter any new market. In addition, we have formed strategic alliances and collaborate with owners and developers of commercial real estate such as shopping malls. As at 31 December 2015, Xiabuxiabu owned and operated 552 restaurants in 39 cities over eight provinces as well as three centrally administered municipalities in China, of which 100 restaurants were opened in 2015.

Sales Growth

We are continuously improving our service standard and efficiency, and in the meantime, enhancing our brand promotion by integrating our online and offline marketing channels, such as Wechat, Weibo, and other payment channels, cooperating with leading group buy websites as well as several domestic banks, and launching various marketing activities. In addition, in order to improve customers' experience, we constantly optimize our menu, launch new menu items, update the dish combination, adjust the pricing strategy and improve the restaurant environment. For the year ended 31 December 2015, despite a turbulent catering service market, we managed to achieve a revenue growth of 10.1% from last year.

Profit Growth

Evidenced by the increase of the consumer price index, the increasing costs for food ingredients, labor and rent has become the major challenges faced by the catering service industry. In response, we constantly optimize our menu selection, strengthen our price bargaining power, leveraging our operational scale and strategically manage our stock, so as to efficiently control our cost for ingredients, which is far below the average procurement price in the industry. In the meantime, we strengthen our labor efficiency by adjusting staff structure, enhancing shifts management and improving flow in our restaurants. We have also managed to maintain our rental expenses at a stable percentage of our revenue by maintaining strategic alliances with well-known real estate companies, developing new markets and opening smaller size restaurants. All such efforts have laid solid foundation for our profit growth.

Social Responsibilities

The Company stays grateful to the society for our success and continued to adhere to the philosophy of paying back to the society. In 2015, the Company donated to the Red Cross Society of China, Beijing Branch, in response to the aftermath of the Tianjin explosion. The Company has also sponsored 21 left-behind children in Qinghai, Guizhou and Hebei, through China Children and Teenagers' Fund and China National Radio. The Company also endeavors to environmental protection causes. For example, the Company actively reduce its carbon emission and replace the traditional lighting with LED lighting. The Company also actively promotes a sense of responsibilities for environmental protection among its employees by promoting energy and water saving and reducing the use of paper in the Company's facilities. Furthermore, the Company also purchased food ingredients of approximately RMB80 million from farmers and agricultural cooperatives under its farm-to-table project, which has significantly improved the farmers' income and suppressed the increase of our food ingredients procurement costs.

OUTLOOK FOR 2016

We will endeavor to continue our outstanding performance and achieve more in the future. We will continue to innovate, optimize our platform and enhance our competitive strengths, to ensure the sustainable development of Xiabuxiabu, by which we will be able to create greater value and returns to our customers, employees and shareholders.

Additional growth driver

Based on its fast casual hotpot business, the Group endeavors to develop additional growth drivers, including the "Xiabu Fresh" delivery business, Xiabuxiabu 2.0 restaurant upgrade and its second brand concept "Coucou", a casual hotpot dining concept targeting mid- to high-end market. The Group plans to leverage the strong recognition of its Xiabuxiabu brand to further develop these additional business lines. In addition, the Group plans to enhance its information system management to support its existing business and future development.

Drive same-store sales growth

In addition to branding and promotion initiatives, the Group will accelerate its exploration on the new "Xiabu Fresh" delivery business and implement the Xiabuxiabu 2.0 restaurant upgrade to fully utilize business hours beyond rush hours during lunch and dinner time to improve its operating results. Marketing with a focus on customer relationship management will also further increase customer stickiness. The Group also plans to fully utilize its over 60 million customer flow and initiate joint promotion programs with renowned brands in this era of big data.

Expansion of restaurant network

The Group will follow its five-year strategic plan to steadily expand the Group's business. In 2016, the Group plans to open a total of 100 restaurants. The Group plans to consolidate its leading position and further its penetration in its existing markets, while opening restaurants in Shenzhen as a starting point explore the Southern China market. During the expansion, the Group will continue to focus on new markets research and create synergies among functions of the Group's internal departments such as business development, sales and marketing and operations departments so as to ensure the success of new restaurants in emerging markets.

Cost control

The Group plans to further control its procurement cost while maintaining a stringent quality standard. The Group plans to further enhances its procurement system and devise tailored cost control measures for different categories of supplies. To control its staff cost, the Group also intends to optimize restaurant layout, introduce new technologies and continuously improve operation management efficiency in response to the increasing labor cost. In addition, the Group intends to enhance its brand value, strengthen strategic alliance with well-known real estate companies, as well as open smaller size and higher return restaurants, thereby effectively control rental expenses.

Strengthen organization and human resources management

In order to better understand the market, the Group will enhance its accountability system and encourage the proactivity of general manager of specific markets to take overall responsibility for marketing and sales, restaurant openings and profit management in the respective local market. As to employee development, in addition to constantly implementing the management trainee project, the Group will continuously enhance its system of employee appraisal, training and promotion, to ensure a sustainable supply of talents. At the same time, the Group will also explore on the establishment of an efficient long-term store manager incentive system.

Maintain stringent food safety and quality standard

The Group will further its commitment to food safety and quality, including the following aspects: (i) implement stringent food safety and quality control standards and measures throughout different aspects of the Group's operations, including supply chain, logistics, food processing plants and restaurants; (ii) continue the Group's centralized procurement system; (iii) cooperate exclusively with reputable and high-quality suppliers; (iv) eliminate intermediaries in the supply chain through direct delivery to restaurant from suppliers or the Group's logistics centers; and (v) continuous self-evaluation and enhancement on the Group's food safety and quality control standards and measures.

In the past 17 years, Xiabuxiabu has established the model featuring in high profits and fast duplication by successfully building up the systemized management model of integrating procurement, delivery, operation and the standardized information system for the Group. Despite the slightly-lagging market condition is expected to continue, Xiabuxiabu is striving for excellence as well as making continuous innovations, so as to live up to the expectations of the shareholders and the society as a whole in the upcoming year.

My gratitude goes to the management team and all employees for their excellent work and contribution in the past year, to the support from the shareholders, business partners and all walks of life, as well as to their confidence in Xiabuxiabu. Judging from Xiabuxiabu's development over the past 17 years, I am very optimistic about Xiabuxiabu's prospects in the future. We are bound to become a powerful leading brand in Asia's catering sector and to build it as a home that is our employees' joy and pride, an enterprise that our shareholders trust and are willing to invest in, as well as an industry leader with best social values.

Ho Kuang-Chi
Chairman

Hong Kong, 29 March 2016

BUSINESS REVIEW AND OUTLOOK

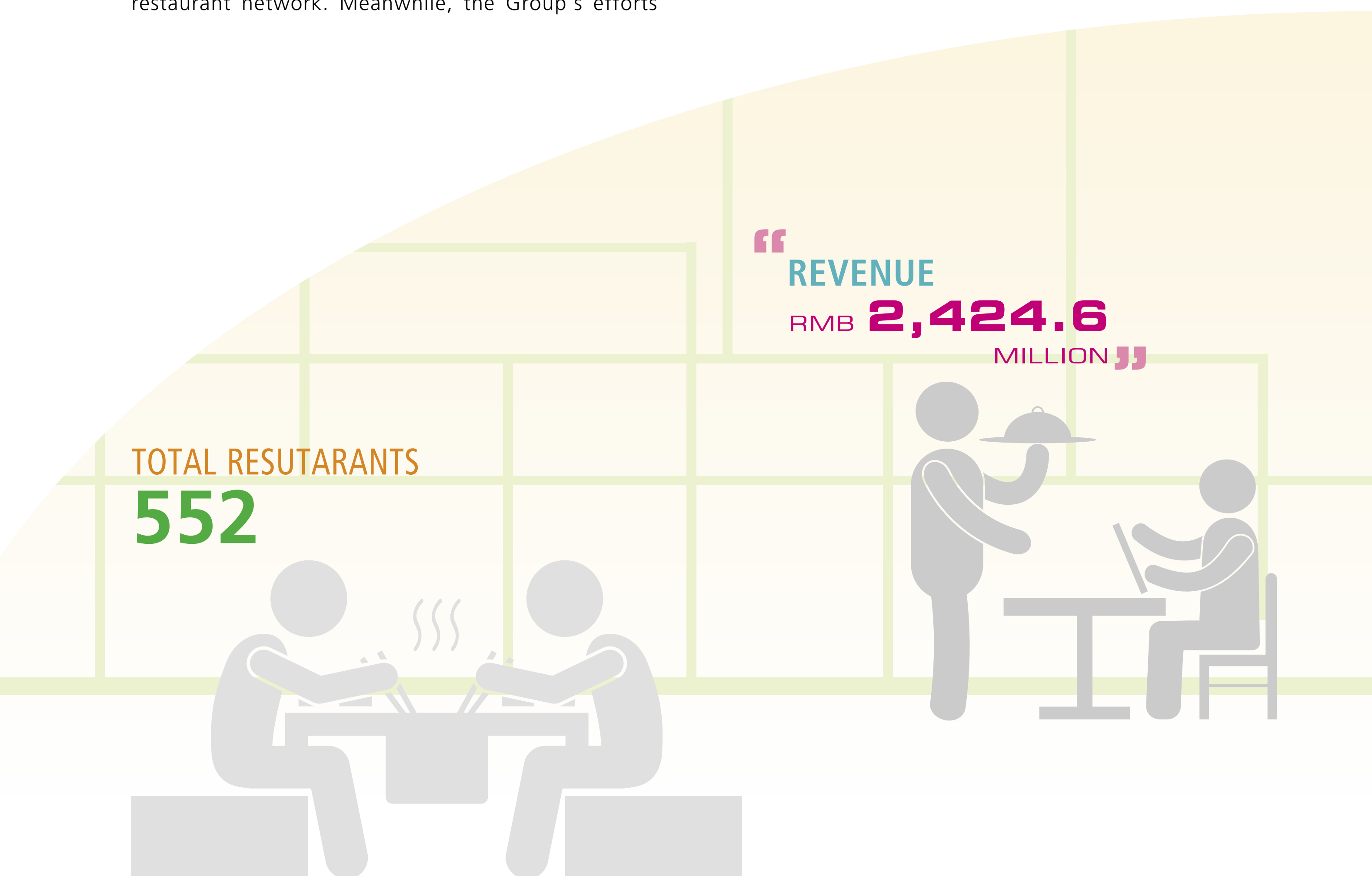
OVERVIEW

In 2015, the Group opened a total of 100 new restaurants, which is in line with the Group's overall restaurant network expansion plan for the year. The Group extended its restaurant network into Heilongjiang and Hubei provinces in 2015. As of 31 December 2015, the Group owned and operated 552 restaurants in 39 cities over eight provinces and in three centrally administered municipalities, namely Beijing, Tianjin and Shanghai, in China.

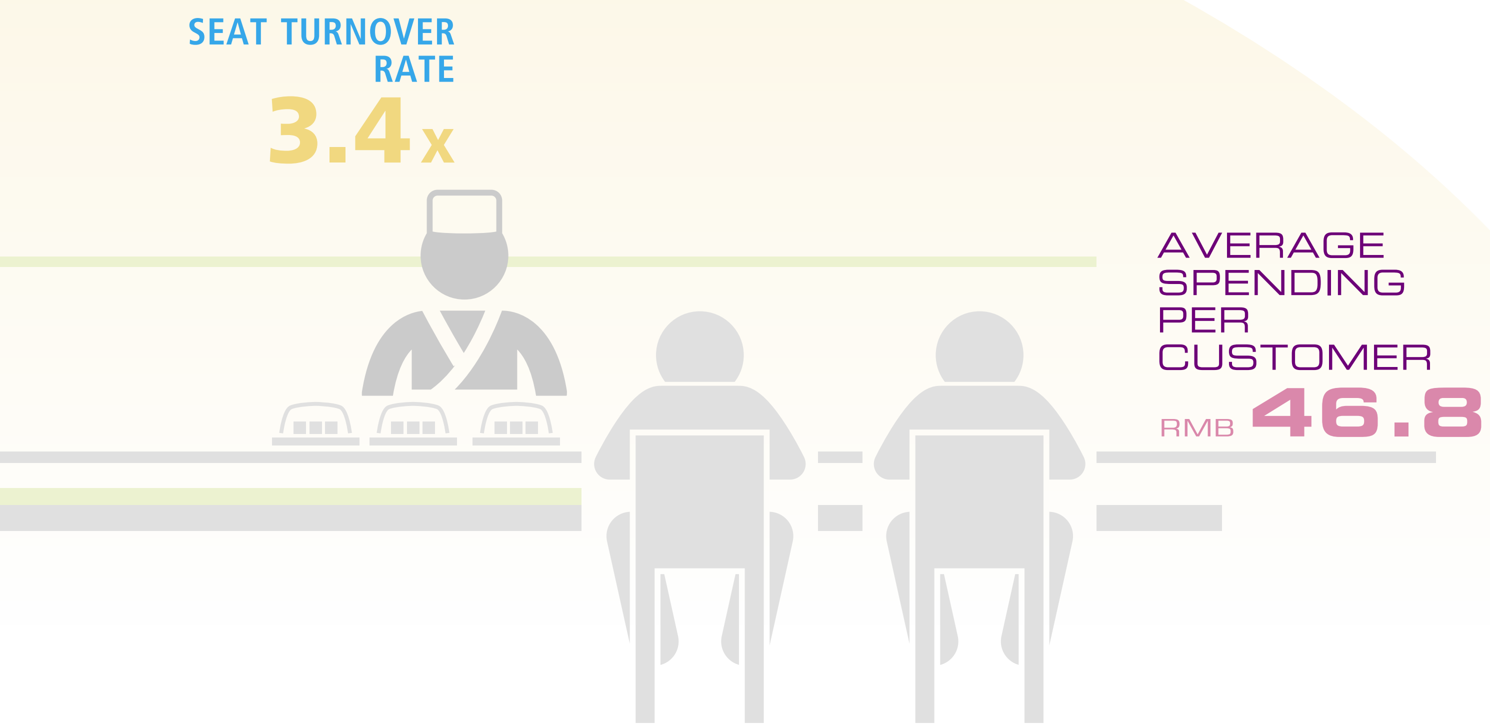
Despite the overall economic instability in China, the Group's revenue still increased by 10.1% from RMB2,202.0 million in 2014 to RMB2,424.6 million in 2015 primarily due to the Group's effort to expand its restaurant network. Meanwhile, the Group's efforts in controlling procurement costs for raw materials by products combination optimization and price bargaining power enhancement, resulted in the Group's restaurant level operating profit grew by 10.0% from RMB450.3 million in 2014 to RMB495.2 million in 2015. As of 31 December 2015, the Group's net current assets increased by 17.8% to RMB1,044.6 million from RMB887.1 million as of 31 December 2014.

INDUSTRY REVIEW

In 2015, China's catering service market was slowly recovering despite the slowdown in China's economic growth. In 2015, China's gross domestic product grew by 6.9% from 2014 to reach RMB67,670.8 billion, being the lowest growth rate since the first quarter of



2009. According to the China Cuisine Association, China's catering service market grew by 11.7% from 2014 to reach RMB3,231 billion. In particular, the catering service providers with an annual income of more than RMB2 million grew by approximately 7% from 2014 to reach RMB866.7 billion in 2015. As of December 31, 2015, China had a total of 5,074,852 restaurants, and the number of restaurants in first-tier cities such as Guangzhou and Shenzhen increased by more than 50,000 on average, representing a growth rate of over 50% according to data compiled by Dianping.com. In addition, the Internet continues to penetrate into the catering service industry and changes consumers' consumption patterns. As a result, the operation and marketing in the traditional catering service industry are experiencing significant changes. The Group expects a more stably growing catering service market in 2016 with various favorable policies continue to be launched by the government. Leveraging the favorable industry trend as well as its leading position within the fast casual dining market, the Group, with persistent efforts, was able to record satisfactory results of operations. In particular, favorable government policies and reshuffled market resulted in more rational and quality-oriented consumption patterns, which drive the growth in China's catering service market.



BUSINESS REVIEW AND OUTLOOK

OVERALL BUSINESS AND FINANCIAL PERFORMANCE

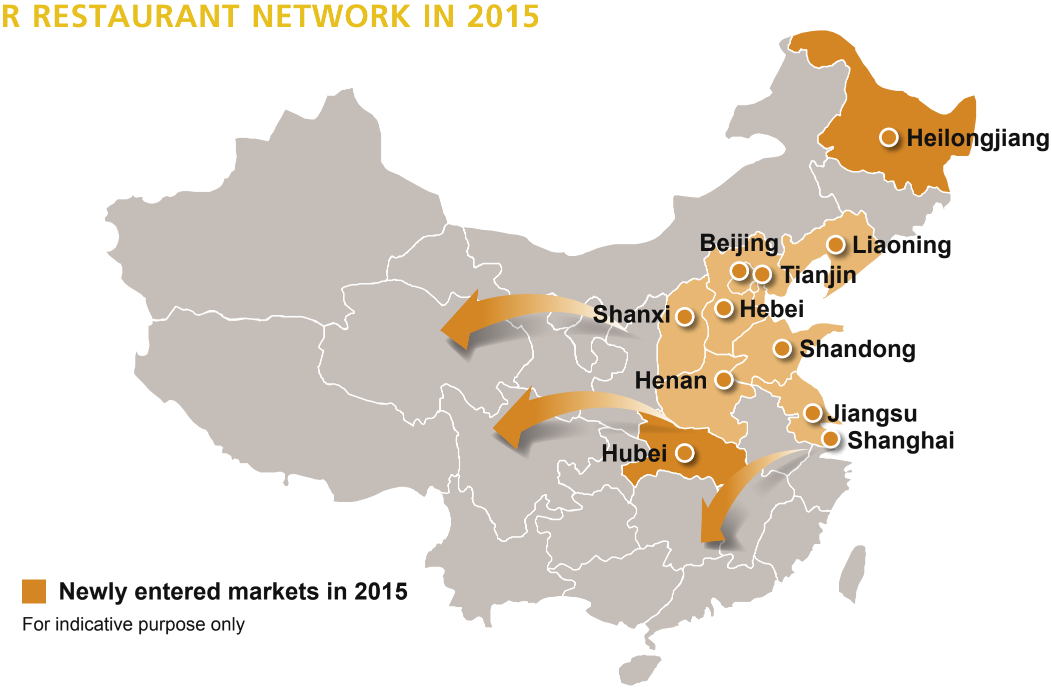
The Group's restaurant network

In 2015, the Group adhered to its restaurant network expansion plan and opened a total of 100 new restaurants. The Group also commenced the operation of 13 restaurants which did not possess the relevant fire safety certificates and which were suspended shortly before the date of listing of the Company (the "**Listing Date**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). In addition, the Group closed a total of 13 restaurants in 2015 due to commercial reasons. In aggregate, the Group's restaurants in operation increased by 100 in 2015. The table below sets forth the breakdown of the Group's system wide restaurants by region as of the dates indicated:

	As of 31 December			
	2015		2014	
	#	%	#	%
Beijing	**275**	**49.8**	246	54.4
Shanghai	**58**	**10.5**	58	12.8
Tianjin	**49**	**8.9**	42	9.3
Other regions(1)	**170**	**30.8**	106	23.5
Total	**552**	**100.0**	452	100.0

(1) Including 39 cities in Hebei, Liaoning, Jiangsu, Shandong, Shanxi, Henan, Hubei and Heilongjiang provinces.

OUR RESTAURANT NETWORK IN 2015



Key operational information for the Group's restaurants

Set forth below are certain key performance indicators of the Group's system wide restaurants by region:

	As of or for the years ended 31 December	
	2015	**2014**
Revenue (in RMB thousands)		
Beijing	**1,525,953**	1,525,380
Shanghai	**202,861**	214,815
Tianjin	**184,311**	155,154
Other regions(1)	**511,481**	306,640
Total	**2,424,606**	2,201,989
Seat turnover rate (X)(2)		
Beijing	**3.9**	4.3
Shanghai	**2.4**	2.6
Tianjin	**3.1**	3.3
Other regions(1)	**2.8**	3.0
Total	**3.4**	3.8
Average spending per customer (RMB)(3)		
Beijing	**47.0**	44.4
Shanghai	**48.4**	47.6
Tianjin	**46.0**	43.6
Other regions(1)	**45.6**	43.2
Total	**46.8**	44.4

(1) Including 39 cities in Hebei, Liaoning, Jiangsu, Shandong, Shanxi, Henan, Hubei and Heilongjiang provinces.

(2) Calculated by dividing total customer traffic by total restaurant operation days and average seat count during the year.

(3) Calculated by dividing revenue for the year by total customer traffic for the year.

In 2015, Beijing continued to be the Group's most important geographical market both in terms of restaurant count and revenue contribution. However, as the Group successfully expanded into additional markets, the Group's revenue generated from restaurants in Beijing decreased as a percentage of the Group's total revenue in 2015. Meanwhile, in 2015, average customer spending continued to increase, primarily due to the increase in sales of premium menu items with high profit margin as the Group continued to optimize its product combinations and launch new products.

The table below sets forth the Group's same-store sales for the years indicated. The Group's same-store base is defined as those restaurants that were in operation throughout the periods under comparison.

	Year ended 31 December		Year ended 31 December	
	2014	**2015**	**2013**	**2014**
Number of same-store (#)				
Beijing	**223**		213	
Shanghai	**51**		50	
Tianjin	**37**		29	
Other regions[1]	**86**		46	
Total	**397**		338	
Same-store sales (in RMB millions)				
Beijing	**1,408.1**	**1,365.3**	1,275.1	1,286.4
Shanghai	**211.6**	**189.5**	179.9	188.0
Tianjin	**149.2**	**153.0**	104.5	109.7
Other regions[1]	**329.5**	**305.9**	156.3	156.8
Total	**2,098.4**	**2,013.7**	1,715.8	1,740.9
Same-store sales growths (%)				
Beijing	**(3.0)**		0.9	
Shanghai	**(10.4)**		4.5	
Tianjin	**2.6**		5.0	
Other regions[1]	**(7.2)**		0.4	
Nationwide	**(4.0)**		1.5	

(1) Including 39 cities in Hebei, Liaoning, Jiangsu, Shandong, Shanxi, Henan, Hubei and Heilongjiang provinces.

In 2015, the Group's nationwide same-store sales decreased by 4.0%, primarily due to a slowdown in China's economic growth, which in turn resulted in a more cautious discretionary spending by consumers on dine-out.

OUTLOOK FOR 2016

Business Outlook

During 2016, the Group will continue its efforts to achieve its goal of becoming the leading operator of fast casual restaurant industry and maintaining its leading position as a hotpot restaurant chain operator in China. The Group intends to continue to pursue the following:

- *Additional growth driver* – Based on its fast casual hotpot business, the Group endeavors to develop additional growth drivers, including the "Xiabu Fresh" delivery business, Xiabuxiabu 2.0 restaurant upgrade and its second brand concept "Coucou", a casual hotpot dining concept, targeting mid- to high-end market. The Group plans to leverage the strong recognition of its Xiabuxiabu brand to further develop these additional business lines. In addition, the Group continues to enhance its information system management to support its existing business and future development.

- *Drive same-store sales growth* – In addition to branding and promotion initiatives, the Group will accelerate its exploration on the new "Xiabu Fresh" delivery business and implement the Xiabuxiabu 2.0 restaurant upgrade to fully utilize business hours beyond rush hours during lunch and dinner time to improve its operating results. Marketing with a focus on customer relationship management will also further increase customer stickiness. The Group also plans to fully utilize its over 60 million customer flow and initiate joint promotion programs with renowned brands in this era of big data.

- *Expansion of restaurant network* – The Group will follow its five-year strategic plan to steadily expand the Group's business. In 2016, the Group plans to open a total of 100 restaurant. The Group plans to consolidate its leading position and further its penetration in its existing markets, while open restaurants in Shenzhen as a starting point explore the Southern China market. During the expansion, the Group will continue to focus on new markets research and create synergies among functions of the Group's internal departments such as business development, sales and marketing and operations departments so as to ensure the success of new restaurants in emerging markets.

- *Cost control* – The Group plans to further control its procurement cost while maintain a stringent quality standard. The Group plans to further enhances its procurement system and devise tailored cost control measures for different categories of supplies. To control its staff cost, the Group also intends to optimize restaurant layout, introduce new technologies and continuously improve operation management efficiency in response to the increasing labor cost. In addition, the Group intends to enhance its brand value, strengthen strategic alliance with well-known real estate companies, as well as open smaller size and higher return restaurants, thereby effectively control rental expenses.

- *Strengthen organization and human resources management* – In order to better understand the market, the Group will enhance its accountability system and encourage the proactivity of general manager of specific markets to take overall responsibility for marketing and sales, restaurant openings and profit management in the respective local market. As to employee development, in addition to constantly implementing the management trainee project, the Group will continuously enhance its system of employee appraisal, training and promotion, to ensure a sustainable supply of talents. At the same time, the Group will also explore on the establishment of an efficient long-term store manager incentive system.

- *Maintain stringent food safety and quality standard* – The Group will further its commitment to food safety and quality, including the following aspects: (i) implement stringent food safety and quality control standards and measures throughout different aspects of the Group's operations, including supply chain, logistics, food processing plants and restaurants; (ii) continue the Group's centralized procurement system; (iii) cooperate exclusively with reputable and high-quality suppliers; (iv) eliminate intermediaries in the supply chain through direct delivery to restaurant from suppliers or the Group's logistics centers; and (v) continuous self-evaluation and enhancement on the Group's food safety and quality control standards and measures.

Industry Outlook

The Group believes that the growing per capita disposable income and urbanization rate, changing consumer lifestyle and quicker living tempo as well as favorable government policies will continue to support the development of China's catering service market. In particular, the Group expects China's catering service industry to experience the following trends:

- *Increasing scrutiny on food safety* – The Food Safety Law of the People's Republic of China went into effect in October 1, 2015, and it is expected that the Chinese government will apply more stringent scrutiny on the providers of catering services.

- *Consolidation by restaurant chains* – China's catering service industry, particularly the QSR industry, is likely to be more consolidated by chained restaurants with greater quality and reputation.

- *Increasing attention from the capital market* – China's catering service industry experienced a strong growth in 2015, and catering service providers have also diversified their access to the capital market, which is expected to provide additional opportunities for growth in China's catering service industry. The global capital market also shows stronger interest in China-based restaurant operator. In addition, large international restaurant operators shows increasing interest in Chinese- and Asian-style QSRs.

- *Demand for dining convenience* – O2O dining, mobile apps for restaurants and dining, online and mobile order and delivery platforms, WeChat, customer relationship management system and other modern IT measurements to enable customers to order, make reservation, queue and pay through mobile devices or website have become the prevailing trend in China's catering service market. Restaurant operators, particularly QSR operators, are under pressure to strengthen their information system management capability.

- *Challenges* – China's catering service industry continues to face challenges including intensified competition among industry participants, rising food ingredients price and increasing cost for labor and rent in first-tier cities.

The Group expects to further its long-standing dedication in China's catering service market and leverages on its dining concept and value proposition, brand recognition scalable and standardized business model and commitment to the safety and quality ingredients to ride the wave of industry growth and cope with industry challenges. In particular, the Group believes its dedication on high-quality healthy cuisine, food safety and mass-market oriented position combine with its strong brand recognition will position the Group well in capitalizing the government-led development trend of healthy mass-market dining with highest food safety standard.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table is a summary of the Group's consolidated statement of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of the Group's total revenue for the years indicated, together with the change (expressed in percentages) from 2014 to 2015:

	Year Ended 31 December				Year-on-Year Change
	2015		2014		
	RMB'000	**%**	RMB'000	%	%
Consolidated Statement of Profit or Loss and Other Comprehensive Income					
Revenue	**2,424,606**	**100.0**	**2,201,989**	**100.0**	**10.1**
Other income	**26,658**	**1.1**	11,787	0.5	126.2
Raw materials and consumables used	**(946,164)**	**(39.0)**	(871,562)	(39.6)	8.6
Staff cost	**(542,980)**	**(22.4)**	(523,595)	(23.8)	3.7
Property rentals and related expenses	**(328,416)**	**(13.5)**	(283,809)	(12.9)	15.7
Utilities expenses	**(101,375)**	**(4.2)**	(93,230)	(4.2)	8.7
Depreciation and amortization	**(120,022)**	**(5.0)**	(91,716)	(4.2)	30.9
Other expenses	**(139,297)**	**(5.7)**	(164,811)	(7.5)	(15.5)
Other gains and losses	**50,110**	**2.1**	990	–	4,961.6
Profit before tax	**323,120**	**13.3**	**186,043**	**8.4**	**73.7**
Income tax	**(59,757)**	**2.5**	(44,850)	(2.0)	33.2
Profit for the year	**263,363**	**10.9**	**141,193**	**6.4**	**86.5**
Earnings per share					
Basic (RMB cents per share)	**24.76**		16.88		
Diluted (RMB cents per share)	**24.59**		16.76		

Revenue

The Group's revenue increased by 10.1% from RMB2,202.0 million in 2014 to RMB2,424.6 million in 2015, primarily due to the increase in the number of the Group's restaurants from 452 as of 31 December 2014 to 552 as of 31 December 2015. The Group opened or re-opened a total of 113 restaurants throughout China in 2015 to capture the growth in the fast casual restaurant market.

Other income

The Group's other income increased by 126.2% from RMB11.8 million in 2014 to RMB26.7 million in 2015, primarily due to a significant increase in the Group's interest income on its bank deposit, which in turn was due to the proceeds received from the Group's initial public offering (the "**Global Offering**") in the Group's bank account.

Raw materials and consumables used

The Group's raw materials and consumables costs increased by 8.6% from RMB871.6 million in 2014 to RMB946.2 million in 2015 as the scale of the Group's operations further increased, which included the number of the restaurants in the Group's network and the Group's system-wide sales. As a percentage of the Group's revenue, the Group's raw materials and consumables costs decreased from 39.6% in 2014 to 39.0% in 2015, primarily due to (i) the increase in sales of premium menu items with high profit margin as the Group continued to optimize its menus, adjust products combination and launch new products; and (ii) the Group's continued procurement cost control efforts.

Staff cost

The Group's staff cost increased by 3.7% from RMB523.6 million in 2014 to RMB543.0 million in 2015, primarily due to an increase in the number of the Group's employees from 13,282 as of 31 December 2014 to 13,582 as of 31 December 2015. As a percentage of the Group's revenue, the Group's staff cost decreased from 23.8% in 2014 to 22.4% in 2015, primarily as a result of the Group's efforts to optimize staffing arrangements in its restaurants. In 2015, in connection with the pre-IPO share incentive plan adopted by the Company on 28 August 2009 (the "**Pre-IPO Share Incentive Plan**"), the Group incurred equity-settled share-based expenses of RMB6.5 million (2014: RMB12.1 million).

Property rentals and related expenses

The Group's property rentals and related expenses increased by 15.7% from RMB283.8 million in 2014 to RMB328.4 million in 2015, primarily due to an increase in the number of the Group's restaurants. As the majority of the Group's leases are subject to fixed rent arrangement, the increase in the Group's property rentals and related expenses outpaced the increase in the Group's revenue, and the Group's property rentals and related expenses increased from 12.9% in 2014 to 13.5% in 2015 as a percentage of the Group's revenue.

Utilities expenses

The Group's utilities expenses increased by 8.7% from RMB93.2 million in 2014 to RMB101.4 million in 2015 as the scale of the Group's operation in terms of number of restaurants continued to increase. As a percentage of the Group's revenue, utilities expenses remained at 4.2% in 2015.

Depreciation and amortization

The Group's depreciation and amortization increased by 30.9% from RMB91.7 million in 2014 to RMB120.0 million in 2015, primarily due to an increase in the Group's property, plant and equipment as the Group continued to open new restaurants and accelerated depreciation. As a percentage of the Group's revenue, depreciation and amortization increased to 5.0% in 2015 from 4.2% in 2014.

Other expenses

The Group's other expenses decreased by 15.5% from RMB164.8 million in 2014 to RMB139.3 million in 2015. As a percentage of the Group's revenue, the Group's other expenses decreased from 7.5% in 2014 to 5.7% in 2015. This decrease was primarily due to the expenses of RMB32.7 million the Group incurred in connection with the Global Offering in 2014. By comparison, the Group did not incur any expense in this respect in 2015.

Other gains and losses

The Group's other gains increased significantly from RMB1.0 million in 2014 to RMB50.1 million in 2015, primarily as a result of the investment income on the net proceeds from the Global Offering and a significant increase in the Group's foreign exchange gain in 2015. As a percentage of the Group's revenue, other gains increased from 0.04% in 2014 to 2.1% in 2015.

Profit before tax

As a result of the foregoing, the Group's profit before tax increased by 73.7% from RMB186.0 million in 2014 to RMB323.1 million in 2015, and as a percentage of the Group's revenue, the Group's profit before tax increased from 8.4% in 2014 to 13.3% in 2015.

Without taking into account the expenses the Group incurred in connection with the Pre-IPO Share Incentive Plan of RMB6.5 million (2014: RMB12.1 million) and the Global Offering of nil (2014: RMB32.7 million), the Group's profit before tax would have increased by 42.8% from RMB230.8 million in 2014 to RMB329.6 million in 2015, and increased from 10.5% in 2014 to 13.6% in 2015 as a percentage of the Group's revenue.

Income tax expense

The Group's income tax expenses increased by 33.2% from RMB44.9 million in 2014 to RMB59.8 million in 2015, primarily as a result of the increase in the Group's taxable income. The Group's effective tax rate, calculated by dividing the Group's income tax expense by the Group's profit before tax, decreased from 24.1% in 2014 to 18.5% in 2015, primarily due to (i) the Group incurred certain expenses at offshore level in 2014, which could not be deducted against the Group's taxable income in China; and (ii) certain of the Group's gain arose at offshore level in 2015, which was not subject to enterprise income tax in China.

Profit for the year

As a result of the cumulative effect of the above factors, the Group's profit for the year increased by 86.5% from RMB141.2 million in 2014 to RMB263.4 million in 2015, and as a percentage of the Group's revenue, the Group's profit for the year increased from 6.4% in 2014 to 10.9% in 2015.

Without taking into account the expenses the Group incurred in connection with the Pre-IPO Share Incentive Plan of RMB6.5 million (2014: RMB12.1 million) and the Global Offering of nil (2014: RMB32.7 million), the Group's profit for the year would have increased by 45.1% from RMB186.0 million in 2014 to RMB269.9 million in 2015, and increased from 8.4% in 2014 to 11.1% in 2015 as a percentage of the Group's revenue. For further details, please refer to the section headed "Non-IFRS Measure – (b) Adjusted net profit" below.

Non-IFRS Measure

(a) Restaurant level operating profit

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Group also uses restaurant level operating profit as an additional financial measure to evaluate the Group's financial performance at the restaurant level. Restaurant level operating profit is calculated by deducting raw materials and consumables cost and restaurant level staff costs, restaurant level rental and property related expenses, restaurant level depreciation and amortization and other restaurant level expenses from the Group's revenue.

The table below sets forth the Group's revenue breakdown by geographical regions, each presented as a percentage of the Group's total revenue for the years indicated, as well as the geographical breakdown of the Group's restaurant level operating profit, each presented as a percentage of the Group's regional revenue for the years indicated:

	Year Ended 31 December			
	2015		2014	
	RMB'000	**%**	RMB'000	%
Revenue:				
Beijing	**1,525,953**	**62.9**	1,525,380	69.3
Shanghai	**202,861**	**8.4**	214,815	9.8
Tianjin	**184,311**	**7.6**	155,154	7.0
Other regions[1]	**511,481**	**21.1**	306,640	13.9
Total	**2,424,606**	**100.0**	2,201,989	100.0
Restaurant Level Operating Profit and Margin Performance[2]:				
Beijing	**365,387**	**23.9**	358,132	23.5
Shanghai	**11,105**	**5.5**	22,046	10.3
Tianjin	**37,629**	**20.4**	26,355	17.0
Other regions[1]	**81,033**	**15.8**	43,724	14.3
Total	**495,154**	**20.4**	450,257	20.4

(1) Including 39 cities in Hebei, Liaoning, Jiangsu, Shandong, Shanxi, Henan, Hubei and Heilongjiang provinces.

(2) Restaurant level operating profit is an unaudited non-GAAP item. The Group has presented this non-GAAP item because the Group considers it important supplemental measures of the Group's operating performance and believe it is frequently used by analysts, investors and other interested parties in the evaluation of companies in the industry the Group operates in. The Group's management uses such non-GAAP item as an additional measurement tool for purposes of business decision-making. Other companies in the industry the Group operates in may calculate this non-GAAP item differently than the Group does. This non-GAAP item is not a measure of operating performance or liquidity under IFRS and should not be considered as a substitute for, or superior to, profit before tax or cash flow from operating activities in accordance with IFRS. This non-GAAP item has limitation as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of the Group's results as reported under IFRS. The Group's presentation of this non-GAAP item should not be construed as an inference that the Group's future results will be unaffected by unusual or non-recurring items.

In 2015, Beijing continued to be the Group's most important geographical market both in terms of restaurant count and revenue contribution. However, as the Group successfully expanded into additional markets, the Group's revenue generated from restaurants in Beijing decreased as a percentage of the Group's total revenue from 69.3% in 2014 to 62.9% in 2015.

In 2015, the Group's restaurant level operating profit grew at a similar rate as the Group's revenue. As a percentage of the Group's revenue, the Group's restaurant level operating profit remained stable at 20.4% in 2015.

(b) Adjusted net profit

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Group also uses adjusted net profit as an additional financial measure to evaluate the Group's financial performance without taking into account certain unusual and non-recurring items. Adjusted net profit is calculated by deducting expense related to equity-settled share-based payments from the Group's staff costs and expenses related to the listing from the Group's other expenses. The table below sets forth the reconciliation of profit for the year to adjusted net profit:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Profit for the year	**263,363**	141,193
Equity-settled share-based payments	**6,523**	12,125
Listing expenses	**–**	32,680
Adjusted net profit	**269,886**	185,998

(1) Adjusted net profit is an unaudited non-GAAP item. The Group uses such unaudited non-IFRS adjusted net profit as an additional financial measure to supplement the consolidated financial statements which are presented in accordance with IFRS and to evaluate the financial performance of the Group by eliminating the impact of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the business of the Group. Other companies in the industry the Group operates in may calculate this non-GAAP item differently than the Group does. This non-GAAP item is not a measure of operating performance or liquidity under IFRS and should not be considered as a substitute for, or superior to, profit before tax or cash flow from operating activities in accordance with IFRS. This non-GAAP item has limitation as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of the Group's results as reported under IFRS. The Group's presentation of this non-GAAP item should not be construed as an inference that the Group's future results will be unaffected by unusual or non-recurring items.

LIQUIDITY AND CAPITAL RESOURCES

In 2015, the Group financed its operations primarily through cash from the Group's operations. The Group intends to finance its expansion and business operations by internal resources and through organic and sustainable growth, as well as the net proceeds received from the Global Offering.

Cash and cash equivalents

As of 31 December 2015, the Group had cash and cash equivalents of RMB1,354.5 million as compared with RMB1,122.8 million as of 31 December 2014, which primarily consisted of cash on hand and demand deposits and which were mainly denominated in Renminbi (as to 58.9%), Hong Kong dollars (as to 40.5%), and U.S. dollars (as to 0.6%).

In view of the Group's currency mix, the Group currently does not use any derivative contracts to hedge against the Group's exposure to currency risk. The Group's management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

Net proceeds from the Global Offering (including the partial exercise of the over-allotment option on 9 January 2015), after deducting the underwriting commission and other estimated expenses in connection with the Global Offering which the Company received amounted to an aggregate of approximately HK$1,043.5 million, comprising HK$1,001.5 million raised from the Global Offering and HK$42.0 million raised from the issue of shares pursuant to the partial exercise of the over-allotment option. Up to 31 December 2015, the net proceeds from the Global Offering had not yet been utilized as the Group had sufficient financial resources to fund its expansion plan. All of the net proceeds has been deposited into short-term demand deposits in the bank account maintained by the Group. In 2016 and in the upcoming years, the Group will start utilizing the net proceeds from the Global Offering and for purposes consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 5 December 2014 (the "**Prospectus**").

Indebtedness

As of 31 December 2015, the Group did not have any outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection thereof.

Capital expenditures

The Group made payment for the capital expenditures representing the purchase of property, plant and equipment of RMB130.2 million in 2015 in connection with new restaurant opening. In 2014, the Group made payment for the capital expenditures of RMB129.2 million. The Group's capital expenditure in 2015 was funded primarily by cash generated from its operating activities. In particular, after considering the Group's restaurant opening plan, the Group funded the opening of 100 restaurants that the Group planned to fund with the net proceeds from the Global Offering with its existing cash instead. In 2015, the Group opened a total of 100 new restaurants. As of 31 December 2015, the Company did not have any charge over its assets.

Contingent liabilities and guarantees

As of 31 December 2015, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against us.

Material acquisitions and future plans for major investment

In 2015, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

EMPLOYEE AND STAFF COST

As of 31 December 2015, the Group had a total of 13,582 employees. In particular, 133 employees worked at the Group's food processing facilities, 1,218 are responsible for restaurant management and 11,513 are restaurant staff.

The Group offers competitive wages and other benefits to the Group's restaurant employees to manage employee attrition. The Group also offers discretionary performance bonus as further incentive to the Group's restaurant staff if a specific restaurant target is achieved. The Group's staff costs include all salaries and benefits payable to all the Group's employees and staff, including the Group's executive Directors, headquarters staff and food processing facilities staff.

For the year ended 31 December 2015, the total staff cost of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to RMB543.0 million, representing approximately 22.4% of the total revenue of the Group.

Pursuant to the Pre-IPO Share Incentive Plan, options to subscribe for an aggregate of 30,793,620 shares (representing approximately 2.89% of the total issued share capital of the Company as at the date of this announcement) granted by the Company under the Pre-IPO Share Incentive Plan remained outstanding as at 31 December 2015. The Company has also adopted a restricted share unit scheme (the "**RSU Scheme**") on 28 November 2014 which became effective upon the Listing Date. As of 31 December 2015, no restricted share unit has been granted or agreed to be granted under the RSU Scheme. Further details of the Pre-IPO Share Incentive Plan and the RSU Scheme, together with, among others, the details of the options granted under the Pre-IPO Share Incentive Plan, are set out in the section headed "Report of Directors" in this annual report.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB0.054 per share (equivalent to HK$0.064 per share), amounting to approximately a total of RMB57.3 million for the year ended 31 December 2015 (the "**2015 Final Dividend**"), representing approximately 40% of the Group's net profit for the six months ended 31 December 2015. The 2015 Final Dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (the "**AGM**").

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Ho Kuang-Chi (賀光啓), aged 52, is the Chairman of the Board and an executive Director. He was appointed as our Director on 14 May 2008 and is primarily responsible for formulating the overall development strategies and business plans of our Group. Mr. Ho is also a director of each of the subsidiaries of our Group. Mr. Ho has over 17 years of experiences in the food and beverage industry. Mr. Ho founded our business in 1998 and continues to oversee the management of our operations and business. He established our first restaurant in Beijing in 1999 and has guided our operations and business in adhering to quality and innovation in our operations since our establishment. Mr. Ho was awarded the "Most Influential Entrepreneur of Food and Beverage Industry in China in 2015 (2015年度中國餐飲最具影響力企業家)" and the "Most Influential Entrepreneur of Hotpot Industry in China in 2015 (2015年度中國火鍋行業最具影響力企業家)" by China Cuisine Association (中國烹飪協會). Mr. Ho also serves as a director of the Eighth Session of the Board of Directors of Beijing Overseas Friendship Association and has been the Vice Chairman of the Beijing Association of Taiwanese-Invested Enterprises. Mr. Ho is the husband of Ms. Chen Su-Yin, our non-executive Director.

Ms. Yang Shuling (楊淑玲), aged 54, is our chief executive officer and an executive Director. She joined Xiabu Fast Food in 1998 as an accountant and has subsequently continued to serve our Group as our finance manager, deputy general manager, executive vice president and president and has gained over 17 years of experiences in the food and beverage industry and also in operations management. Ms. Yang was appointed as a Director on 3 November 2008 and as the chief executive officer in March 2013 and is primarily responsible for overseeing the management and strategic development of our Group. Ms. Yang is also a director of each of the subsidiaries of our Group. Prior to joining our Group, Ms. Yang has served as statistics officer and accounting officer in certain Beijing enterprises. She obtained secondary technical education in finance and accounting.

Non-executive Directors

Ms. Chen Su-Yin (陳素英), aged 52, is a non-executive Director. She was appointed to our Board on 12 December 2012 and is primarily responsible for providing strategic advices and guidance on the business development of our Group. Ms. Chen is also a director of each of the subsidiaries of our Group. Ms. Chen has continued to provide guidance on the range and variety of foods offered and the enhancement of the tastes and flavors of our foods and the development of our dipping sauces and our hot and spicy soup base since our establishment. Our hot and spicy soup base was awarded "Beijing Specialty Cuisine" by Beijing Cuisine Association. Ms. Chen graduated from Taipei Ching-Chwan Commercial High School in June 1981. Ms. Chen is the wife of Mr. Ho Kuang-Chi.

Mr. Wei Ke (魏可), aged 42, is a non-executive Director. He was appointed to our Board on 12 December 2012 and is primarily responsible for providing strategic advice and guidance on the business development of our Group. Mr. Wei is also a director of our subsidiary in Hong Kong, Xiabuxiabu Catering Management (HK) Holdings Co., Ltd. Mr. Wei is a Principal at General Atlantic LLC, where he has worked since 2009. Based in Beijing, he focuses on General Atlantic LLC's investment opportunities in Greater China. Prior to joining General Atlantic LLC, Mr. Wei served as an Investment Principal at Actis, an emerging market private equity firm, from 2008 to 2009. He also worked at Boston Consulting Group from 2005 to 2008. Since August 2012, Mr. Wei has served as a non-executive director of Tenfu (Cayman) Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 6868). Mr. Wei earned his Master's degree in Business Administration from Harvard Business School in June 2005, and his Bachelor's degree in Arts from University of Science and Technology, Beijing in July 1996.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Ms. Hsieh Lily Hui-yun (謝慧雲), aged 61 is an independent non-executive Director. She was appointed to our Board on 28 November 2014. She has over 30 years of experience in the auditing and accounting in various industries, including food retailing, manufacturing and processing, public utilities and airlines. Ms. Hsieh joined YUM! China in 1996 and was the chief financial officer of YUM! China from 2000 to 2012. Before joining YUM! China, she worked with Kraft Foods (Asia Pacific) Ltd., Pillsbury Canada and China Airlines. Ms. Hsieh serves as an independent non-executive director of Dongpeng Holdings Company Limited (stock code: 3386), a company listed on the Main Board of the Stock Exchange, since November 2013 and has served as a non-executive director of Little Sheep Group Limited (stock code: 968) from November 2009 until it was delisted from the Main Board of the Stock Exchange in February 2012. Ms. Hsieh received an Master's degree in Business Administration from University of Toronto in June 1980 and the title of Certified Management Accountant (CMA) in July 1985.

Mr. Hon Ping Cho Terence (韓炳祖), aged 56, is an independent non-executive Director. He was appointed to our Board on 28 November 2014. Mr. Hon was appointed as the Chief Financial Officer and the Company Secretary of Auto Italia Holdings Limited (Stock Code: 720), a company listed on the Main Board of the Stock Exchange from June 2013 to March 2016. Mr. Hon has over 30 years of experience in accounting, treasury and financial management. Prior to joining Auto Italia Holdings Limited, Mr. Hon was appointed to various senior financial positions in a number of companies listed on the Main Board of the Stock Exchange. From December 2010 to September 2012, he was the chief financial officer and a member of executive committee of China Dongxiang (Group) Co., Ltd. (stock code: 3818), a company listed on the Main Board of the Stock Exchange. From September 2008 to December 2010, Mr. Hon was the chief financial officer of K.Wah Construction Materials Limited, a subsidiary of Galaxy Entertainment Group Limited (stock code: 27), a company listed on the Main Board of the Stock Exchange. Mr. Hon served as the group finance director from March 2006 to February 2008 and as the group treasurer and general manager of the finance department from June 2001 to February 2006 of TOM Group Limited (stock code: 2383), a company listed on the Main Board of the Stock Exchange. From February 1996 to June 2001, he was the company secretary of Ng Fung Hong Limited, a company then listed on the Stock Exchange (former stock code: 318) and is a subsidiary of China Resources Enterprise, Limited (stock code: 291), a company listed on the Main Board of the Stock Exchange. Prior to this, Mr. Hon worked with KPMG, an international accounting firm for more than seven years since 1985. He is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. Mr. Hon obtained his Master's degree in Business Administration (Financial Services) from The Hong Kong Polytechnic University in August 2004.

Ms. Cheung Sze Man (張詩敏), aged 45, is an independent non-executive Director. She was appointed to our Board on 28 November 2014. Ms. Cheung has accumulated audit experience in an international accounting firm and has substantial experiences in corporate finance, accounting and human resource management by holding senior positions in private and public listed companies. She has also served as directors of listed companies in Hong Kong. She was an executive director of China Ocean Shipbuilding Industry Group Limited (stock code: 651 and formerly known as Wonson International Holdings Ltd), a company listed on the Main Board of the Stock Exchange, from November 2006 to November 2007. She was an executive director of ITC Properties Group Limited (stock code: 199 and formerly known as Cheung Tai Hong), a company listed on the Main Board of the Stock Exchange, from May 2004 to May 2005. She also served as the independent non-executive director of 21 Holdings Limited (stock code: 1003), a company listed on the Main Board of the Stock Exchange, from November 2011 to April 2014. Ms. Cheung is a member of both the Hong Kong Institute of Certified Public Accountants and CPA Australia. Ms. Cheung graduated from the University of Auckland in New Zealand with a Bachelor of Commerce degree and a Bachelor of Arts degree in May 1995. She also obtained a Master of Business Administration degree from the University of Bradford in the United Kingdom in July 2012.

Senior Management

Ms. Zhao Yi (趙怡), aged 46, is the Chief Financial Officer of our Group. Ms. Zhao joined our Group on 12 November 2012 and is primarily responsible for the audit, accounting, financial management and IT related matters of our Group. Ms. Zhao has almost 19 years of experience in accounting and corporate finance and business management in multi-national companies, such as The East Asiatic Company (China) Limited, PepsiCo Food Co., Unilever Service Co., Ltd., Sony Ericsson Group and McDonald's, where she had taken up financial analysis, budgeting, auditing and management roles. Prior to joining our Group, the major roles and positions undertaken by Ms. Zhao includes serving as the Commercial Manager of Unilever Service Co., Ltd. from October 2001 to October 2004, the chief operating officer of Sony Ericsson Mobile Communications (China) Co., Ltd. mainly responsible for strategic planning and the establishment of operating system from June 2005 to February 2009 and the Financial Director of McDonald's in Northern China Region from June 2009 to October 2012. Ms. Zhao obtained a Master's degree in Business Administration in Business Management from Newport University of the United States in May 2003, and her Bachelor's degree in International Finance from China Institute of Finance (currently known as School of International Finance of the University of International Business and Economics) in July 1993.

Mr. Ying Zhongqiu (應仲秋), aged 50, is the Vice President of Human Resources of our Group and is primarily responsible for the human resources and administration related matters of our Group. Mr. Ying joined our Group on 22 April 2010. Mr. Ying has over 15 years of experience in managing human resources and administration related matters in the catering services industry. Prior to joining our Group, Mr. Ying served as the human resources director of Beijing Yoshinoya Fast Food Co., Ltd. from May 2006 to April 2010, where he was primarily responsible for human resources and administration related matters. In February 2001, Mr. Ying joined Yum! Brands, Inc., China Division, where he had served various positions, including acting as the strategic initiatives manager in human resources, until April 2006. Mr. Ying obtained a Bachelor's degree of Science from Zhejiang Normal University in July 1985 and a Graduate Diploma from the Faculty of Education at Beijing Normal University in July 1990.

Mr. Fang Liang (房梁), aged 44, is the Vice President of Development and Engineering of our Group. Mr. Fang joined our Group on 5 December 2012 and is primarily responsible for the development and engineering of new stores of our Group. Mr. Fang has over 20 years of experience in the fast casual restaurant and catering service industry, especially in operations development. Prior to joining our Group, Mr. Fang served as a senior manager of business development at Beijing Yoshinoya Fast Food Co. Ltd, a member of Hop Hing Fast Food Group from July 2009 to December 2012. Prior to that, Mr. Fang was employed by Beijing McDonald's Food Co., Ltd as a Supervisor of the property management department between August 1996 and March 1999 and Yonghe King between April 1999 and November 2001. From December 2001 to May 2009, he worked at EC Magic (Beijing) Supermarket Co., Ltd., a company which operates the Unimart Supermarkets in Beijing and a member of the Uni-President Group in Taiwan. Mr. Fang obtained a diploma in law from the China University of Political Science and Law in July 1990 and has further upgraded his diploma into a bachelor's degree in law from the same university through distance learning in June 1995.

DIRECTORS' REPORT

The board of directors of the Company (the "**Board**") is pleased to present its report together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**"), for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activity of the Group is the operation of fast casual restaurants and providing catering services in China.

BUSINESS REVIEW

In 2015, the Group opened a total of 100 new restaurants and extended its restaurant network into Heilongjiang and Hubei provinces in 2015. As of 31 December 2015, the Group owned and operated 552 restaurants in 39 cities over eight provinces and in three centrally administered municipalities, namely Beijing, Tianjin and Shanghai, in China.

Performance of the Group's Restaurants

Despite the overall economic instability in China, the Group's revenue still increased by 10.1% from RMB2,202.0 million in 2014 to RMB2,424.6 million in 2015 primarily due to its effort to expand our restaurant network. Meanwhile, the Group's efforts in controlling procurement costs for raw materials by products combination optimization and price bargaining power enhancement, resulted in the Group's restaurant level operating profit grew by 10.0% from RMB450.3 million in 2014 to RMB495.2 million in 2015. See "Business Review and Outlook – Key Operational Information for the Group's Restaurants" for further details on the performance of the Group's restaurants.

Relationship with Suppliers

The Group generally works with a relatively small number of suppliers for key food ingredients at a particular time so as to ensure proper accountability. Furthermore, the Group prefers to work with larger suppliers with whom we have developed long-standing relationships. On average, the Group has over five years of business dealings with its major suppliers.

Relationship with Customers

As a restaurant chain, the Group has a large and diverse customer base. The Group's revenue derived from its five largest customers accounted for less than 30% of our total revenue for the year ended 31 December 2015.

Relationship with Employees

Restaurant operations are highly service-oriented. Therefore the Group's success, to a considerable extent, depends upon its ability to attract, motivate and retain a sufficient number of qualified employees, including restaurant managers and staff. Employee attrition levels tend to be higher in the catering service industry than in other industries. The Group offers competitive wages, discretionary performance bonuses and other benefits to our restaurant employees to manage employee attrition.

Environmental Policy

In order to comply with the relevant environmental laws and regulations, the Group has undertaken wastewater and solid waste disposal and processing measures such as (i) installing proper wastewater treatment devices as required by PRC laws and regulations to process wastewater at each of the Group's restaurants and food processing plants; (ii) daily collection of solid wastes for which the Group contracted qualified waste management companies to dispose of; (iii) special treatment for water pipes at each of the Group's restaurants and food processing plants to avoid leakage and corrosion; and (iv) timely payment of wastewater processing fees to the relevant authorities.

Licenses, Regulatory Approvals and Compliance Record

The Group had complied with all relevant PRC laws and regulations in all material respects and have obtained all material licenses, approvals and permits from relevant regulatory authorities for all of its restaurants opened or re-opened in 2015.

Principal Risks and Uncertainties

Principal risks and uncertainties the Group faces include:

- uncertainty as to the opening and profitable operation of new restaurants;
- uncertainty as to the expansion into new geographical markets;
- uncertainty as to the performance of the Group's current restaurants;
- risks related to site selection for new restaurants;
- risks related to quality control and food safety; and
- risks related to increasing food price, labor costs and commercial real estate rent.

Subsequent Event

Particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2015 are stated in Note 32 to the consolidated financial statements.

Outlook for 2016

In 2016, the Group will continue its efforts to achieve its goal of becoming the leading operator of fast casual restaurant industry and maintaining its leading position as a hotpot restaurant chain operator in China. In particular, the Group plans to explore additional growth drivers, improve its same-store sales, further expand its restaurant network, control its costs, strengthen organization and human resources management and maintain stringent food safety and quality standard.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2015 and the state of the Company's and the Group's financial affairs as at that date are set out in the financial statements on pages 51 to 107.

FINAL DIVIDEND

The Board recommends the payment of the 2015 Final Dividend of RMB0.054 per share for the year ended 31 December 2015 and is subject to the approval of the Company's shareholders (the "**Shareholders**") at the AGM, which will be held on 30 May 2016. Adopting an exchange rate of HK$1 = RMB0.84375, the 2015 Final Dividend is equivalent to HK$0.064 per share. The 2015 Final Dividend, if approved by the Shareholders at the AGM, will be paid on or about 20 June 2016 to those Shareholders whose names appear on the register of members of the Company on 8 June 2016.

RESERVES

Changes to the reserves of the Group during the year ended 31 December 2015 are set out in the consolidated statements of changes in equity.

PROPERTY, PLANT AND EQUIPMENT

Changes to the property, plant and equipment of the Group and the Company during the year are set out in Note 13 to the financial statements.

SHARE CAPITAL AND SHARE INCENTIVE SCHEMES

Details of the Company's share capital and share incentive schemes are set out in Notes 22 and 23 to the consolidated financial statements and the paragraph headed "Pre-IPO Share Incentive Plan and Restricted Share Unit Scheme" below, respectively.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2015 are set out in Note 29 to the consolidated financial statements.

DONATION

Donations made by the Group during the year ended 31 December 2015 amounted to RMB85,200 (2014: RMB120,000).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report.

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

Save for the issue of shares of the Company pursuant to the partial exercise of the over-allotment option as part of the Global Offering as described in the Prospectus and the announcement of the Company dated 9 January 2015, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the year ended 31 December 2015.

PRE-IPO SHARE INCENTIVE PLAN AND RESTRICTED SHARE UNIT SCHEME

Pre-IPO Share Incentive Plan

On 28 August 2009, a pre-IPO share incentive plan (the "**Pre-IPO Share Incentive Plan**") of the Company was approved and adopted by the then shareholder.

The purpose of the Pre-IPO Share Incentive Plan is to promote the success of our Company and the interests of our shareholders by providing a means through which our Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors, consultant or advisor who renders or has rendered bona fide services to the Company, and other eligible persons (the "**Eligible Person**") and to further link the interests of the grantees or recipients of the options ("**Options**") or share awards ("**Share Awards**", together with the Options, collectively referred to as the "**Awards**").

Each Award is evidenced by an award agreement, which shall contain the terms for such Award, as well as any other terms, provisions, or restrictions that may be imposed on the Award, and in the case of Options, any shares subject to the Option, and in each case subject to the applicable provisions and limitations of the Pre-IPO Share Incentive Plan. The maximum number of Shares which may be issued and/or delivered pursuant to all Awards granted under the Pre-IPO Share Incentive Plan must not exceed 40,000,000 Shares (representing approximately 3.76% of the total issued shares of the Company as at the date of this annual report).

As at 31 December 2015, Options to subscribe for an aggregate of 30,793,620 shares (representing approximately 2.89% of the total issued shares of the Company as at the date of this annual report) have been granted by the Company and are outstanding under the Pre-IPO Share Incentive Plan. No Share Award has been granted or agreed to be granted under the Pre-IPO Share Incentive Plan since the adoption of the plan.

An Eligible Person whom an Option is granted in accordance with the terms of the Pre-IPO Share Incentive Plan and the relevant award agreement (the "**Grantee**") is not required to pay for the grant of any Option under the Pre-IPO Share Incentive Plan.

No Grantee shall be entitled to any rights, interest or benefits attached to the underlying shares of the Options granted under the Pre-IPO Share Incentive Plan unless and until the Option in respect of such shares has been vested on him/her and exercised in accordance with the terms of the Pre-IPO Share Incentive Plan. There is no maximum entitlement for each Eligible Person under the rules of the Pre-IPO Share Incentive Plan although no Eligible Person under the rules of the Pre-IPO Share Incentive Plan has been granted Options exceeding 1.3% of the issued share capital of the Company.

An Option shall not be exercisable on any date unless such terms and conditions (including, without limitation, any performance criteria, passage of time or other factors or any combination thereof which the exercise of the Option shall be conditional) as set out in the relevant award agreement, if any, are satisfied and to the extent that the Option has vested.

The exercise price in respect of any Option granted under the Pre-IPO Share Incentive Plan is set forth in the relevant award agreement, and the exercise price of an Option shall be no less than the greatest of:

(i) the par value of the shares of the Company; and

(ii) the value as reasonably determined by the administrator,

provided that no shares newly-issued by the Company may be issued for less than the minimum lawful consideration for such shares or for consideration other than that permitted by applicable law.

An Option, once exercisable and unless the administrator otherwise expressly provides, shall remain exercisable until the expiration or earlier termination of the Option. Each Option shall expire not more than ten years after its date of grant. No fewer than 1,000 shares may be purchased on exercise of any Option at one time unless the number of shares purchased is the total number of shares at the time available for purchase under the Option.

All of the Options granted under the Pre-IPO Share Incentive Plan were granted in four different tranches on 31 August 2009, 17 May 2011, 24 December 2012 and 21 March 2014. As at 31 December 2015, there are altogether 37 Option holders including an executive Director and the Chief Executive Officer of the Company, the Chief Financial Officer of the Company, and two other members of senior management of the Group and 33 other employees of the Group. Details of the Options granted under the Pre-IPO Share Incentive Plan and outstanding as at 31 December 2015 and details of the vesting period, exercise period and the exercise price are set out below:

Name of Option holder	Position held with the Group	Number of Shares represented by the Options at 1 January 2015	Date of grant	Exercise price (RMB)	Exercised during the period	Weighted average closing price of the Shares immediately before the dates on which the Options were exercised (HKD)	Cancelled during the period	Lapsed during the period	Number of Shares represented by the Options at 31 December 2015
Director of the Company									
Yang Shuling	Executive Director and Chief Executive Officer	1,400,000	31 August 2009	0.84	-	-	-	-	1,400,000
		3,564,800	17 May 2011	1.79	-	-	-	-	3,564,800
		4,594,994	24 December 2012	1.84	-	-	-	-	4,594,994
		3,437,973	21 March 2014	2.78	-	-	-	-	3,437,973
		12,997,767			**-**	**-**	**-**	**-**	**12,997,767**

Name of Option holder	Position held with the Group	Number of Shares represented by the Options at 1 January 2015	Date of grant	Exercise price (RMB)	Exercised during the period	Weighted average closing price of the Shares immediately before the dates on which the Options were exercised (HKD)	Cancelled during the period	Lapsed during the period	Number of Shares represented by the Options at 31 December 2015
Senior management members of the Group									
Zhao Yi	Chief Financial Officer	**2,006,629**	21 March 2014	2.78	**–**	**–**	–	**–**	**2,006,629**
Ying Zhongqiu	Vice President of Human Resources	739,200	17 May 2011	1.79	184,800	3.12	–	–	554,400
		580,663	24 December 2012	1.84	–	–	–	–	580,663
		1,160,117	21 March 2014	2.78	–	–	–	–	1,160,117
		2,479,980			**184,800**	**3.12**	**–**	**–**	**2,295,180**
Fang Liang	Vice President of Development and Engineering	**1,349,678**	21 March 2014	2.78	**–**	**–**	**–**	**–**	**1,349,678**
33 other employees of the Group		1,311,000	31 August 2009	0.84	200,000	3.12	–	–	1,111,000
		2,660,946	17 May 2011	1.79	–	–	–	502,040	2,158,906
		3,506,418	24 December 2012	1.84	–	–	–	363,781	3,142,637
		7,232,289	21 March 2014	2.78	–	–	–	1,500,466	5,731,823
		14,710,653			**200,000**	**3.12**	**–**	**2,366,287**	**12,144,366**
Total		2,711,000	31 August 2009	0.84	200,000	3.12	–	–	2,511,000
		6,964,946	17 May 2011	1.79	184,800	3.12	–	502,040	6,278,106
		8,682,075	24 December 2012	1.84	–	–	–	363,781	8,318,294
		15,186,686	21 March 2014	2.78	–	–	–	1,500,466	13,686,220
		33,544,707			**384,800**	**3.12**	**–**	**2,366,287**	**30,793,620**

Details of movements in the Options under the Pre-IPO Share Incentive Plan are also set out in Note 23 to the consolidated financial statements.

The holders of the Options granted under the Pre-IPO Share Incentive Plan as referred to in the table above are not required to pay for the grant of any option under the Pre-IPO Share Incentive Plan and the relevant award agreement.

Subject to the satisfactory performance of the option holders, the Options granted to each of the option holders shall be vested in accordance with vesting schedule as follows:

(i) as to 25% of the aggregate number of shares underlying the Option on the date ending 12 months after the Listing Date;

(ii) as to 25% of the aggregate number of shares underlying the Option on the date ending 24 months after the Listing Date;

(iii) as to 25% of the aggregate number of shares underlying the Option on the date ending 36 months after the Listing Date; and

(iv) as to the remaining 25% of the aggregate number of shares underlying the Option on the date ending 48 months after the Listing Date.

Each Option granted under the Pre-IPO Share Incentive Plan has a ten-year exercise period.

No further Options have been granted under the Pre-IPO Share Incentive Plan after the Listing Date. Save as disclosed above, during the year ended 31 December 2015, no Options have been exercised by the holders, nor have any of the Options lapsed or been cancelled.

The Pre-IPO Share Incentive Plan has expired on the Listing Date but the provisions of the Pre-IPO Share Incentive Plan shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto. No further Awards will be granted under the Pre-IPO Share Incentive Plan after the Listing Date.

Restricted Share Unit Scheme

On 28 November 2014, a restricted share unit scheme (the "**RSU Scheme**") of the Company was approved and adopted by the then shareholders of the Company. Such plan became effective on the Listing Date.

The purpose of the RSU Scheme is to incentivize Directors (excluding independent non-executive Directors), senior management, officers and other selected personnel of the Group ("**RSU Eligible Persons**") for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. The Board selects the RSU Eligible Persons to receive restricted share units ("**RSUs**") under the RSU Scheme at its discretion. There is no maximum entitlement for each RSU Eligible Person under the rules of the RSU Scheme.

The RSU Scheme will be valid and effective for a period of ten years, commencing from the Listing Date, being 17 December 2014 (unless it is terminated earlier in accordance with its terms) (the "**RSU Scheme Period**"). As at 31 December 2015, the remaining life of the RSU Scheme is approximately nine years.

The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) must not exceed 42,174,566 Shares, being 4% of the total number of Shares in issue as at the Listing Date (the "**RSU Scheme Limit**") and 3.96% of the total issued shares of the Company as at the date of this annual report. The RSU Scheme Limit may be refreshed from time to time subject to prior approval from the Shareholders in general meeting, provided that the total number of Shares underlying the RSUs granted following the date of approval of the refreshed limit (the "**New Approval Date**") under the limit as refreshed from time to time must not exceed 4% of the number of Shares in issue as of the relevant New Approval Date. Shares underlying the RSUs previously granted under the RSU Scheme (including RSUs that have lapsed or been canceled in accordance with the rules of the RSU Scheme) prior to such New Approval Date will not be counted for the purpose of calculating the limit as refreshed.

The Board may not grant any RSUs to any RSU Eligible Person in any of the following circumstances:

a) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the RSUs or in respect of the RSU Scheme, unless the Board determines otherwise; or

b) where granting the RSUs would result in a breach by the Company, its subsidiaries or any of their directors of any applicable securities laws, rules or regulations; or

c) after inside information has come to the knowledge of the Company until such inside information has been announced as required under the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

    1) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

    2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement; or

d) where such grant of RSUs would result in breach of the limits set out in the rules of the RSU Scheme. Under such rules, the maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules) must not exceed 4% of the total number of Shares in issue as at the Listing Date.

The Board can determine the vesting criteria and conditions, the vesting schedule, the exercise price of the RSUs (where applicable) and such other details as the Board considers necessary, and such criteria, conditions and details shall be stated in the letter granting such RSUs ("**RSU Grant Letter**"). Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Board will send a vesting notice ("**Vesting Notice**") to each of the relevant participant in the RSU Scheme (the "**RSU Participants**"). The Vesting Notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved.

The Board has the power to administer the RSU Scheme, including the power to construe and interpret the rules of the RSU Scheme and the terms of the RSUs granted under it. The Board may delegate the authority to administer the RSU Scheme to a committee of the Board. The Board may also appoint one or more independent third party contractors (including a trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme (the "**RSU Trustee**")). The Company may (i) allot and issue Shares to the RSU Trustee to be held by the RSU Trustee and which will be used to satisfy the RSUs upon exercise and/or (ii) direct and procure the RSU Trustee to receive existing shares from any Shareholder or purchase existing shares (either on-market or off-market) to satisfy the RSUs upon exercise.

The Company has appointed Computershare Hong Kong Trustees Limited as the RSU Trustee for the administration of the RSU Scheme pursuant to the rules of the RSU Scheme. During the period from 26 January 2016 to 28 January 2016, the RSU Trustee purchased an aggregate of 2,992,500 Shares from the market to hold on trust for the benefit of the RSU Participants pursuant to the RSU Scheme. For details, please see the announcement of the Company dated 28 January 2016.

RSUs held by a RSU Participant that are vested as evidenced by the Vesting Notice may be exercised (in whole or in part) by the RSU Participant serving an exercise notice in writing on the RSU Trustee and copied to the Company. Any exercise of RSUs must be in respect of a board lot of 500 shares each or an integral multiple thereof (except where the number of RSUs which remains unexercised is less than one board lot). Upon receipt of an exercise notice, the Board may decide at its absolute discretion to:

(a) direct and procure the RSU Trustee to, within a reasonable time, transfer the shares underlying the RSUs exercised (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the RSU Participant which the Company has allotted and issued to the RSU Trustee as fully paid up shares or which the RSU Trustee has either acquired by purchasing existing shares or by receiving existing shares from any Shareholder, subject to the RSU Participant paying the exercise price (where applicable) and all tax, stamp duty, levies and charges applicable to such transfer to the RSU Trustee or as the RSU Trustee directs; or

(b) pay, or direct and procure the RSU Trustee to, within a reasonable time, pay, to the RSU Participant in cash an amount which represents the value of the shares underlying the RSUs exercised on or about the date of exercise (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those shares) less any exercise price (where applicable) and after deduction of any tax, levies, stamp duty and other charges applicable to the sale of any shares to fund such payment and in relation thereto.

A RSU Participant does not have any contingent interest in any shares or rights to any income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any shares underlying the RSUs unless and until such shares are actually transferred to the RSU Participant. Any shares transferred to a RSU Participant in respect of any RSUs will be subject to all the provisions of the articles of association of the Company and will rank pari passu with the fully paid shares then in issue.

As at 31 December 2015, no RSU has been granted or agreed to be granted under the RSU Scheme.

DIRECTORS' REPORTS

DIRECTORS

The Directors of the Company during the year were:

Directors

Name	Position
Mr. Ho Kuang-Chi	Chairman of the Board and Executive Director
Ms. Yang Shuling	Chief Executive Officer and Executive Director
Ms. Chen Su-Yin	Non-executive Director
Mr. Wei Ke	Non-executive Director
Ms. Hsieh Lily Hui-yun	Independent Non-executive Director
Mr. Hon Ping Cho Terence	Independent Non-executive Director
Ms. Cheung Sze Man	Independent Non-executive Director

In accordance with the articles of association of the Company, Ms. Hsieh Lily Hui-yun, Mr. Hon Ping Cho Terence and Ms. Cheung Sze Man shall retire by rotation at the AGM and they being eligible, offer themselves for re-election.

None of Ms. Hsieh Lily Hui-yun, Mr. Hon Ping Cho Terence and Ms. Cheung Sze Man has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than under normal statutory obligations.

The biographical details of the Directors and senior management of the Company are set out in the section headed "Biographies of the Directors and Senior Management" in this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 December 2015, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") were as follows:

(a) Interests of Directors and Chief Executive of the Company

Name of Director/ Chief Executive	Capacity/ Nature of interest	Number of underlying Shares(1)	Approximate percentage of shareholding(5)
Mr. Ho Kuang-Chi(2)	Founder of a discretionary trust	450,000,000	42.29%
Ms. Yang Shuling(3)	Beneficial owner	12,997,767	1.22%
Ms. Chen Su-Yin(2)(4)	Interest of spouse	450,000,000	42.29%

Notes:

(1) All interests stated are long positions.

(2) The Ying Qi Trust, a discretionary trust established by Mr. Ho Kuang-Chi (as the settlor) for the benefit of Mr. Ho Kuang-Chi and with Ying Qi PTC Limited acting as the trustee, holds the entire issued shares of Ying Qi Investments Limited. Accordingly, Mr. Ho Kuang-Chi is deemed to be interested in the 450,000,000 shares held by Ying Qi Investments Limited.

(3) Ms. Yang Shuling is interested in 12,997,767 Options granted to her under the Pre-IPO Share Incentive Plan subject to vesting. Such Options represent 12,997,767 underlying Shares.

(4) Ms. Chen Su-Yin is the wife of Mr. Ho Kuang-Chi and is deemed to be interested in the shares which are interested by Mr. Ho Kuang-Chi under the SFO.

(5) As at 31 December 2015, the Company had 1,064,185,452 issued Shares.

Save as disclosed above, as at 31 December 2015, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2015, the following persons (other than the Directors or the chief executive of the Company) have interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Nature of interest	Number of Shares or securities held[(1)]	Approximate percentage of interest[(5)]
Ying Qi PTC Limited[(2)]	Trustee of a trust	450,000,000	42.29%
Ying Qi Investments Limited[(2)]	Beneficial owner	450,000,000	42.29%
Gap (Bermuda) Limited[(3)]	Interest of controlled corporation	340,754,718	32.02%
General Atlantic Genpar (Bermuda) L.P.[(3)]	Interest of controlled corporation	340,754,718	32.02%
General Atlantic Partners (Bermuda) II, L.P.[(3)]	Interest of controlled corporation	340,754,718	32.02%
General Atlantic Singapore Fund Interholdco Ltd.[(3)]	Interest of controlled corporation	340,754,718	32.02%
General Atlantic Singapore Fund Pte. Ltd.[(3)]	Beneficial owner	340,754,718	32.02%
Hillhouse Capital Management, Ltd.[(4)]	Investment Manager	57,720,500	5.42%
Gaoling Fund, L.P. [(4)]	Beneficial owner	55,920,000	5.25%

Notes:

(1) All interests stated are long positions.

(2) Ying Qi PTC Limited, the trustee of the Ying Qi Trust, in its capacity as trustee holds the entire issued share capital of Ying Qi Investments Limited. The Ying Qi Trust is a discretionary trust established by Mr. Ho Kuang-Chi (as the settlor) and the beneficiary of which includes Mr. Ho Kuang-Chi. Accordingly, each of Mr. Ho and Ying Qi PTC Limited are deemed to be interested in the 450,000,000 shares held by Ying Qi Investments Limited by virtue of the SFO.

(3) The sole shareholder of General Atlantic Singapore Fund Pte. Ltd ("**GASF**") is General Atlantic Singapore Fund Interholdco Ltd. ("**GA Interholdco**") and the controlling shareholder of GA Interholdco is General Atlantic Partners (Bermuda) II, L.P. ("**GAP LP**"). The general partner of GAP LP is General Atlantic Genpar (Bermuda) L.P. ("**GA GenPar**") and the general partner of GA GenPar is Gap (Bermuda) Limited. Accordingly, each of GA Interholdco, GAP LP, GA GenPar and Gap (Bermuda) Limited are deemed to be interested in the 340,754,718 shares held by GASF by virtue of the SFO.

(4) Hillhouse Capital Management, Ltd. is the investment manager of, and manages, both Gaoling Fund, L.P. and YHG Investment L.P. Each of Gaoling Fund, L.P. and YHG Investment L.P. held 55,920,000 shares and 1,800,500 shares, respectively. Accordingly, Hillhouse Capital Management, Ltd. is deemed to be interested in the 55,920,000 shares held by Gaoling Fund, L.P. and 1,800,500 shares held by YHG Investment L.P. by virtue of the SFO.

(5) As at 31 December 2015, the Company had 1,064,185,452 issued Shares.

Save as disclosed above, as at 31 December 2015, our Directors or chief executive are not aware of any other person, not being a Director or chief executive of our Company, who has an interest or short position in the shares or the underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

As a restaurant chain, we have a large and diverse customer base. Our revenue derived from our five largest customers accounted for less than 30% of our total revenue for the year ended 31 December 2015.

During the year ended 31 December 2015, the purchases of food ingredients and other supplies from the Group's five largest suppliers accounted for 28.2% of the Group's total purchases from all suppliers for the same period. The purchases from the Group's single largest supplier for the year ended 31 December 2015 accounted for 10% of the Group's total purchases from all suppliers for the same period. All of our five largest suppliers are independent third parties. None of our Directors, any of their close associates or any Shareholders that, to the knowledge of our Directors, own more than 5% of the issued share capital of the Company had any interest in any of the five largest suppliers during the year ended 31 December 2015.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the accounting principles and policies adopted by the Group and discussed the Group's risk management, internal controls and financial reporting matters with the management. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2015.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company, although there are no restrictions against such rights under the laws in the Cayman Islands.

EMOLUMENT POLICY

Restaurant operations are highly service-oriented, therefore the Directors believe that the ability to attract, motivate and retain a sufficient number of qualified employees, including restaurant managers and operational personnel, is critical to the success of the Group's business. The Company will continue to seek to retain and attract qualified employees, particularly restaurant staff and operational personnel, by increasing efforts in recruitment and human resources management, further its career advancement program and establish a clearly identifiable long-term career path to motivate its employees, implement a rigorous evaluation program to identify suitable candidates for promotion, offer long-term equity incentive plans and tailored compensation packages and offer training programs tailored to specific needs of our employees' career development. The Company also provides various incentives through share incentive schemes to better motivate its employees.

EMPLOYEE RETIREMENT BENEFITS

Particulars of the employee retirement benefits of the Group are set out in Note 27 to the financial statements.

PUBLIC FLOAT

As at the date of this annual report and based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

AUDITOR

The financial statements have been audited by Deloitte Touche Tohmatsu who shall retire at the forthcoming annual general meeting and, being eligible, offered themselves for re-appointment.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's distributable reserves calculated under the Companies Law of the Cayman Islands comprise the share premium and retained earnings totaling approximately RMB965.9 million (2014: RMB951.8 million).

BANK AND OTHER LOANS

The Group did not have any short-term or long-term bank borrowings or other loans as at 31 December 2015.

RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES AND EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Pre-IPO Share Incentive Plan and Restricted Share Unit Scheme" above, at no time during the year was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this annual report, none of the Directors and directors of the Company's subsidiaries, or their respective associates had interests in businesses, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

PERMITTED INDEMNITY PROVISION

Subject to applicable laws, the Directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, pursuant to the articles of association of the Company. Such provisions were in force throughout the year ended 31 December 2015 and are currently in force. The Company has arranged for appropriate insurance cover for Directors' liabilities in respect of legal actions that may be brought against the Directors.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On 17 December 2014, the Company's shares were listed on the Main Board of the Stock Exchange. A total of 227,100,000 ordinary shares with nominal value of US$0.000025 each of the Company were issued at HK$4.70 per share for a total of approximately HK$1,067.4 million. The net proceeds raised by the Company from the abovementioned Global Offering is approximately HK$1,001.5 million. Up to 31 December 2015, the net proceeds from the initial public offering had not yet been utilized and all of the net proceeds has been deposited into short-term demand deposits in a bank account maintained by the Group. In addition, in preparation of remitting the net proceeds from the initial public offering into China, Mr. Ho will initiate the relevant application for an approval from the Taiwan Investment Commission before the Company increases its equity investments into its PRC subsidiaries.

Furthermore, on 9 January 2015, the joint global coordinators to the Global Offering partially exercised the over-allotment option granted by the Company under the Global Offering and pursuant to which the Company had issued and alloted an aggregate of 9,436,500 additional shares at HK$4.70 per share for a total of approximately HK$44.4 million. The net proceeds raised by the Company from the issue of shares pursuant to the partial exercise of the over-allotment option is approximately HK$42.0 million. As at the date of this annual report, the net proceeds from the issue of shares pursuant to the partial exercise of the over-allotment option had not yet been utilized and all of such net proceeds has been deposited into short-term demand deposits in a bank account maintained by the Group.

In 2016 and in the upcoming years, the Group will start utilizing the net proceeds from the initial public offering and for the purpose consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

CONNECTED TRANSACTIONS

On 30 April 2014, Xiabuxiabu Restaurant Management Co., Ltd. ("**Xiabu Beijing**", an indirect wholly-owned subsidiary of the Company) entered into a renewed lease agreement with Xiabuxiabu Fast Food Chain Management Co., Ltd. ("**Xiabu Fast Food**", a company wholly-owned by Mr. Ho Kuang-Chi, a substantial shareholder and an executive Director of the Company, and is therefore a connected person of the Company) to lease the factory located at Suncun Industrial Development Zone, Huangcun Town, Daxing District, Beijing, PRC with a total area of 7,066.75 square meters for a term of two years commencing on 1 May 2014. The leased property is used for industrial purpose and which is utilized by Xiabu Beijing as the food processing plant and warehouse. The monthly rental under the lease agreement is RMB110,250 for the period commencing from 1 May 2014 and ending on 30 April 2015 and RMB115,000 for the period commencing from 1 May 2015 and ending on 30 April 2016, which shall constitute de minimis continuing connected transactions under Rule 14A.76(1) of the Listing Rules. The transactions contemplated under the lease agreement also constitute related party transactions of the Company under IFRS, details of which are set out in Note 28 to the financial statements.

All references above to other sections, reports or notes in this annual report form part of this report.

By order of the Board
Ho Kuang-Chi
Chairman

Hong Kong, 29 March 2016

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures, and the Board is responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the Corporate Governance Code and Corporate Governance Report (the "**Code**") set out in Appendix 14 to the Listing Rules and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

During the year ended 31 December 2015, the Company has complied with the applicable code provisions of the Code as set out in Appendix 14 to the Listing Rules.

BOARD OF DIRECTORS

The Board is charged with promoting the success of the Company by directing and supervising its affairs. The Board has general powers for the management and conduct of the Company's business. The day-to-day operations and management are delegated by the Board to the management of the Company, who will implement the strategy and direction as determined by the Board.

Pursuant to code provision A.2.1 of the Code, the roles of chairman and chief executive are separate and are being performed by two different individuals. Mr. Ho Kuang-Chi is the Chairman of the Company. With extensive experience in the industry, Mr. Ho is responsible for formulating the overall development strategies and business plan of our Group and is instrumental to the Company's growth and business expansion since its establishment in 1998. Ms. Yang Shuling is the Chief Executive Officer of the Company and is responsible for overseeing the management and strategic development of our Group.

The Board currently consists of seven Directors, namely Mr. Ho Kuang-Chi (Chairman) and Ms. Yang Shuling (Chief Executive Officer) as executive Directors, Ms. Chen Su-Yin and Mr. Wei Ke as non-executive Directors, and Ms. Hsieh Lily Hui-yun, Mr. Hon Ping Cho Terence and Ms. Cheung Sze Man as independent non-executive Directors. The Board has a balance of skills and experience appropriate for the requirements of the business of the Company. The Company has also adopted a board diversity policy to set out the approach adopted by the Board regarding diversity of Board members. In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director of the Company. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Mr. Ho Kuang-Chi, Chairman and Executive Director of the Company, is the husband of Ms. Chen Su-Yin, a non-executive Director. Save as disclosed, no Board member has the relationship with the other Board members and the chief executive officer of the Company.

The biographies of the Directors are set out on pages 25 to 26 of this annual report.

Each of the executive Directors has entered into a service contract with the Company on 28 November 2014 and the Company has issued letters of appointment to each of the non-executive Directors and independent non-executive Directors. The principal particulars of these service contracts and letters of appointment are (a) for a term of 3 years commencing from 28 November 2014 and (b) are subject to termination in accordance with their respective terms. The term of the service contracts and the letters of appointment may be renewed in accordance with our articles of association of the Company and the applicable Listing Rules.

The aggregate remuneration (including fees, salaries, contributions to pension schemes, share-based compensation expenses, discretionary bonuses, housing and other allowances and other benefits in kind) payable to the Directors for the year ended 31 December 2015 was approximately RMB6.55 million.

The remuneration of the Directors is determined with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group. Details of the remuneration of the Directors for 2015 are set out in Note 11 to the consolidated financial statements. In addition, pursuant to code provision B.1.5 of the Code, the annual remuneration of members of the senior management by band for the year ended 31 December 2015 is set out below:

Remuneration band	Number of senior management member
HKD1,000,001 to HKD1,500,000	1
HKD1,500,001 to HKD2,000,000	2
HKD2,000,001 to HKD2,500,000	1

During the year ended 31 December 2015, the Company has three independent non-executive Directors, which meets the requirement of the Listing Rules that the number of independent non-executive directors must represent at least one-third of the Board and should not be less than three.

The Company has received a written confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers them to be independent.

Directors have access to the services of the company secretary to ensure that the Board procedures are followed. The company secretary of the Company is Ms. Ng Sau Mei. Ms. Ng Sau Mei is a senior manager of KCS Hong Kong Limited, and is responsible for provision of corporate secretarial and compliance services to listed company clients. Her primary corporate contact person at the Company is Ms. Zhao Yi, the Chief Financial Officer of the Company. In compliance with Rule 3.29 of the Listing Rules, Ms. Ng Sau Mei has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2015.

Each of the Directors attended various trainings in 2015, including the trainings for connected transactions, for the amendment of the Listing Rules, for the Director's duties and responsibilities and continuous obligations and for the model code for securities transactions by the Directors, etc. The Company will continue to arrange suitable training for all Directors in order to develop and refresh their knowledge and skills as part of their continuous professional development.

During the year ended 31 December 2015, the Board held four meetings to discuss and approve, among others, the overall strategies and policies of the Company, as well as to review and approve the Company's 2014 annual report, 2014 annual results announcement, 2015 interim report, 2015 interim results announcement and the payment of interim dividend.

The table below sets out the details of Board meetings attendance of each Director during the year ended 31 December 2015.

Director	Number of Board meetings requiring attendance	Number of Board meetings attended
Mr. Ho Kuang-Chi	4	4
Ms. Yang Shuling	4	4
Ms. Chen Su-Yin	4	4
Mr. Wei Ke	4	4
Ms. Hsieh Lily Hui-yun	4	4
Mr. Hon Ping Cho Terence	4	4
Ms. Cheung Sze Man	4	4

In 2015, the Company convened and held one general meeting, being the 2014 annual general meeting held on 19 May 2015. All Directors attended the 2014 annual general meeting.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the Corporate Governance Code. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and written employee guidelines, and the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

BOARD COMMITTEES

The Company has three principal Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. Each of the Board committees operates under its terms of reference. The terms of reference of the Board committees are available on the website of the Company and that of the Stock Exchange.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Company has also updated the terms of reference of the Audit Committee reflecting the changes to the Code in respect of the Company's risk management and internal control systems, and which became effective on 1 January 2016. The Audit Committee consists of three members, being two independent non-executive Directors, namely Ms. Hsieh Lily Hui-yun and Mr. Hon Ping Cho Terence and one non-executive Director, namely Mr. Wei Ke. Ms. Hsieh Lily Hui-yun has been appointed as the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise, and provide an independent view of the effectiveness of, the financial reporting process and risk management and internal control systems of the Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

During the year ended 31 December 2015, the Audit Committee held two meetings to consider the Company's 2014 annual report, 2014 annual results announcement, 2015 interim report, 2015 interim results announcement and the report on audit plan for the year of 2015 by Deloitte Touche Tohmatsu, the external auditor of the Company. The Audit Committee also assessed the risk management and internal control measures of the Company.

The table below sets out the details of meetings attendance of each member of the Audit Committee during the year ended 31 December 2015.

Director	Number of meetings requiring attendance	Number of meetings attended
Ms. Hsieh Lily Hui-yun	2	2
Mr. Hon Ping Cho Terence	2	2
Mr. Wei Ke	2	2

NOMINATION COMMITTEE

The Company established a Nomination Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of two independent non-executive Directors, being Ms. Hsieh Lily Hui-yun and Ms. Cheung Sze Man, and one executive Director, being Mr. Ho Kuang-Chi, who is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendation to our Board on the appointment and removal of Directors of our Company.

During the year ended 31 December 2015, the Nomination Committee held one meeting to review the Board structure, the diversity policy of the Board's members, the independence of the non-executive Directors and to recommend the re-election of the retiring Directors.

The table below sets out the details of meeting attendance of each member of the Nomination Committee during the year ended 31 December 2015.

Director	Number of meetings requiring attendance	Number of meetings attended
Mr. Ho Kuang-Chi	1	1
Ms. Hsieh Lily Hui-yun	1	1
Ms. Cheung Sze Man	1	1

The Nomination Committee is responsible for reviewing and assessing the composition of the Board and the independence of the independent non-executive Directors and making recommendations to the Board on appointment and removal of Directors. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Company has adopted the model described in code provision B.1.2(c)(ii) of the Corporate Governance Code in the terms of reference of the Remuneration Committee. The Remuneration Committee has three members, being two independent non-executive Directors, namely Mr. Hon Ping Cho Terence and Ms. Cheung Sze Man, and one executive Director, namely Mr. Ho Kuang-Chi. Mr. Hon Ping Cho Terence is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations to the Board on employee benefit arrangement.

The Remuneration Committee has adopted the model described in code provision B.1.2(c)(i) of the Code in its terms of reference.

During the year ended 31 December 2015, the Remuneration Committee held one meeting to review the remuneration of the Directors and senior management, the policy and structure of the remuneration for the Directors and senior management.

The table below sets out the details of meeting attendance of each member of the Remuneration Committee during the year ended 31 December 2015.

Director	Number of meetings requiring attendance	Number of meetings attended
Mr. Hon Ping Cho Terence	1	1
Mr. Ho Kuang-Chi	1	1
Ms. Cheung Sze Man	1	1

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the year ended 31 December 2015.

INTERNAL CONTROL MEASURES AND OBSERVANCE OF UNDERTAKINGS RELATING TO OPENING OF RESTAURANTS

Historically, the Group had certain non-compliance in respect of the licenses and approvals of some of its restaurants and prior to the Listing, the Company had enhanced its internal control measures to reduce the risk of penalties from the PRC regulatory authorities in respect of restaurants that the Company operates in the future. Such enhanced internal control measures include, among others, (i) adopting of the Restaurant Opening Approval Policy and amending the Licenses and Permits Management Policy, (ii) compiling and maintaining a list of relevant licenses and permits that would be required for the commencement of the operation of a new restaurant, (iii) strengthening the site selection and approval procedures, (iv) streamlining the development plan and timetable for opening new restaurants to cater for time required for applying and obtaining various licenses and permits prior to opening of new restaurants, and (v) regularly carrying out compliance status review on individual restaurants and identifying, assessing and monitoring compliance risks.

During the year ended 31 December 2015, the Company has strictly implemented the above internal control policies and measures relating to restaurants opening and their operations, and had strictly complied with and fulfilled the relevant undertakings provided by the Company with respect to the opening of new restaurants as more particularly described in the section headed "Business – Licenses, Regulatory Approvals and Compliance Record – Fire Safety – Rectification Measures" in the Prospectus. In particular, the Group has obtained all the relevant material official licenses and permits prior to the opening and re-opening of restaurants.

EXTERNAL AUDITOR

Deloitte Touche Tohmatsu is appointed as the external auditor of the Company.

For the year ended 31 December 2015, the fees paid/payable to Deloitte Touche Tohmatsu for the audit of the financial statements of the Group are RMB2.42 million.

Fees paid/payable to Deloitte Touche Tohmatsu for non-audit services provided to the Group in the year was RMB1 million. The non-audit services conducted include consultancy on tax issues of the Company.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of the financial statements which give a true and fair view of the state of affairs of the Group and of the results and cash flow during the reporting period. A statement from the auditor about its reporting responsibilities on the financial statements is set out on pages 49 to 50 of this report. In preparing the financial statements for the year ended 31 December 2015, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and shareholders' interests and reviewing the effectiveness of the Company's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. The Company also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the issuer's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis.

The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis.

During the year ended 31 December 2015, the Board has reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions. The review was made by discussions with the management of the Company, its external and internal auditors and the assessment conducted by the Audit Committee. The Board believes that the existing internal control system is adequate and effective, in particular, for financial reporting and Listing Rules compliance.

SHAREHOLDERS

The Company is incorporated in the Cayman Islands. The Board may whenever it thinks fit call general meetings. Pursuant to the articles of association of the Company, general meetings shall also be convened on the written requisition to the secretary of the Company of any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such meeting shall be held within two (2) months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene the general meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

To safeguard shareholder interests and rights, separate resolutions are and will be proposed at general meetings on each substantial issue, including the election of individual Directors.

The procedures for shareholder to propose a person for election as director is available on the Company's website (www.xiabu.com). Shareholders may lodge written proposal to the company secretary of the Company at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, provided that the minimum length of the period, during which such written notice is given, shall be at least seven days and that the lodgement of such notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. In order to ensure that other shareholders would have sufficient time to receive and consider the information of the person proposed for election as a director, shareholders are urged to lodge their written notice of his intention to propose a person for election as director as early as practicable in advance of the relevant general meeting and, in any case, not less than 12 business days (as defined in the Listing Rules, i.e. day(s) on which The Stock Exchange of Hong Kong Limited is open for business of dealing in securities) before the date scheduled for holding the relevant general meeting, so that the Company can complete the verification procedure with the Company's share registrar, and procure the publication of an announcement and/or the dispatch of a supplementary circular to shareholders in compliance with the applicable requirements under the Listing Rules. In the event that any such written notice is received by the Company later than the 12th business day before the date of holding the relevant general meeting, the Company will need to consider whether to adjourn the relevant meeting so as to give shareholders a notice of at least 10 business days of the proposal in accordance with the Listing Rules.

Enquiries about the Company may be put to the Board by contacting the Company or directly by raising the questions at an annual general meeting or extraordinary general meeting. The contact details of the Company are set out in the Company's website (www.xiabu.com). Shareholders can also direct their enquiries about their shareholdings to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, whose address is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2015 and up to the date of this annual report, there has been no change to the Company's memorandum and articles of association. The Company's memorandum and articles of association are available on the website of the Company (www.xiabu.com) and that of the Stock Exchange.

Deloitte.
德勤

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88 Queensway
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TO THE MEMBERS OF
XIABUXIABU CATERING MANAGEMENT (CHINA) HOLDINGS CO., LTD.
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 107, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with IFRSs and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

		For the year ended 31 December	
		2015	2014
	Notes	**RMB'000**	RMB'000
Revenue	5	**2,424,606**	2,201,989
Other income	6	**26,658**	11,787
Raw materials and consumables used		**(946,164)**	(871,562)
Staff costs		**(542,980)**	(523,595)
Property rentals and related expenses		**(328,416)**	(283,809)
Utilities expenses		**(101,375)**	(93,230)
Depreciation and amortization		**(120,022)**	(91,716)
Other expenses		**(139,297)**	(164,811)
Other gains and losses	7	**50,110**	990
Profit before tax	8	**323,120**	186,043
Income tax expense	9	**(59,757)**	(44,850)
Profit and total comprehensive income for the year attributable to owners of the Company		**263,363**	141,193
Earnings per share			
– basic (RMB cents per share)	10	**24.76**	16.88
– diluted (RMB cents per share)	10	**24.59**	16.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	As at 31 December 2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	13	**333,709**	311,857
Intangible assets		**984**	2,679
Lease prepayments for land use right	14	**23,010**	23,544
Deferred tax assets	15	**47,729**	26,730
Rental deposits		**46,982**	39,413
		452,414	404,223
Current assets			
Inventories	16	**103,869**	122,545
Trade and other receivables and prepayments	17	**53,351**	32,600
Bank balances and cash	18	**1,354,497**	1,122,782
		1,511,717	1,277,927
Current liabilities			
Trade payables	19	**148,985**	113,822
Accrual and other payables	20	**278,283**	262,532
Tax payables		**34,381**	10,819
Provision	26	**1,106**	–
Deferred income	21	**4,338**	3,646
		467,093	390,819
Net current assets		**1,044,624**	887,108
Total assets less current liabilities		**1,497,038**	1,291,331
Non-current liability			
Deferred income	21	**16,555**	17,465
Net assets		**1,480,483**	1,273,866
Capital and reserves			
Share capital	22	**172**	171
Share premium		**1,005,193**	970,769
Reserves		**475,118**	302,926
Total equity		**1,480,483**	1,273,866

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attribute to owners of the Company					
	Share capital RMB'000 (Note 22)	Share premium RMB'000	Share option reserve RMB'000 (Note 23)	Statutory surplus reserve RMB'000 (Note i)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2014	136	171,673	–	29,000	336,608	537,417
Profit and total comprehensive income for the year	–	–	–	–	141,193	141,193
Issue of new shares to public	35	841,480	–	–	–	841,515
Costs of issue of new shares	–	(38,384)	–	–	–	(38,384)
Recognition of equity-settled share-based payments	–	–	12,125	–	–	12,125
Payments of dividends	–	(4,000)	–	–	(216,000)	(220,000)
Balance at 31 December 2014	**171**	**970,769**	**12,125**	**29,000**	**261,801**	**1,273,866**
Profit and total comprehensive income for the year					**263,363**	**263,363**
Issue of new shares by exercise of over-allotment options (Note ii)	**1**	**35,011**	**–**	**–**	**–**	**35,012**
Issue cost of new shares by exercise of over-allotment options	**–**	**(1,230)**	**–**	**–**	**–**	**(1,230)**
Effect of forfeited share option during the year	**–**	**–**	**(764)**	**–**	**764**	**–**
Exercise of issued share option	**–**	**643**	**(143)**	**–**	**–**	**500**
Recognition of equity-settled share-based payments	**–**	**–**	**6,523**	**–**	**–**	**6,523**
Payments of dividends	**–**	**–**	**–**	**–**	**(97,551)**	**(97,551)**
Appropriation of statutory surplus reserve	**–**	**–**	**–**	**78**	**(78)**	**–**
Balance at 31 December 2015	**172**	**1,005,193**	**17,741**	**29,078**	**428,299**	**1,480,483**

Notes:

(i) According to the People's Republic of China ("PRC") Company Law and the Articles of Association of the PRC subsidiaries of the Group, these companies are required to transfer 10% of their respective after-tax profits, calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The statutory surplus reserve can be utilized, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these companies, provided that such fund is maintained at a minimum of 25% of the registered capital.

(ii) On 9 January 2015, the Company issued 9,436,500 ordinary shares with par value of US$0.000025 each at price of HK$4.70 per share by means of exercise of the over-allotment option.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Profit before tax	**323,120**	186,043
Adjustments for:		
Depreciation of property, plant and equipment	**117,313**	88,861
Release of lease prepayments for land use right	**534**	534
Amortization of intangible assets	**2,175**	2,321
Recognition of equity-settled share-based payments	**6,523**	12,125
Interest income	**(18,247)**	(1,347)
Gain on disposal of short-term investments	**(12,969)**	(1,996)
Government grant released from deferred income	**(910)**	(910)
Foreign exchange gain net	**(30,369)**	(966)
Reversal of impairment loss on trade receivables	**(474)**	(2,455)
Impairment loss recognized on rental deposit	**4**	1,325
(Gain) loss on disposal of property, plant and equipment, net	**(385)**	191
Provision for the probable losses of the pending lawsuits	**1,106**	–
Operating cash flows before movements in working capital	**387,421**	283,726
Movements in working capital		
Decrease (increase) in inventories	**18,676**	(2,391)
(Increase) decrease in trade receivables	**(11,991)**	2,322
Increase in other receivables	**(1,071)**	(4,265)
Increase in rental deposits	**(7,573)**	(8,836)
Increase in trade payables	**35,163**	23,351
Increase in other payables	**6,089**	84,903
Increase in deferred income	**692**	848
Cash generated from operations	**427,406**	379,658
Income taxes paid	**(57,194)**	(65,089)
Net cash generated from operating activities	**370,212**	314,569

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cash flows from investing activities		
Interests income received	**11,032**	3,343
Purchase of short-term investments	**(3,134,000)**	(512,000)
Proceeds of disposal of short-term investments	**3,146,969**	512,000
Purchases of property, plant and equipment	**(130,231)**	(126,541)
Proceeds from disposal of property, plant and equipment	**1,113**	184
Purchase of intangible assets	**(480)**	(725)
Net cash used in investing activities	**(105,597)**	(123,739)
Cash flows from financing activities		
Dividend paid	**(97,551)**	(220,000)
Cash from exercise of share option	**500**	–
Net proceeds from issue of new shares to the public	**33,782**	807,680
Net cash (used in) generated from financing activities	**(63,269)**	587,680
Net increase in cash and cash equivalents	**201,346**	778,510
Cash and cash equivalents at the beginning of the year	**1,122,782**	343,306
Effect of foreign exchange rate changes, net	**30,369**	966
Cash and cash equivalents at the end of the year represented by bank balances and cash	**1,354,497**	1,122,782

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its shares have been listed on the main board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") on 17 December 2014. The registered office of the Company is Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands. The Company is an investment holding company and the Group is principally engaged in Chinese hotpot restaurant operations in the PRC.

The Company's immediate holding company is Ying Qi Investments Limited (incorporated in the British Virgin Islands), and its ultimate controlling party is Mr. Ho Kuang-Chi, who is also the Chairman of the Company.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied, for the first time, certain amendments to IFRSs that are mandatorily effective in the current year:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010- 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011- 2013 Cycle

New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IAS 7	Disclosure Initiative[5]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(CONTINUED)*

New and revised IFRSs in issue but not yet effective *(continued)*

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2019

[3] Effective for annual periods beginning on or after 1 January 2016

[4] Effective for annual periods beginning on or after a date to be determined

[5] Effective for annual periods beginning on or after 1 January 2017

Except for those as stated below, the adoption of these new and revised IFRS is not expected to have material impact on the results and the financial position of the Group.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described as follows:

All recognised financial assets that are within the scope of IAS 39 Financial Instruments:

Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(CONTINUED)*

New and revised IFRSs in issue but not yet effective *(continued)*

IFRS 9 Financial Instruments *(continued)*

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of IFRS 9 will not have significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities based on the Group's financial instruments reported at the end of the year.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(CONTINUED)*

New and revised IFRSs in issue but not yet effective *(continued)*

IFRS 15 Revenue from Contracts with Customers *(continued)*

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Group is in the process of making an assessment of the impact of IFRS 15 and it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors anticipate that the application of IFRS 16 in the future may have a material impact on the amounts reported and/or disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the Group performs a detailed review.

Other than set out above, the Directors do not anticipate that the application of other new and revised IFRSs will have a material impact on amounts reported in the Group's consolidated financial statements and/or disclosures set out these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance ("CO").

The provision of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and director's reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value as explained in the accounting policies set our below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

(i) has power over the investee;
(ii) is exposed, or has rights, to variable returns from its involvement with the investee; and
(iii) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins with the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specially, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains controls until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in a subsidiary

Investment in a subsidiary is stated as cost less any identified impairment loss on the statement of financial position of the Company.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured on the following basis:

Restaurant operations and provision of catering services

Revenue is recognized when the related services have been rendered to customers.

Sales of goods that result in cash discounts or free goods ("the Discounts") for customers for next sales transaction, under the Group's coupons award scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration receivable is allocated between the goods supplied and the Discounts granted. The consideration allocated to the coupons award is measured by reference to their fair value – the amount for which the cash discount could be realised separately or which the goods designated could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale transaction – but is deferred and recognized as revenue when the Discounts are realised and the Group's obligations have been discharged or expired.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Revenue recognition *(continued)*

Restaurant operations and provision of catering services *(continued)*

Revenue from promotion service is recognized when these services are provided.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are recognized in profit or loss in the period in which they arise.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Retirement benefit costs

The employees of the Group are members of state-managed retirement benefit schemes, the obligations of the Group under which are equivalent to those arising in a defined contribution retirement benefit plan. Payments to state-managed retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contribution.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Short-term employee benefits

A liability is recognized for benefits accruing to employee in respect of wages and salaries annual leave and sick leave, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provision

Provision are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Share-based payment arrangements

Equity-settled share-based payment transaction

Share options granted to employee

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 23 to the Group's consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instrument that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each year, the Group revises its estimate of the number of equity instrument expected to vest. The impact of the revision of the original estimate, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rental arising under operating leases are recognized as an expense in the period in which they are incurred.

Leasehold land and building

When a lease included both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. The lease payments for leasehold land that is accounted for as an operating lease is presented as "lease prepayments for land use right" in the consolidated statement of financial position and is amortized over the lease term on a straight-line basis.

Property, plant and equipment

Property, plant and equipment other than construction in progress as described below are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress is carried at cost, less any recognized impairment loss. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Intangible assets

Intangible assets acquired separately

Intangible assets representing trademark and software that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives as below:

Trademark	10 years
Software	3 years

The estimated useful life and amortization method are reviewed at the end of the year, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognized upon disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period when the asset is derecognized.

Impairment of tangible and intangible assets

At the end of the year, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the year.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the year, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Taxation *(continued)*

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables and financial assets at fair value through profit or loss ("FVTPL"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial assets is (i) held for trading, or (ii) it is designated as FVTPL.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

(ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

(iii) it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excluded any dividend or interest earned on the financial assets.

Impairment of financial assets

Financial assets other than those at FVTPL are assessed for indicators of impairment at the end of the year. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loan and receivables, objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty; or
(ii) breach of contract, such as default or delinquency in interest or principal payments; or
(iii) it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial assets *(continued)*

***Impairment of financial assets** (continued)*

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Financial liabilities

The financial liabilities (including trade payables and other payables) are subsequently measured at amortized cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the management of the Group are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and the future periods if the revision affects both current and future periods.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months from the end of the year.

Estimated useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will accelerate the depreciation charge where the economic useful lives are shorter than previously estimated due to removal or closure of restaurants. The management will also write-off or write-down the carrying value of the items which are technically obsolete or non-strategic assets that have been abandoned. Actual economic useful lives may differ from estimated economic useful lives. Periodic review could result in a change in depreciation period and therefore depreciation charge in the future periods.

In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. When the recoverable amounts of property, plant and equipment differ from the original estimates, adjustment will be made and recognized in the period in which such event takes place. As at 31 December 2015, the carrying amounts of property, plant and equipment are approximately RMB 333,709,000 (2014: RMB311,857,000).

Deferred tax assets

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable temporary difference and taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and level of future taxable profits together with future tax planning strategies. As at 31 December 2015, the carrying amount of deferred tax assets are approximately RMB47,729,000 (2014: RMB26,730,000). Further details are contained in Note 15.

Customer loyalty programme

The amount of revenue attributable to the coupons award earned by the customers under the Groups' coupons award scheme, is estimated based on the fair value of the coupons and the expected redemption rate. The expected redemption rate was estimated considering the number of the coupons that will be available for redemption in the future after allowing for coupons which are not expected to be redeemed. Further details are contained in Note 21.

5. REVENUE AND SEGMENT INFORMATION

During the year, the Group's revenue which represents the amount received and receivable from the operation of restaurant net of discount and sales related taxes, are as follows:

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Restaurant operations	**2,424,606**	2,201,989

Information reported to the executive directors of the Company, who are identified as the chief operating decision maker (the "CODM") of the Group, in order to allocate resources and to assess performance, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group's operations are located in the PRC. The Group's revenue from external customers and all of its non-current assets are located in PRC based on geographical location of assets.

No revenue from individual external customer contributing over 10% of total revenue of the Group.

6. OTHER INCOME

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Interest income on:		
– bank deposits	**18,247**	1,347
– short-term investments	**–**	1,996
	18,247	3,343
Promotion service income	**808**	2,290
Government grant		
– subsidy received (Note i)	**2,114**	2,086
– release from deferred income (Note 21)	**910**	910
	3,024	2,996
Others	**4,579**	3,158
	26,658	11,787

Note:

(i) The amounts represent the subsidy received from the local government for the Group's local business development. There were no unfulfilled conditions in the year in which they were recognized.

7. OTHER GAINS AND LOSSES

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Gain (loss) on disposal of property, plant and equipment, net	**385**	(191)
Foreign exchange gain, net	**38,401**	966
Loss on closure of restaurants	**(1,009)**	(915)
Provision for the probable losses of the pending lawsuits	**(1,106)**	–
Reversal of impairment loss on trade receivables	**474**	2,455
Reversal of impairment loss on rental deposit	**1,082**	–
Impairment loss on rental deposit	**(1,086)**	(1,325)
Gain on disposal of short-term investments	**12,969**	–
	50,110	990

8. PROFIT BEFORE TAX

The Group's profit for the year has been arrived at after charging:

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Depreciation of property, plant and equipment	**117,313**	88,861
Amortization of intangible assets	**2,175**	2,321
Release of lease prepayments for land use right	**534**	534
Total depreciation and amortization	**120,022**	91,716
Operating lease rentals in respect of		
– rented premises (minimum lease payments)	**9,009**	9,297
– restaurants		
– minimum lease payments	**293,956**	244,071
– contingent rent (Note i)	**25,451**	30,441
	319,407	274,512
Total property rentals and related expenses	**328,416**	283,809
Directors' emoluments (Note 11)	**6,547**	12,273
Other staff cost		
Salaries and other allowance	**495,662**	468,496
Equity-settled share-based payments	**3,904**	6,649
Retirement benefit contribution	**36,867**	36,177
Total staff costs	**542,980**	523,595
Auditor's remuneration	**2,420**	4,580
Expense in relation to the listing (included in other expenses)	**–**	32,680

Note i: The contingent rent refers to the operating rentals based on pre-determined percentages to revenue less minimum rentals of the respective leases.

9. INCOME TAX EXPENSE

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Enterprise income tax ("EIT")		
Current tax in the PRC	**69,562**	43,415
Withholding EIT-current year	**11,194**	10,662
Deferred tax (Note 15)	**(20,999)**	(9,227)
Total income tax recognized in profit or loss	**59,757**	44,850

The Company is tax exempted company incorporated in the Cayman Islands.

The Company's subsidiary incorporated in Hong Kong is subject to the Hong Kong Profits Tax at 16.5% on estimated assessable profit and no taxable profit derived from Xiabuxiabu Catering Management (HK) Holdings Co., Ltd. ("Xiabu Hong Kong") for the years ended 31 December 2015 and 2014. Under the Law of the PRC on Enterprise Income Tax ("EIT Law") effective from 1 January 2008 and Implementation Regulation of the EIT Law, the statutory EIT rate of PRC subsidiaries of the Company is 25%.

Further, in the PRC, 10% withholding income tax is generally imposed on the assessable profits earned by foreign investors from the foreign investment enterprises established in the PRC from 16 September 2008 onwards. During the year ended 31 December 2015, Xiabu Hong Kong recognized taxable royalty income determined with reference to revenue earned by the PRC subsidiary and interest income from a PRC subsidiary, and the corresponding amounts of which are deductible expenses for the PRC subsidiary. Such royalty income and the interest income are subject to withholding tax of 10% during the years ended 31 December 2014 and 2015.

Under the EIT Law, withholding tax is also imposed on dividends declared and paid to non-PRC resident in respect of profits earned by a PRC subsidiary from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiary amounting to RMB492 million as at 31 December 2015 (2014: RMB353 million), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

9. INCOME TAX EXPENSE *(CONTINUED)*

The tax charge for the year can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Profit before tax	**323,120**	186,043
Tax calculated at applicable domestic tax rates at 25%	**80,780**	46,511
Tax effect of different tax rate on intra-group royalty income and interest income subject to withholding tax	**(16,791)**	(15,992)
Effect of different tax rates of company operating in other jurisdictions	**(15,626)**	–
Tax effect of expenses not deductible for tax purposes	**6,816**	14,360
Tax effect of tax losses and deductible temporary differences not recognized	**4,578**	402
Utilisation of tax loss previously not recognised	**–**	(1,985)
Tax effect of deemed interest income from intra-group balances	**–**	1,554
Income tax expense	**59,757**	44,850

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the year is as following:

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Earnings		
Profit for the year attributable to owners of the Company	**263,363**	141,193
Less: Undistributed earnings attributable to convertible preferred shares	**–**	(61,055)
Earnings for the purpose of basic earnings per share	**263,363**	80,138
Add: Undistributed earnings attributable to convertible preferred shares	**–**	61,055
Earnings for the purpose of diluted earnings per share	**263,363**	141,193

10. EARNINGS PER SHARE *(CONTINUED)*

The weighted average number of ordinary shares for the purpose of basic earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of diluted earnings per share as follows:

	For the year ended 31 December	
	2015	2014
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	**1,063,473**	474,837
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**7,454**	3,883
Outstanding over-allotment options	**–**	1,867
Convertible preferred shares	**–**	361,760
Weighted average number of ordinary shares for the purpose of diluted earnings per share calculation	**1,070,927**	842,347

11. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

	For the year ended 31 December 2015					
	Directors' fee	Salaries and allowances	Performance related bonuses	Retirement benefit scheme contribution	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Ho Kuang-Chi (賀光啓先生)	922	–	–	–	–	922
Ms. Yang Shuling (楊淑玲女士) (Note iv)	201	1,800	–	–	2,619	4,620
Sub-total	1,123	1,800	–	–	2,619	5,542

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

11. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE *(CONTINUED)*

	For the year ended 31 December 2015					
	Directors' fee RMB'000	Salaries and allowances RMB'000	Performance related bonuses RMB'000	Retirement benefit scheme contribution RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
Non-executive directors:						
Ms. Chen Suying (陳素英女士)	201	–	–	–	–	201
Mr. Wei Ke (魏可先生)	201	–	–	–	–	201
Sub-total	402	–	–	–	–	402

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

	For the year ended 31 December 2015					
	Directors' fee RMB'000	Salaries and allowances RMB'000	Performance related bonuses RMB'000	Retirement benefit scheme contribution RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
Independent non-executive directors:						
Ms. Hsieh Hui-yun (謝慧雲女士) (Note ii)	201	–	–	–	–	201
Mr. Hon Ping Cho (韓炳祖先生) (Note ii)	201	–	–	–	–	201
Ms. Cheung Sze Man (張詩敏女士) (Note ii)	201	–	–	–	–	201
Sub-total	603	–	–	–	–	603

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Total	**2,128**	**1,800**	**–**	**–**	**2,619**	**6,547**

11. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE *(CONTINUED)*

	For the year ended 31 December 2014					
	Directors' fee RMB'000	Salaries and allowances RMB'000	Performance related bonuses RMB'000	Retirement Benefit scheme contribution RMB'000	Equity-settle share-based payments RMB'000	Total RMB'000
Executive directors:						
Mr. Ho Kuang-Chi (賀光啓先生)	800	1,200	885	–	–	2,885
Ms. Yang Shuling (楊淑玲女士) (Note iv)	150	2,501	961	–	5,476	9,088
Sub-total	950	3,701	1,846	–	5,476	11,973

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

	For the year ended 31 December 2014					
	Directors' fee RMB'000	Salaries and allowances RMB'000	Performance related bonuses RMB'000	Retirement Benefit scheme contribution RMB'000	Equity-settle share-based payments RMB'000	Total RMB'000
Non-executive directors:						
Ms. Chen Suying (陳素英女士)	100	–	–	–	–	100
Mr. Leng Xuesong (冷雪松先生) (Note i)	100	–	–	–	–	100
Mr. Wei Ke (魏可先生)	100	–	–	–	–	100
Sub-total	300	–	–	–	–	300

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

11. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE *(CONTINUED)*

	For the year ended 31 December 2014					
	Directors' fee RMB'000	Salaries and allowances RMB'000	Performance related bonuses RMB'000	Retirement Benefit scheme contribution RMB'000	Equity-settle share-based payments RMB'000	Total RMB'000
Independent non-executive directors:						
Ms. Hsieh Hui-yun (謝慧雲女士) (Note ii)	–	–	–	–	–	–
Mr. Hon Ping Cho (韓炳祖先生) (Note ii)	–	–	–	–	–	–
Ms. Cheung Sze Man (張詩敏女士) (Note ii)	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Total	1,250	3,701	1,846	–	5,476	12,273

Note:

(i) On 24 October 2014, Mr. Leng Xuesong resigned as the director of the Company.

(ii) On 28 November 2014, Ms. Hsieh Hui-yun, Mr. Hon Ping Cho and Ms. Cheung Sze Man were appointed as the independent non-executive directors of the Company. No emolument was paid to them during the year.

(iii) Certain executive directors and other key management personnel of the Company are entitled to bonus payments which are determined based on the Group's profit for the year.

(iv) Ms. Yang Shuling is also the Chief Executive Officer of the Group and her emoluments disclosed above include those for services rendered by her as the Chief Executive Officer.

11. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE *(CONTINUED)*

Of the five individuals with the highest emoluments in the Group, one was the directors of the Company for the years ended 31 December 2015(2014: two), whose emoluments are included in the disclosures above. The emoluments of the remaining four (2014: three) individuals for the year were as follows:

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Salaries and allowance	**4,650**	4,264
Performance related bonuses	**–**	1,261
Equity-settled share-based payments	**1,331**	1,593
Contributions to retirement benefits schemes	**71**	48
	6,052	7,166

The number of these highest paid employees whose remuneration fell within the following band is as follows:

	For the year ended 31 December	
	2015	2014
HKD 1,000,001 to HKD 1,500,000	**1**	–
HKD 1,500,001 to HKD 2,000,000	**2**	–
HKD 2,000,001 to HKD 2,500,000	**1**	1
HKD 3,000,001 to HKD 3,500,000	**–**	1
HKD 3,500,001 to HKD 4,000,000	**–**	1
Total	**4**	3

During the years ended 31 December 2015 and 2014, no Directors waived or agreed to waive any emoluments, and no emoluments were paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. DIVIDENDS

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Dividends recognized as distributions during the year	**97,551**	220,000

On 17 January 2014, the Company declared a dividend of RMB0.1808 per ordinary share and per convertible preferred share with total dividends of RMB150,000,000 to shareholders of ordinary and convertible preferred shares for the year ended 31 December 2013. The dividend was paid in February 2014.

On 11 September 2014, the Company declared a dividend of RMB0.0846 per ordinary share and per convertible preferred share with total dividends of RMB70,000,000 to shareholders of ordinary and convertible preferred shares for the six months ended 30 June 2014. The dividend was paid in September 2014.

On 18 March 2015, the Company declared a dividend of RMB0.047 per share with total dividends of RMB49,521,000 to shareholders for the year ended 31 December 2014. The dividend was paid in June 2015.

On 18 August 2015,the Company declared a dividend of RMB0.044 per share with total dividends of RMB48,030,000 to shareholders for the six months ended 30 June 2015. The dividend was paid in September 2015.

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2015 of RMB0.054 per share, amounting to approximately RMB57,315,000 has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming general meeting. The dividend has not been included as a liability in these consolidated financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold Improvement RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2014	45,902	351,912	8,849	4,526	56,130	477	467,796
Additions	–	–	–	510	13,674	114,990	129,174
Transfer	–	104,619	–	–	–	(104,619)	–
Disposals	–	–	–	(97)	(1,228)	–	(1,325)
At 31 December 2014	45,902	456,531	8,849	4,939	68,576	10,848	595,645
Additions	–	–	–	29	9,816	130,048	139,893
Transfer	–	135,963	–	–	–	(135,963)	–
Disposals	–	–	(82)	(252)	(2,805)	–	(3,139)
At 31 December 2015	**45,902**	**592,494**	**8,767**	**4,716**	**75,587**	**4,933**	**732,399**
ACCUMULATED DEPRECIATION							
At 1 January 2014	**5,695**	**156,241**	**2,417**	**3,539**	**27,985**	**–**	**195,877**
Charge for the year	**2,197**	**74,316**	**824**	**413**	**11,111**	**–**	**88,861**
Eliminated on disposals	**–**	**–**	**–**	**(52)**	**(898)**	**–**	**(950)**
At 31 December 2014	**7,892**	**230,557**	**3,241**	**3,900**	**38,198**	**–**	**283,788**
Charge for the year	**2,273**	**102,359**	**824**	**321**	**11,536**	**–**	**117,313**
Eliminated on disposals	**–**	**–**	**(16)**	**(194)**	**(2,201)**	**–**	**(2,411)**
At 31 December 2015	**10,165**	**332,916**	**4,049**	**4,027**	**47,533**	**–**	**398,690**
CARRYING AMOUN							
At 31 December 2015	**35,737**	**259,578**	**4,718**	**689**	**28,054**	**4,933**	**333,709**
At 31 December 2014	**38,010**	**225,974**	**5,608**	**1,039**	**30,378**	**10,848**	**311,857**

13. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

The above items of property, plant and equipment other than construction in progress are depreciated over their useful lives, after taking into account the estimated residual value, on a straight-line basis as follows:

Buildings	20 years
Leasehold improvement	Over the shorter of the lease term and estimated useful lives up to 5 years
Machinery	10 years
Motor vehicles	4 years
Furniture and fixtures	3 – 5 years

According to the management's periodic review on the performance of the operating restaurants, the management would change the estimated useful lives of the leasehold improvement of those restaurants planned to be closed and depreciate the remaining depreciable amount of the leasehold improvement up to the date of planned closure. During the year ended 31 December 2015, the increase in depreciation charge due to the change in estimated useful lives is RMB22,963,000 (2014: RMB12,920,000).

14. LEASE PREPAYMENTS FOR LAND USE RIGHT

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Cost:		
At beginning and the end of the year	**26,704**	26,704
Accumulated amortization:		
At beginning of the year	**2,626**	2,092
Charge for the year	**534**	534
At the end of the year	**3,160**	2,626
Carrying amount at the end of the year	**23,544**	24,078

Analyse for reporting purpose as:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Current portion included in trade and other receivables (Note 17)	**534**	534
Non-current portion	**23,010**	23,544
	23,544	24,078

15. DEFERRED TAX ASSETS

The movements of the Group's deferred tax assets during the year are as follows:

	Accrued staff costs RMB'000	Deferred income RMB'000	Allowance for doubtful debts RMB'000	Accrued expense not paid RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014	10,907	5,265	1,205	–	126	17,503
Charge (credit) to profit or loss	9,527	(82)	(283)	–	65	9,227
At 31 December 2014	20,434	5,183	922	–	191	26,730
Charge (credit) to profit or loss	(20,434)	(85)	(253)	41,938	(167)	20,999
At 31 December 2015	**–**	**5,098**	**669**	**41,938**	**24**	**47,729**

Deferred tax assets have not been recognized in respect of the following items:

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Tax losses	**71,343**	53,550
Deductible temporary differences		
Accrued expenses	**7,778**	7,494
Deferred income	**500**	379
Impairment loss on rental deposit	**115**	–
	79,736	61,423

15. DEFERRED TAX ASSETS *(CONTINUED)*

The tax losses will be expired as follow:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
2016	**7,987**	7,987
2017	**18,387**	18,387
2018	**27,176**	27,176
2020	**17,793**	–
	71,343	53,550

No deferred tax asset has been recognized in relation to the unutilized tax losses and deductible temporary differences due to the unpredictability of future profit streams of the relevant entities and it is not probable that taxable profit will be available against which the tax losses and the deductible temporary differences can be utilized.

16. INVENTORIES

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Food and beverage	**84,043**	107,370
Other materials	**14,842**	11,199
Consumables	**4,984**	3,976
	103,869	122,545

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Trade receivables	**21,113**	9,122
Less: allowance for doubtful debts	**(1,706)**	(2,180)
	19,407	6,942
Prepaid operating expenses	**21,970**	20,464
Prepayments to suppliers	**17**	590
Current portion of lease prepayments for land use right	**534**	534
Interest receivable	**7,215**	–
Other receivables	**4,208**	4,070
	53,351	32,600

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

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Within 60 days	**17,906**	3,363
61 to 180 days	**561**	268
181 days to 1 year	**–**	903
Above 1 year	**940**	2,408
	19,407	6,942

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(CONTINUED)*

Movement in the allowance for doubtful debts

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**2,180**	4,635
Reversal of impairment losses on trade receivables	**(474)**	(2,455)
At the end of the year	**1,706**	2,180

Aging of trade receivables that are past due but not impaired:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Overdue by:		
91 to 180 days	**–**	903
181 to 1 year	**–**	2,007
Above 1 year	**940**	401
	940	3,311

Trade receivables that were past due but not impaired related to a number of shopping malls that have a good trading record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality of the trade receivable from the date that credit was initially granted up to the end of each year. Trade receivable that were neither past due nor impaired at the end of the year related to customers that have a good repayment record with the Group. The Group's exposure to the concentration of credit risk is disclosed in Note 30.

18. BANK BALANCES AND CASH

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Cash and bank balances denominated in:		
– RMB	**798,264**	306,879
– USD	**7,321**	5,678
– HKD	**548,912**	810,225
	1,354,497	1,122,782

Bank balances carried interest at prevailing market rates which range from 0.01% to 0.35% (2014: 0.01% to 0.35%) per annum as at 31 December 2015.

The bank balances denominated in RMB were deposited with banks in the PRC and the conversion of such balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

19. TRADE PAYABLES

Trade payables are non-interest bearing and are normally granted on 60-days credit term. An aged analysis of the Group's trade payables, as at the end of each year, based on the goods received date, is as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Within 60 days	**142,941**	101,933
61 to 180 days	**5,144**	10,703
181 days to 1 year	**117**	207
Over 1 year	**783**	979
	148,985	113,822

20. ACCRUAL AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Staff cost payable	**74,430**	89,229
Accrued operating expenses	**41,577**	38,347
Construction fee payables	**42,432**	32,770
Rental payables	**27,516**	25,851
Other PRC tax payables	**23,891**	14,829
Advance from customers	**24,326**	1,257
Deposits from suppliers	**17,862**	16,368
Listing expenses payable	**–**	20,231
Others	**26,249**	23,650
	278,283	262,532

21. DEFERRED INCOME

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Customer loyalty programme (i)	**4,338**	3,646
Government grant (ii)	**16,555**	17,465
	20,893	21,111
Current	**4,338**	3,646
Non-current	**16,555**	17,465
	20,893	21,111

Notes:

(i) The deferred income which arises in respect of the Group's coupon award scheme is recognized in accordance with IFRIC 13 *Customer Loyalty Programmes*.

(ii) The deferred income represents the infrastructure subsidies granted by government in the previous years. During the year ended 31 December 2015, no infrastructure government subsidies were received or receivable. The release of deferred income was RMB 910,000 for the year ended 31 December 2015 (2014: RMB 910,000), over the useful lives of the relevant buildings.

22. SHARE CAPITAL

Issued and fully paid-up:

	As at 31 December	
	2015	2014
	USD'000	USD'000
Share capital of US$0.000025 each	**27**	27
	RMB'000	RMB'000
Presented as:		
Ordinary shares	**172**	171

	As at 31 December	
	2015	2014
	'000	'000
Number of shares:		
Fully paid ordinary shares	**1,064,186**	1,054,364

22. SHARE CAPITAL *(CONTINUED)*

22.1 Ordinary shares

	Authorized shares		Issued capital	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
Balance at 1 January 2014	1,622,736	277	450,000	77
Increase in authorised capital and conversion from convertible preferred shares(Note ii)	377,264	59	377,264	59
New issue of shares to the public	–	–	227,100	35
Balance at 31 December 2014	2,000,000	336	1,054,364	171
Increase in authorised capital and New issue of shares to the public (Note i)	–	–	9,437	1
Exercise of issued share option	–	–	385	–
Balance at 31 December 2015	**2,000,000**	**336**	**1,064,186**	**172**

22.2 Convertible preferred shares

	Authorized shares		Issued capital	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
Balance at 1 January 2014	377,264	59	377,264	59
Conversion to ordinary shares and cancellation of authorised capital(Note ii)	(377,264)	(59)	(377,264)	(59)
Balance at 31 December 2014	–	–	–	–
Conversion to ordinary shares and cancellation of authorised capital	–	–	–	–
Balance at 31 December 2015	**–**	**–**	**–**	**–**

22. SHARE CAPITAL *(CONTINUED)*

22.2 Convertible preferred shares *(continued)*

The convertible preferred shares, which had a par value of US$0.000025 each, contain same voting right, right to dividend and right to share of net assets at liquidation as holders of ordinary shares except for preference at liquidation including distribution in priority with minimum return, details of which are set out in sub-note 2 below. Convertible preferred shares, in whole or in part, can be converted into ordinary shares on a one-for-one basis and are convertible at any time after the date of issuance of the shares. In accordance with the Articles of Association of the Company:

1) If the Company is not successful in an initial public offering and listing of ordinary shares of the Company on the Main Board of the Stock Exchange ("Qualified IPO") has not been consummated by the fifth anniversary of the date of the shareholders agreement on 23 November 2012 (the ''Agreement''), the convertible preferred shares could be sold to the ordinary shareholders with a transfer price to be negotiated during the exit process. If no agreement is reached between the ordinary shareholders and preferred shareholders within an agreed period as specified in the Agreement, the convertible preferred shares could be sold to independent third parties;

2) Upon any liquidation, prior to any distribution or payment to the holders of any ordinary shares, the holder of the convertible preferred shares shall be entitled to receive, with respect to each convertible preferred share, an amount equal to the greater of (i) the sum of the liquidation preference amount, which is calculated based on the investment amount plus a compound annual income equivalent to 7% of such investment amount less any dividend (or other cash distribution) received, and (ii) the amount that such holder of convertible preferred shares would have been entitled to receive, with respect to such convertible preferred shares, if such convertible preferred shares had been converted into ordinary shares (the "Liquidation Payment"). After the holder of the convertible preferred shares have been paid the Liquidation Payment in full, the holder of the convertible preferred shares shall not be entitled to any further participation in any distribution of assets of the Company.

Notes:

(i) On 9 January 2015, 9,436,500 ordinary shares with par value of US$0.000025 each of the Company were issued at HK$4.70 by way of placing and public offer. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

(ii) Pursuant to a board meeting held on 28 November 2014, all the convertible preferred shares were converted into ordinary shares of the Company (the "Shares") on a one-for-one basis upon the listing of the shares on the Main Board of the Stock Exchange on 17 December, 2014 and that the 377,264,152 Shares resulting from the conversion have all the rights pertaining to the Shares and rank pari passu in all respects with the existing Shares in issue. In addition, the Company re-designated all 377,264,152 authorized but unissued convertible preferred shares into 377,264,152 ordinary shares on the same date.

23. SHARE OPTION SCHEMES

The Company adopted a share option scheme for the grant of options to eligible participants on 28 August 2009 (the "Pre-IPO Share Incentive Plan"). In accordance with the terms of the scheme, executives and senior employees may be granted options to purchase ordinary shares of the Company when there is a Qualified IPO. The share options granted under the Pre-IPO Share Incentive Plan were granted in four different tranches on 31 August 2009, 17 May 2011, 24 December 2012 and 21 March 2014, respectively. The share options are exercisable according to the following arrangement:

Share option tranche	**Number of options granted**	**Grant date**	**Vesting period**
Share option tranche A	4,233,000	31/08/2009	25% for each of 4 years after 12 months from the date of Qualified IPO
Share option tranche B	11,795,228	17/05/2011	25% for each of 4 years after 12 months from the date of Qualified IPO
Share option tranche C	9,670,361	24/12/2012	25% for each of 4 years after 12 months from the date of Qualified IPO
Share option tranche D			
Schedule I	3,207,461	21/03/2014	25% for each of 4 years after 24 months from the date of Qualified IPO
Schedule II	5,717,140	21/03/2014	25% for each of 4 years after 36 months from the date of Qualified IPO
Schedule III	6,664,542	21/03/2014	25% for each of 4 years after 48 months from the date of Qualified IPO

Each share option can subscribe for one ordinary share of the Company when exercise. No amounts are paid or payable upon the acceptance of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the vesting date to the expiry date as mentioned below.

The exercise price of the share option is the agreed price at the date of the grant. The expiry date is no more than ten years from the date of the grant and the options would be forfeited when the staff resigned before the expiry day.

23. SHARE OPTION SCHEMES *(CONTINUED)*

(1) Analysis of share options granted to the Group's employees related to the share option scheme

	The year ended 31 December							
	2015				2014			
Share option tranches	**Tranche A**	**Tranche B**	**Tranche C**	**Tranche D**	Tranche A	Tranche B	Tranche C	Tranche D
Share options granted to								
Directors	**1,400,000**	**3,564,800**	**4,594,994**	**3,437,973**	1,400,000	3,564,800	4,594,994	3,437,973
Other key management personnel	**–**	**554,400**	**580,663**	**4,516,424**	–	739,200	580,663	4,516,424
Other staff	**1,111,000**	**2,158,906**	**3,142,637**	**5,731,823**	1,311,000	2,660,946	3,506,418	7,232,289
Share options granted at the end of the year	**2,511,000**	**6,278,106**	**8,318,294**	**13,686,220**	2,711,000	6,964,946	8,682,075	15,186,686

(2) The movement of share options

	The year ended 31 December			
	2015		2014	
Share options	**Number of options**	**Weighted average exercise price RMB**	Number of options	Weighted average exercise price RMB
Balance at beginning of the year	**33,544,707**	**2.17**	18,373,118	1.67
Granted during the year	**–**	**–**	15,589,143	2.78
Forfeited during the year	**(2,366,287)**	**2.26**	(417,554)	2.78
Exercised during the year	**(384,800)**	**1.30**	–	–
Balance at end of the year	**30,793,620**	**2.18**	33,544,707	2.17

23. SHARE OPTION SCHEMES *(CONTINUED)*

(3) The range of the exercise price about the share options at the end of current year

Share option tranche	Number of options granted	Grant date	Expiry date	Exercise price (RMB)	Fair value at grant date (RMB per share)
Share option tranche A	4,233,000	31/08/2009	31/08/2019	0.84	0.33
Share option tranche B	11,795,228	17/05/2011	17/05/2021	1.79	0.90
Share option tranche C	9,670,361	24/12/2012	24/12/2022	1.84	1.10
Share option tranche D					
Schedule I	3,207,461	21/03/2014	21/03/2024	2.78	1.19
Schedule II	5,717,140	21/03/2014	21/03/2024	2.78	1.22
Schedule III	6,664,542	21/03/2014	21/03/2024	2.78	1.24

(4) The approach of determining the fair value of the share options

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumption. The inputs into the model were as follows:

Share option schemes	Tranche A	Tranche B	Tranche C	Tranche D		
				Schedule I	Schedule II	Schedule III
Fair value per share	0.82	1.86	1.81	2.60	2.60	2.60
Exercise price	0.84	1.79	1.84	2.78	2.78	2.78
Dividend yield	1.65%	1.37%	–	2%	2%	2%
Risk-free interest rate	4.16%	3.58%	1.52%	1.92%	1.99%	2.08%
Year to expiration	7.59	6.70	7.38	7.14	7.64	8.14
Expected volatility	39.9%	49.9%	60.7%	56.0%	56.0%	56.0%

The Group recognized the total expense of RMB 6,523,000 for the year ended 31 December 2015 (2014: RMB 12,125,000) in relation to share options granted by the Company.

24. OPERATING LEASES

The Group as lessee

At the end of the year, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Minimum lease payments under operating leases:		
Within one year	**300,686**	280,485
In the second to fifth year	**793,394**	734,007
After five years	**214,979**	218,568
	1,309,059	1,233,060

The above operating lease payments commitments represent rental payable by the Group for warehouse and premises leased for restaurants. These leases were negotiated for lease terms of one to fifteen years. Monthly rental was fixed for certain leases.

The operating lease rentals for certain restaurants are determined by applying pre-determined percentage to revenue of the respective restaurants ("Prorated Rental") or at the higher of a fixed rental and a Prorated Rental pursuant to the terms and conditions as set out in the respective rental agreements. As the future revenue of these restaurants could not be reliably determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

25. CAPITAL COMMITMENTS

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**5,429**	19,330

26. PROVISION

	Provision for dispute claims RMB'000
As at 31 December 2014	–
Provision	1,106
As at 31 December 2015	1,106

The Group is involved as defendants in certain lease disputes arising from its normal business operations. The balance represents the provision recognized for the probable losses to the Group on lawsuits when management can reasonably estimate the outcome of lawsuits. The total claim amounts are RMB 1,791,000, including delayed rental charge of RMB 685,000 and probable compensation amount of RMB 1,106,000 for the disputes which is recognized as provision as at 31 December 2015.

27. RETIREMENT BENEFITS CONTRIBUTION

The PRC employees of the Group are members of a state-managed retirement benefit plan operated by the government of the PRC. The PRC subsidiaries of the Company are required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the employee benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. The retirement benefit cost charged to profit or loss for the year ended 31 December 2015 amounted to RMB36,867,000 (2014:RMB36,177,000).

28. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name	Relationship
Xiabu Fast Food Chain Management Co., Ltd. ("Xiabu Fast Food")	Entity controlled by the ultimate controlling shareholder of the Company

(b) Related party transactions

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Expense on property leasing	**1,361**	1,302

At 31 December 2015, the commitment for future minimum lease payments under non-cancellable operating lease with Xiabu Fast Food was RMB 460,000 (2014:RMB441,000).

(c) Remuneration of key management personal of the Group

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Short term employee benefits	**3,445**	7,965
Performance related bonuses	**–**	3,107
Post-employment benefit	**53**	48
Equity-based share-based payments	**1,331**	7,069
	4,829	18,189

Further details of the Directors' emoluments are included in Note 11.

29. SUBSIDIARIES

During the year ended 31 December 2015, the Company has interests in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and paid ordinary share capital/ registered capital	Equity interest attributable to the Company		Principal activities
			31 December 2015 %	31 December 2014 %	
Xiabu Hong Kong (Note ii)	Hong Kong 16 May 2008	Ordinary share capital HK$1	**100**	100	Investment holding
Xiabuxiabu Restaurant Management Co., Ltd.* (呷哺呷哺餐飲管理有限公司) ("Xiabu Beijing")(Note i)	The PRC 16 September 2008	Registered capital RMB55,000,000	**100**	100	Operating restaurant
Xiabuxiabu Restaurant Management (Shanghai) Co., Ltd.* (呷哺呷哺餐飲管理(上海)有限公司) ("Xiabu Shanghai") (Note i)	The PRC 10 June 2010	Registered capital US$1,000,000	**100**	100	Operating restaurant
Guoyun (China) Holdings Co., Ltd. (鍋韻(中國)控股有限公司) ("Guoyun (China)") (Note ii)	British Virgin Islands 5 March 2015	Ordinary share capital US$1	**100**	N/A	Investment holding
Guoyun (HK) Holdings Co., Ltd. (鍋韻(香港)控股有限公司)	Hong Kong 18 March 2015	Ordinary share capital HK$1	**100**	N/A	Investment holding
Coucou Restaurant Management Co., Ltd. * (凑凑餐飲管理有限公司) (Note i) (note iv)	The PRC 19 August 2015	Paid Registered capital Nil	**100**	N/A	Operating restaurant
XiabuXiabu (Shanghai) Industrial Co., Ltd.* (呷哺呷哺(上海)實業有限公司) (Note ii) (note iv)	The PRC 14 July 2015	Paid registered capital RMB 100,000	**100**	N/A	Investment holding

* The English name is for identification only. The official names of the companies are in Chinese.

29. SUBSIDIARIES *(CONTINUED)*

Notes:

(i) The entities are wholly owned foreign enterprises.

(ii) Except for Xiabu Hong Kong and Guoyun (China) which are directly held by the Company, both other subsidiaries are indirectly held by the Company.

(iii) None of the subsidiaries had issued any debts securities at the end of the year.

(iv) On 19 August 2015, Coucou Restaurant Management Co., Ltd. was established in the PRC and it is the wholly-owned subsidiary of Guoyun (HK) Holdings Co., Ltd with registered capital of RMB80,000,000.00. As at the reporting date, the capital was not paid up.

On 14 July 2015, XiabuXiabu (Shanghai) Industrial Co., Ltd. was established in the PRC and it is the wholly-owned subsidiary of Xiabu Shanghai with registered capital of RMB1,000,000.00. RMB100,000 was paid by Xiabu Shanghai in October.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of the financial instruments

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Financial assets:		
Loans and receivables (Including cash and bank balances)	**1,385,327**	1,133,794
Financial liabilities:		
Amortized cost	**379,051**	360,268

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and bank balances, trade payables and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to the foreign currency risk and interest rate risk, which details are described as follows:

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(CONTINUED)*

Financial risk management objectives and policies *(continued)*

Foreign currency risk management

The Group undertakes certain financing and operating transactions in foreign currencies, which expose the Group to foreign currency risk. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets as at the end of the year are as follows:

	Assets As at 31 December	
	2015 **RMB'000**	2014 RMB'000
USD	**7,321**	5,678
HKD	**548,912**	810,225

Sensitivity analysis

The Group is mainly exposed to the risk of fluctuations in the US dollar and HK dollar against RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against relevant foreign currency. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation to RMB at year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB weakens 5% against relevant currency. For a 5% strengthening of RMB against the relevant currency, there would be an equal and opposite impact on the profit for the year, and the amounts below would be negative.

	As at 31 December	
	2015 **RMB'000**	2014 RMB'000
Profit for the year		
USD	**275**	213
HKD	**20,584**	30,383

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(CONTINUED)*

Financial risk management objectives and policies *(continued)*

Interest rate risk

The Group is exposed to cash flow interest risk in relation to variable-rate bank balances (see Note 18), which carry prevailing market interest. The Group currently does not have a specific policy to manage their interest rate risk but will closely monitor their interest rate risk exposure in the future.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based in the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2014: 50 basis points) increase in interest rate risk represents management's assessment of the reasonably possible change in interest rate.

If interests had been 50 basis points (2014: 50 basis points) higher/lower and all the other variables were held constant, the Group's post-tax profit for the year ended 31 December 2015 would increase/decrease by RMB5,054,000 (2014: increase/decrease RMB4,188,000). This is mainly attributable to the Group's exposure to interest on its variable rate bank balances.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the statements of financial position.

The Group trades with a large number of individual customers and trading terms are mainly on cash and credit card settlement; the Group does not have significant credit risk exposure to any single individual customer. For the trade receivables due from the shopping malls, the Group monitors the credit risk on an ongoing basis and credit evaluations are performed on the shopping malls requiring credit over a certain amount. In addition, the receivable balances are also monitored on ongoing basis. Hence, the management of the Company believes that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk on liquid funds which are deposited with several banks. However, management of the Company considered that the credit risk on bank balances is limited because the majority of the counterparties are banks with good reputation.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(CONTINUED)*

Financial risk management objectives and policies *(continued)*

Liquidity risk

In management of liquidity risk, the Group's management monitors and maintains a reasonable level of cash and cash equivalents which deemed adequate by the management to finance the Group's operations and mitigate the impacts of fluctuations in cash flows. The management relies on the cash generated from operating activities as the main source of liquidity. For the year end 31 December 2015, the Group had cash generated from operating activities of approximately RMB370.2 million, (2014: RMB314.6 million). The Group expects to meet its other obligations from operating cash flows.

The following tables details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	On demand or within one month RMB'000	**Over 1 month but within 3 months RMB'000**	**Over 3 months but within 1 year RMB'000**	**Total undiscounted cash flows RMB'000**	**Carrying amount RMB'000**
As at 31 December 2015					
Financial liabilities					
Trade payables	**147,961**	**1,024**	**–**	**148,985**	**148,985**
Other payables	**152,576**	**45,552**	**31,938**	**230,066**	**230,066**
Total	**300,537**	**46,576**	**31,938**	**379,051**	**379,051**

	On demand or within one month RMB'000	Over 1 month but within 3 months RMB'000	Over 3 months but within 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2014					
Financial liabilities					
Trade payables	60,829	52,993	–	113,822	113,822
Other payables	198,154	19,627	28,665	246,446	246,446
Total	258,983	72,620	28,665	360,268	360,268

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(CONTINUED)*

Financial risk management objectives and policies *(continued)*

Fair value of financial instruments

Fair values of financial assets and financial liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

31. CAPTIAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while to maximise the return to the owners of the Company through optimisation of debt and equity balances. The Group's overall strategy remains unchanged during the year.

The capital structure of the Group consists of the total equity of the Group.

The management reviews the capital structure on a quarterly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on the recommendation of management, the Group will balance its overall capital structure through issue of new shares, issue of new debts as well as the redemption of existing debts.

32. SUBSEQUENT EVENTS

Subsequent to 31 December 2015, the Group had the following subsequent event:

The board of directors of the Company announce that the Company had entered into a trust deed and appointed Computershare Hong Kong Trustees Limited as the trustee ("RSU Trustee") for the administration of the restricted share unit scheme ("RSU Scheme") pursuant to the rules of the RSU Scheme as approved by shareholders on 28 November 2014. During the period from 26 January 2016 to 28 January 2016, the RSU Trustee has purchased an aggregate of 2,992,500 shares from the market with total consideration of HK$8,311,199.37. By the date of this report, no RSUs have been awarded to any participant pursuant to the RSU Scheme.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Non-current asset		
Investment in subsidiaries	**74,849**	59,232
Amounts due from a subsidiary	**124,201**	117,036
	199,050	176,268
Current assets		
Interest receivable	**7,215**	–
Amounts due from subsidiaries	**256,922**	–
Bank balances and cash	**510,008**	812,296
	774,145	812,296
Current liabilities		
Amounts due to subsidiaries	**6,463**	13,084
Other payables	**671**	23,537
	7,134	36,621
Net current liabilities	**767,011**	775,675
Total assets less current liabilities	**966,061**	951,943
Net assets	**966,061**	951,943
Capital and reserves		
Share capital	**172**	171
Share premium	**1,005,193**	970,769
Reserves (Note)	**(39,304)**	(18,997)
Total equity	**966,061**	951,943

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

Note:

	Attribute to owners of the Company				
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
Balance at 1 January 2014	136	171,673	–	13,252	185,061
Profit and total comprehensive income for the year	–	–	–	171,626	171,626
New issue of shares to the public	35	841,480	–	–	841,515
Costs of issue of new shares	–	(38,384)	–	–	(38,384)
Recognition of equity-settled share-based payments	–	–	12,125	–	12,125
Payment of dividends	–	(4,000)	–	(216,000)	(220,000)
Balance at 31 December 2014	171	970,769	12,125	(31,122)	951,943
Profit and total comprehensive income for the year	–	–	–	70,864	70,864
Issue of new shares by exercise of over-allotment options	1	35,011	–	–	35,012
Issue cost of new shares by exercise of over-allotment options	–	(1,230)	–	–	(1,230)
Effect of forfeited share option during the year	–	–	(764)	764	–
Exercise of issued share option	–	643	(143)	–	500
Recognition of equity-settled share-based payments	–	–	6,523	–	6,523
Payment of dividends	–	–	–	(97,551)	(97,551)
Balance at 31 December 2015	**172**	**1,005,193**	**17,741**	**(57,045)**	**966,061**

34. APPROVAL OF FINANCIAL STATEMENT

The financial statements were approved by the board of directors and authorised for issuance on 29 March 2016.

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	For the year ended December 31,				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**2,424,606**	2,201,989	1,890,470	1,508,331	997,269
Profit before income tax	**323,120**	186,043	184,708	139,556	98,771
Income tax expenses	**(59,757)**	(44,850)	(43,998)	(32,033)	(23,109)
Profit for the year	**263,363**	141,193	140,710	107,523	75,662
Profit for the year attributable to					
Owners of the Company	**263,363**	141,193	140,710	107,523	75,662

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December,				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**1,964,131**	1,682,150	841,339	645,847	485,230
Total liabilities	**483,648**	408,284	303,922	280,444	177,066
Net assets	**1,480,483**	1,273,866	537,417	365,403	308,164