

# Tan'Sh

Global Food Group Co., Limited

## 國際天食集團有限公司

### TANSH Global Food Group Co., Ltd

Incorporated in the Cayman Islands with limited liability

Stock Code: 3666

# 以食为天

## INTERIM REPORT

# 2019

上海小南国  
SHANGHAI MIN

DOUTOR



慧公馆

ORENO  
DINING BAR  
FRENCH+ITALIAN

南小馆  
the dining room

香港米芝蓮  
M.H. Mei Chi Ling

WOLFGANG PUCK

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Ms. Baixuan Tiffany Wang (*Chairlady*)<sup>1</sup>  
Ms. Wang Huimin (*Chairlady*)<sup>2</sup>  
Mr. Sun Yong (*Chief Executive Officer*)

### Non-executive Directors

Ms. Wang Huili  
Ms. Wu Wen

### Independent Non-executive Directors

Mr. Lui Wai Ming  
Dr. Wu Chun Wah  
Mr. Zhang Zhenyu

## COMPANY SECRETARY

Ms. Leung Suet Lun

## AUTHORIZED REPRESENTATIVES

Ms. Baixuan Tiffany Wang<sup>1</sup>  
Ms. Wang Huimin<sup>2</sup>  
Mr. Sun Yong

## AUDIT COMMITTEE

Mr. Lui Wai Ming (*Chairman*)  
Dr. Wu Chun Wah  
Mr. Zhang Zhenyu

## REMUNERATION COMMITTEE

Dr. Wu Chun Wah (*Chairman*)  
Ms. Baixuan Tiffany Wang<sup>1</sup>  
Ms. Wang Huimin<sup>2</sup>  
Mr. Lui Wai Ming  
Mr. Zhang Zhenyu

## NOMINATION COMMITTEE

Ms. Baixuan Tiffany Wang (*Chairlady*)<sup>1</sup>  
Ms. Wang Huimin (*Chairlady*)<sup>2</sup>  
Dr. Wu Chun Wah  
Mr. Lui Wai Ming  
Mr. Zhang Zhenyu

## RISK MANAGEMENT COMMITTEE

Ms. Baixuan Tiffany Wang (*Chairlady*)<sup>1</sup>  
Ms. Wang Huimin (*Chairlady*)<sup>2</sup>  
Dr. Wu Chun Wah  
Mr. Lui Wai Ming  
Mr. Zhang Zhenyu

## EXECUTIVE COMMITTEE

Ms. Baixuan Tiffany Wang (*Chairlady*)<sup>1</sup>  
Ms. Wang Huimin (*Chairlady*)<sup>2</sup>  
Mr. Sun Yong

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 801-802, Shui On Centre  
No. 6-8 Harbour Road  
Wan Chai, Hong Kong

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

2F, East Bldg.  
777 Jiamusi Road  
Yangpu District, Shanghai  
The People's Republic of China

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman, KY1-1111  
Cayman Islands

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## 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

<sup>1</sup> Ms. Baixuan Tiffany Wang was appointed as an executive Director and a member of the Executive Committee with effect from 25 April 2019, and was appointed as the chairlady of the Board, the chairlady of each of the Nomination Committee, the Executive Committee and the Risk Management Committee, a member of the Remuneration Committee and the authorised representative with effect from 25 July 2019.

<sup>2</sup> Ms. Wang Huimin resigned as the chairlady of the Board, the executive Director, the chairlady of each of the Nomination Committee, the Executive Committee and the Risk Management Committee, a member of the Remuneration Committee and the authorised representative with effect from 25 July 2019.

## **LEGAL ADVISERS**

### **As to Hong Kong law:**

Raymond Siu & Lawyers  
Units 1802 (Reception) & 1302, Ruttonjee House  
11 Duddell Street  
Central, Hong Kong

### **As to Cayman Islands law:**

Conyers Dill & Pearman  
Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## **AUDITOR**

Ernst & Young  
Certified Public Accountants  
22nd Floor, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

## **STOCK CODE**

03666

## **COMPANY'S WEBSITE**

[www.tanshglobal.com](http://www.tanshglobal.com)

## **INVESTOR RELATIONS**

Mr. Yuli Ding  
Email: [ir@tanshglobal.com](mailto:ir@tanshglobal.com)

# FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2019 (unaudited)	2018 (unaudited)	% Change decrease
Revenue (RMB'000)	<b>669,275</b>	770,085	(13.1%)
Gross profit <sup>1</sup> (RMB'000)	<b>473,499</b>	554,103	(14.5%)
Gross profit margin <sup>2</sup>	<b>70.7%</b>	72.0%	(1.3%)
(Loss)/profit for the period from continuing operations (RMB'000)	<b>(26,650)</b>	33,734	(179.0%)
Net (loss)/profit margin <sup>3</sup>	<b>(4.0)%</b>	4.4%	(8.4%)
(Loss)/earnings per share – Basic	<b>RMB(1.27) cents</b>	RMB1.37 cents	(192.7%)
Number of restaurants (as at 30 June) <sup>4</sup>	<b>94</b>	99	

## Notes:

- <sup>1</sup> The calculation of gross profit is based on revenue less cost of sales (excluding the data of Million Rank Limited for the six months ended 30 June 2018, which was disposed as at 21 July 2018).
- <sup>2</sup> The calculation of gross profit margin is based on gross profit divided by revenue (excluding the data of Million Rank Limited for the six months ended 30 June 2018, which was disposed as at 21 July 2018).
- <sup>3</sup> Net (loss)/profit margin is calculated as (loss)/profit for the period from continuing operations of the Company divided by revenue.
- <sup>4</sup> The financial performance for the six-month period ended 30 June 2019 and 30 June 2018 have been presented excluding the discontinued operation regarding Million Rank Limited, which was disposed of on 21 July 2018.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY REVIEW

In the first half of 2019, the international environment experienced significant change, with the trade frictions between China and the United States evolving in complex ways, and adjustments to the domestic economic structural reform was constantly deepened. In face of the changing and uncertain domestic and overseas economic situations, China's GDP achieved a year-on-year growth of 6.3%, and the per capita disposable expenditure increased by 6.5%. The total revenue of catering industry in China had a year-on-year growth of 9.4%, slightly lower than the year-on-year growth in 2018, which remained higher than the increase in total retail sales of consumer goods. Driven by slowdown in economic growth, consumption upgrade and Internet technology, business segmentation and pattern innovation have become new trends of the catering industry.

## BUSINESS REVIEW

For the six months ended 30 June 2019, the Group's revenue amounted to RMB669.3 million, which mainly comprised the revenue of restaurant operations of RMB652.2 million and other revenue of RMB17.1 million (including the revenue from Mai Chi Ling licensed stores of RMB9.5 million and sales of value-added goods of RMB7.6 million), with a decrease of RMB100.8 million or 13.1% from RMB770.1 million in the corresponding period of last year; the Group's gross profit amounted to RMB473.5 million, with a decrease of approximately RMB80.6 million or 14.5% from RMB554.1 million in the corresponding period of last year. During the six months ended 30 June 2019, the loss attributable to the parent company owner was approximately RMB28.1 million, representing a decrease of RMB58.4 million in the corresponding period of last year. The main reason for the profit decrease in this period was due to a decrease in revenue from restaurant operations, a closing cost incurred from adjustment of store layout and the impact of initial application of the Lease Standard of the International Financial Reporting Standard in 2019.

As of 30 June 2019, the Group operated a restaurant network of 61 "Shanghai Min" restaurants, 2 "Maison De L'Hui" restaurants, 27 "The Dining Room" restaurants, one "Oreno" restaurant, two "Wolfgang Puck" restaurants and one "DOUTOR" café, which covers some of the most affluent and fast-growing cities in Mainland China (Note (iii)) and Hong Kong. The following table sets forth the revenue and the number of the restaurants in operation, by geographical region and brand, for the six-month period ended 30 June 2019 and 2018 respectively.

	For the six months ended 30 June			
	2019		2018	
	Number of restaurants (Note (iii))	Revenue RMB'000 (unaudited)	Number of restaurants	Revenue RMB'000 (unaudited)
The PRC (Note (iii))				
– Shanghai Min and Maison De L'Hui	58	432,440	62	525,250
– The Dining Room	19	76,519	19	78,204
– Other brands (Note (iv))	4	25,838	4	25,105
Hong Kong				
– Shanghai Min	5	50,509	7	66,616
– The Dining Room	8	66,920	7	64,367
Total revenue of restaurant operations (Note (iii))	94	652,226	99	759,542
Other revenue		17,049		10,543
Total revenue		669,275		770,085

### Notes:

- (i) Total revenue of restaurant operations includes revenue of restaurant operations and takeaway business of restaurants.
- (ii) The PRC (Mainland China), which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan.
- (iii) The number of restaurants excludes licensed Mai Chi Ling, Shanghai Min and The Dining Room stores.
- (iv) Other brands include Oreno, Wolfgang Puck and DOUTOR.

In the first half of 2019, the Group strived for changing and improving the results of operations, focused on its core businesses and introduced the following reforms and measures:

### 1. Promotion of product reforms to improve customer experience

- 1) With an aim to reinforce research and development (R&D) capabilities, the Group underwent restructuring and strengthening of the R&D team in the beginning of the year, pursued improvement in and optimization on market survey and research, R&D and listing of new dishes as well as other procedures, thereby making significant improvement in creativity, quality and the pace of introduction of new dishes of various brands under the Group.
- 2) With an aim to increase the product price-quality ratio, under the circumstances of relative deceleration in growth rate of the macroeconomy, the Group raised the overall price-quality ratio and customer satisfaction through cancellation of service fees of some brands, adjustment of product structure, introduction of new products with higher price – quality ratios and other methods.

### 2. Enhancement of brand influence through brand upgrade

The Group set up a key project team dedicated to advancing the optimization and upgrade of its core brands such as The Dining Room and Shanghai Min in the first half of 2019, and completed the opening of its first store of The Dining Room Plus, an upgraded brand in Hong Kong, and after all-round upgrades in environment, products and services of the new brand, it received wide recognition from customers since the opening of its first store, with an increase in customer flow of more than 30% as compared to that before renovation. In the meantime, an upgraded brand of The Dining Room under the Company in the mainland undertook active preparation work, which was planned to be launched in the second half of 2019.

### 3. Optimization of urban layout to raise operating efficiency

The Group closed a total of six stores, reduced two direct sale cities in the first half of 2019, gradually optimizing store layout. After optimization of urban layout, the Group's direct sale stores business became more concentrated in the three most developed urban clusters in the PRC, namely the Yangtze River Delta, Greater Bay Area and Beijing-Tianjin-Hebei region with Shanghai, Hong Kong, Beijing and Shenzhen as the hubs, whilst increasing operating efficiency, supply chain efficiency and management efficiency of the Company by way of improvement in the density of its urban stores.

### 4. Optimization of headquarters' structure to improve management efficiency

The Group constantly accelerated optimization of organizational structure in the first half of 2019, and reduced management fees whilst increasing market response rate as well as communication and management efficiency by adoption of flat management.



## FINANCIAL REVIEW

### Revenue

Revenue of the Group decreased by RMB100.8 million, or 13.1% from RMB770.1 million for the six months ended 30 June 2018 to RMB669.3 million for the six months ended 30 June 2019.

### Revenue of restaurant operations

Total revenue of restaurant operations decreased by RMB107.3 million, or 14.1% from RMB759.5 million for the six months ended 30 June 2018 to RMB652.2 million for the six months ended 30 June 2019:

- For the six months ended 30 June 2019, the revenue from newly opened restaurants increased by RMB44.0 million;
- A decrease of RMB72.7 million in the sales of comparable restaurants for the six months ended 30 June 2019 as compared to the six months ended 30 June 2018;
- A decrease of RMB78.6 million in revenue as a result of a decrease in the number of stores and suspension of business due to store renovation for the six months ended 30 June 2019.

### Other revenue

For the six months ended 30 June 2019, other revenue amounted to RMB17.1 million, which mainly comprises of income from Mai Chi Ling licensed stores and sales of value-added goods.

### COST OF SALES

The cost of sales decreased by RMB20.2 million, or 9.4% from RMB216.0 million for the six months ended 30 June 2018 to RMB195.8 million for the six months ended 30 June 2019.

The cost of sales as a percentage of revenue increased from 28.0% for the six months ended 30 June 2018 to 29.3% for the six months ended 30 June 2019.

### OTHER INCOME

Other income decreased by RMB1.8 million from RMB8.4 million for the six months ended 30 June 2018 to RMB6.6 million for the six months ended 30 June 2019.



### SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by RMB23.4 million, or 5.3% from RMB443.6 million for the six months ended 30 June 2018 to RMB420.2 million for the six months ended 30 June 2019.

Labor expenses increased by RMB1.9 million from RMB167.0 million for the six months ended 30 June 2018 to RMB168.9 million for the six months ended 30 June 2019. The labor costs as a percentage of revenue increased from 21.7% for the six months ended 30 June 2018 to 25.2% for the six months ended 30 June 2019. Dismissal compensation resulting from the closure of stores amounted to approximately RMB4.8 million.

Rental expenses decreased by RMB111.8 million, or 82.8% from RMB135.0 million for the six months ended 30 June 2018 to RMB23.2 million for the six months ended 30 June 2019. The rental expenses as a percentage of revenue decreased from 17.5% for the six months ended 30 June 2018 to 3.5% for the six months ended 30 June 2019, mainly due to the initial application of IFRS 16, while the related rental expenses were reflected as the depreciation on right-of-use assets and the interest on lease liabilities.

Depreciation expenses increased by RMB71.4 million, or 123.3% from RMB57.9 million for the six months ended 30 June 2018 to RMB129.3 million for the six months ended 30 June 2019. The depreciation expenses as a percentage of the sale revenue increased from 7.5% for the six months ended 30 June 2018 to 19.3% for the six months ended 30 June 2019, which is mainly due to an increase in depreciation expenses on right-of-use assets as a result of the initial application of IFRS 16.

### ADMINISTRATIVE EXPENSES

Administrative expenses decreased by RMB3.5 million, or 5.9% from RMB59.5 million for the six months ended 30 June 2018 to RMB56.0 million for the six months ended 30 June 2019, which is mainly due to the streamlining of staff in headquarters and efficiency optimization.

### OTHER EXPENSES

Other expenses amounted to RMB16.7 million for the six months ended 30 June 2019, representing an increase of RMB9.5 million in the corresponding period of last year, which is mainly due to an impairment provision of RMB8.7 million for store assets in the current period.

### FINANCE COSTS

Finance costs amounted to RMB17.0 million for the six months ended 30 June 2019, representing an increase of RMB8.7 million for the corresponding period of last year, which was mainly due to the interest on related lease liabilities of RMB13.2 million resulting from the initial adoption of IFRS 16.

### INCOME TAX EXPENSE

Income tax expense decreased by RMB13.4 million from RMB10.2 million for the six months ended 30 June 2018 to RMB – 3.2 million for the six months ended 30 June 2019.

### (LOSS)/PROFIT FOR THE PERIOD

As a result of the foregoing reasons, the profit for the Reporting Period of the Group decreased by RMB60.4 million from RMB33.7 million for the six months ended 30 June 2018 to RMB – 26.7 million for the six months ended 30 June 2019. Net profit margin decreased from 4.4% for the six months ended 30 June 2018 to – 4.0% for the six months ended 30 June 2019.

### DIVIDENDS PAYABLE

As at 30 June 2019, there were outstanding dividends payable amounting to RMB50.7 million.

## LIQUIDITY, CAPITAL RESOURCES AND CASH FLOW

The Group funded our liquidity and capital requirements primarily through bank loans and cash inflows generated from the operating activities.

As at 30 June 2019, the Group's interest-bearing bank loans amounted to RMB104.0 million. The gearing ratio was 15.5%, and the gearing ratio was net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank loans, trade payables and other payables and accruals, less cash and cash equivalents. Capital represents equity attributable to owners of the Company.

For the six months ended 30 June 2019, the Group had net cash inflows generated from operating activities of RMB81.6 million (for the six months ended 30 June 2018: RMB30.1 million). As at 30 June 2019, the Group had RMB224.5 million in cash and cash equivalents (30 June 2018: RMB245.9 million). The following table sets out certain information regarding the consolidated cash flows for the periods ended 30 June 2019 and 2018.

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash flows generated from operating activities	<b>81,612</b>	30,082
Net cash flows used in investing activities	<b>(14,751)</b>	(22,294)
Net cash flows used in financing activities	<b>(253,917)</b>	(67,722)
Net decrease in cash and cash equivalents	<b>(187,056)</b>	(59,934)
Cash and cash equivalents at the beginning of the period	<b>411,998</b>	305,224
Effect of foreign exchange rate changes, net	<b>(444)</b>	569
Cash and cash equivalents at the end of the period	<b>224,498</b>	245,859

## OPERATING ACTIVITIES

Net cash inflow generated from operating activities increased by RMB51.5 million from RMB30.1 million for the six months ended 30 June 2018 to RMB81.6 million for the six months ended 30 June 2019. That was mainly due to the rental payments in relation to the lease contracts being credited under cash used in financial activities as a result of the initial application of IFRS 16.

## INVESTING ACTIVITIES

For the six months ended 30 June 2019, net cash flow used in investing activities was RMB14.8 million, and RMB22.3 million for the same period in 2018.

## FINANCING ACTIVITIES

Net cash flow used in financing activities increased from RMB67.7 million for the six months ended 30 June 2018 to RMB253.9 million for the six months ended 30 June 2019. That was mainly due to the rental payments in relation to the lease contracts being credited under cash used in financial activities as a result of the initial application of IFRS 16.

### FOREIGN CURRENCY EXPOSURE

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in a different currency from the functional currency of the relevant subsidiaries of the Group). None of the Group's purchase for the six months ended 30 June 2019 and 30 June 2018 are denominated in currencies other than the functional currency of the relevant subsidiaries. The Group has minimal exposure to foreign exchange risk.

### CONTINGENT LIABILITIES

A subsidiary of the Group is currently a defendant in a lawsuit brought by a party alleging that the subsidiary violated certain regulations in relation to registered trademarks and unfair competition in Mainland China. The plaintiff claims for a compensation amounting to RMB10,000,000. The Group's attorney considers that the possibility and the amount of compensation cannot be estimated for the time being. Accordingly, the Company has not provided for any claim arising from the litigation, other than the related legal and other costs.

Except for those disclosed above, the Group did not have any material contingent liability.

### CAPITAL COMMITMENT

Capital commitments were approximately RMB3.5 million and RMB7.4 million, respectively, as at 30 June 2019 and 31 December 2018.

### PLEGDED OF GROUP ASSETS

As at 30 June 2019, bank loans of HK\$18.1 million and bank loans of RMB68.3 million were guaranteed by the pledge of certain fixed deposits of RMB11.8 million and RMB71.9 million by the Group.

### SIGNIFICANT ACQUISITION AND DISPOSAL

For the six months ended 30 June 2019, there were no other material acquisitions or disposals of the Group and its subsidiaries and associated companies.

### HUMAN RESOURCES

As at 30 June 2019, the Group employed approximately 2,081 staff in Mainland China and Hong Kong. In 2019, the Group continued to use a three-dimensional labor structure for full-time employees, hourly employees and trainees and also entered into long-term cooperation plans with a number of domestic institutions. The Group continued to carry out a number of incentive assessment policies formulated, so as to increase the overall income of employees and to achieve the sharing of benefits between the Company and employees, as well as to improve employee work enthusiasm.

For the six months ended 30 June 2019, total staff cost was RMB198.5 million, accounting for 29.7% of the revenue (for the six months ended 30 June 2018: RMB205.9 million), which mainly comprised wages and salaries.

### III. STRATEGIC OUTLOOK

#### **Continuous optimization of the Shanghai Min brand**

In the second half of 2019, the Group plans to further improve customer experience and satisfaction by means of brand upgrade, product optimization, improvement in price-quality ratio and other methods. The Group will meet the needs of mid-range business banquet and that of ordinary family consumption, thus injecting new energy into a Shanghai local catering brand accumulating over 30-year experience, bringing better and newer dishes as well as better experiences to our customers.

#### **Expansion of the league cooperation of The Dining Room brand**

Undergoing 7 years of management and operation under the Group, The Dining Room has been successfully built as a leisure catering brand that is popular among youngsters. The Group plans to introduce a new generation of an upgraded brand of The Dining Room in core cities and commence the league cooperation business of The Dining Room brand by taking advantage of the existing restaurant management and operation ability, product R&D ability, and raw and supplementary material supply chain ability.

#### **Development of efficient, leisure dining**

The Group will attempt to introduce efficient Japanese and western casual dining models with novel patterns and innovative design, and expand its Japanese and western casual dining businesses in core cities, in combination of the Company's accumulated brand and product capabilities in western dining.

#### **Construction of infrastructure of information systems**

The Group plans to renovate and upgrade the POS, CRM and ERP systems, particularly enhance the application in mobile internet, strengthen its links with customers, realize online transaction data, and achieve streamlined management of the Group through smart dining and big data analysis.

### **SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

The amounts due from related party Shanghai Hongshi Trading Co., Ltd. as of 30 June 2019 was RMB10,000,000, among which RMB1,744,000 has been received by the Group in August 2019.

The amounts due from related party JM (HK) Investment Company Limited and its subsidiaries as of 30 June 2019, amounting to RMB47,937,072, have been subsequently received by the Group in July 2019.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six-month period ended 30 June 2019

	Notes	Six-month period ended 30 June	
		2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
<b>CONTINUING OPERATIONS</b>			
Revenue	4	669,275	770,085
Cost of sales		(195,776)	(215,982)
Gross profit		473,499	554,103
Other income and gains	4	6,636	8,416
Selling and distribution expenses		(420,243)	(443,586)
Administrative expenses		(56,000)	(59,512)
Other expenses		(16,739)	(7,154)
Finance costs	6	(17,036)	(8,362)
<b>(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	5	<b>(29,883)</b>	43,905
Income tax credit/(expense)	7	3,233	(10,171)
<b>(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(26,650)</b>	33,734
<b>DISCONTINUED OPERATION</b>			
Loss for the period from a discontinued operation		–	(2,977)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(26,650)</b>	30,757
Attributable to:			
Owners of the parent		(28,076)	30,293
Non-controlling interests		1,426	464
		(26,650)	30,757
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic			
– For (loss)/profit for the period	9	RMB(1.27) cents	RMB1.37 cents
– For (loss)/profit from continuing operations	9	RMB(1.27) cents	RMB1.46 cents
Diluted			
– For (loss)/profit for the period	9	RMB(1.27) cents	RMB1.37 cents
– For (loss)/profit from continuing operations	9	RMB(1.27) cents	RMB1.46 cents

Details of the dividends declared for the period are disclosed in Note 8 to the interim condensed consolidated financial statements.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six-month period ended 30 June 2019

	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>(26,650)</b>	30,757
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>(281)</b>	639
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	<b>(281)</b>	639
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated as fair value through other comprehensive income/(loss):		
Changes in fair value	<b>3,998</b>	(30,808)
Income tax effect	<b>(22)</b>	173
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<b>3,976</b>	(30,635)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>3,695</b>	(29,996)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(22,955)</b>	761
Attributable to:		
Owners of the parent	<b>(24,381)</b>	(395)
Non-controlling interests	<b>1,426</b>	1,156
	<b>(22,955)</b>	761

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property and equipment	10	234,642	298,346
Right-of-use assets		419,898	–
Other intangible assets		4,455	5,788
Equity investments designated at fair value through other comprehensive income		21,873	17,875
Long-term rental deposits		81,761	83,228
Deferred tax assets		76,923	69,056
Pledged deposits	14	11,841	11,660
Other long-term receivables	13	45,127	44,949
Total non-current assets		896,520	530,902
<b>CURRENT ASSETS</b>			
Inventories	11	23,897	17,965
Trade receivables	12	13,343	17,308
Prepayments, other receivables and other assets	13	220,551	233,946
Pledged deposits	14	71,943	–
Cash and cash equivalents	14	225,723	413,220
Total current assets		555,457	682,439
<b>CURRENT LIABILITIES</b>			
Trade payables	15	114,910	147,044
Other payables and accruals		114,638	122,691
Interest-bearing bank loans	16	103,977	189,683
Lease Liability		129,790	–
Tax payable		13,353	19,698
Dividends payable		50,727	–
Total current liabilities		527,395	479,116
<b>NET CURRENT ASSETS</b>		28,062	203,323
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		924,582	734,225



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Lease Liability		319,326	–
Long-term payables		4,516	59,569
Deferred tax liabilities		7,654	7,888
Total non-current liabilities		331,496	67,457
Net assets		593,086	666,768
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	17	18,393	18,393
Other reserves		570,759	645,867
<b>Non-controlling interests</b>		589,152	664,260
		3,934	2,508
Total equity		593,086	666,768

**Baixuan Tiffany Wang**  
Director

**Sun Yong**  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 2019

Notes	Attributable to owners of the parent												Total equity RMB'000
	Share capital RMB'000 (Note 17)	Share premium RMB'000 (Note 17)	Capital		Merger reserve RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Share option reserve RMB'000	Financial asset		Retained profits RMB'000	Non-controlling interests RMB'000	
			redemption reserves RMB'000 (Note 17)	Capital reserve RMB'000					revaluation reserve RMB'000	asset reserve RMB'000			
			Total	Total					Total	Total			
As of 1 January 2019 (audited)	18,393	723,842	27	57,677	(69,246)	16,797	(19,832)	24,752	(327,634)	239,484	664,260	2,508	666,768
Loss for the period	-	-	-	-	-	-	-	-	-	(28,076)	(28,076)	1,426	(26,650)
Other comprehensive income for the period:													
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	1,285	-	2,691	-	3,976	-	3,976
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(281)	-	-	-	(281)	-	(281)
Total comprehensive loss for the period	-	-	-	-	-	-	1,004	-	2,691	(28,076)	(24,381)	1,426	(22,955)
Final 2018 dividend declared	-	-	-	-	-	-	-	-	-	(50,727)	(50,727)	-	(50,727)
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	(340)	-	340	-	-	-
As of 30 June 2019 (unaudited)	18,393	723,842	27	57,677	(69,246)	16,797	(18,828)	24,412	(324,943)	161,021	589,152	3,934	593,086

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 2019

	Attributable to owners of the parent												Total equity
	Notes	Share capital	Share premium	Capital	Merger reserve	Statutory surplus reserve	Exchange fluctuation reserve	Share option reserve	Financial	Retained profits	Non-controlling interests	Total	
				redemption reserves					asset revaluation reserve				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of 1 January 2018													
(audited)	18,393	723,842	27	57,677	(69,246)	14,723	2,204	24,142	(276,621)	338,446	833,587	66,818	900,405
Profit for the period	-	-	-	-	-	-	-	-	-	30,293	30,293	464	30,757
Other comprehensive loss for the period:													
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	-	(30,635)	-	(30,635)	-	(30,635)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(53)	-	-	-	(53)	692	639
Total comprehensive income for the period	-	-	-	-	-	-	(53)	-	(30,635)	30,293	(395)	1,156	761
Dividends paid to non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	(407)	(407)
Final 2017 dividend declared	-	-	-	-	-	-	-	-	-	(22,055)	(22,055)	-	(22,055)
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	(397)	-	397	-	-	-
As of 30 June 2018													
(unaudited)	18,393	723,842	27	57,677	(69,246)	14,723	2,151	23,745	(307,256)	347,081	811,137	67,567	878,704

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2019

	Notes	Six-month period ended 30 June	
		2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax:			
From continuing operations		(29,883)	43,905
From a discontinued operation		–	(3,170)
Adjustments for:			
Finance costs		17,036	8,859
Interest income		(4,508)	(2,349)
Dividend income from equity investments at fair value through other comprehensive income	4	–	(400)
Depreciation of property and equipment		44,907	71,221
Depreciation of right-of-use assets		86,699	–
Amortisation of other intangible assets		1,333	2,311
Gain on disposal of a subsidiary		–	(2,673)
Loss/(gain) on disposal of items of property and equipment		906	(2,170)
Impairment provision for property and equipment		8,665	–
		<b>125,155</b>	115,534
(Increase)/decrease in inventories		(5,932)	41
Decrease in trade receivables		3,965	1,446
Decrease/(increase) in prepayments, other receivables and other assets		6,756	(31,208)
Decrease in trade payables		(32,134)	(9,971)
Decrease in other payables and accruals		(5,107)	(10,589)
Decrease/(increase) in long-term rental deposits		1,467	(11,122)
Decrease in long-term payables		(1,398)	(6,858)
Decrease in deferred income		–	(2,800)
Cash generated from operations		<b>92,772</b>	44,473
Income tax paid		(11,160)	(14,391)
Net cash flows from operating activities		<b>81,612</b>	30,082
<b>Cash flows used in investing activities</b>			
Purchases of items of property and equipment		(14,942)	(21,913)
Disposal of a subsidiary		–	1,422
Advance to and repayment from related parties, net		(2,515)	–
Payment for acquisition of a subsidiary		–	(4,152)
Interest received		2,706	2,349
Net cash flows used in investing activities		<b>(14,751)</b>	(22,294)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2019

	Notes	Six-month period ended 30 June	
		2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
<b>Cash flows used in financing activities</b>			
(Increase)/decrease in pledged deposits and time deposits over three months		(72,127)	37,992
Repayment of bank loans		(85,970)	(141,464)
Proceeds from new bank loans		–	45,161
Principal portion of lease payments		(91,926)	–
Dividends paid to non-controlling shareholders		–	(407)
Interest paid		(3,894)	(9,004)
Net cash flows used in financing activities		(253,917)	(67,722)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		411,998	305,224
Effect of foreign exchange rate changes, net		(444)	569
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>224,498</b>	<b>245,859</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	14	222,534	254,473
Non-pledged time deposits with original maturity of less than three months when acquired	14	1,964	–
Cash and cash equivalents as stated in the statement of financial position attributable to continuing operations		224,498	254,473
Cash and bank balances		–	7,779
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities		–	9,570
Bank overdrafts		–	(25,963)
Cash and short term deposits attributable to a discontinued operation		–	(8,614)
Cash and cash equivalents as stated in the statement of cash flows		224,498	245,859

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

## 1. CORPORATE AND GROUP INFORMATION

TANSH Global Food Group Co., Ltd is a limited liability company incorporated in the Cayman Islands. The registered office is located at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the operation of chain restaurants in Mainland China and Hong Kong. There were no significant changes in the nature of the Group's principal activities during the period.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is TANSH Global Food Group Co., Ltd, which is incorporated in the Cayman Islands.

## 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") effective as of 1 January 2019.

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Other than as explained below regarding the impact of IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised IFRSs are described below:

### (a) Adoption of IFRS 16

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

### (a) Adoption of IFRS 16 *(continued)*

#### ***New definition of a lease***

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices.

#### ***As a lessee – Leases previously classified as operating leases***

##### *Nature of the effect of adoption of IFRS 16*

The Group has lease contracts for various items of property and equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

##### *Impacts on transition*

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The Group elected to present the lease liabilities separately in the statement of financial position.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease;
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on the entity's assessment of whether leases were onerous by applying IAS 37 "Provision, Contingent Liabilities and Contingent Assets" immediately before 1 January 2019 as an alternative to performing an impairment review;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.



**2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES** *(continued)*
**(a) Adoption of IFRS 16** *(continued)*

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) RMB'000 (unaudited)
<b>Assets</b>	
Increase in right-of-use assets	506,193
Decrease in property and equipment	(21,647)
Decrease in prepayments, other receivables and other assets	(11,360)
<hr/>	
Increase in total assets	473,186
<hr/>	
<b>Liabilities</b>	
Increase in lease liabilities	527,565
Decrease in other payables and accruals	(634)
Decrease in long-term payables	(53,745)
<hr/>	
Increase in total liabilities	473,186

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000 (unaudited)
<b>Operating lease commitments as at 31 December 2018</b>	745,600
Weighted average incremental borrowing rate as at 1 January 2019	5.53%
<hr/>	
Discounted operating lease commitments as at 1 January 2019	656,739
Add: Payments for renew contract using hindsight practical expedient under IFRS 16	26,110
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(52,660)
Non-lease components under IFRS 16 included in lease commitments as at 31 December 2018	(102,624)
<hr/>	
<b>Lease liabilities as at 1 January 2019</b>	527,565

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

### (a) Adoption of IFRS 16 *(continued)*

#### **Summary of new accounting policies**

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

#### *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

#### *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or an estimated change to purchase the underlying asset.

#### *Significant judgement in determining the lease term of contracts with renewal options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease property for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

The Group included the renewal period as part of the lease term for leases of property due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on operation if a replacement is not readily available.

**2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES** (continued)**(a) Adoption of IFRS 16** (continued)**Summary of new accounting policies** (continued)

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the period are as follow:

	Right-of-use assets	
	Leasehold improvements	Lease liabilities
	RMB'000	RMB'000
<b>As at 1 January 2019</b>	506,193	527,565
Additions	90	–
Depreciation charge	(86,699)	–
Interest expense	–	13,215
Payments	–	(91,926)
Exchange adjustment	314	262
<b>As at 30 June 2019</b>	<b>419,898</b>	<b>449,116</b>

The Group recognised rental expenses from short-term leases of RMB19,580,000 and variable lease expense not based on index or rate of RMB3,581,000 for the six months ended 30 June 2019.

- (b)** IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

### 3. OPERATING SEGMENT INFORMATION

The Group operates as one business unit based on brands and services, there was only one reportable segment, the TANSH Global Business, in the Group.

#### (a) TANSH Global Business (including main brands: Shanghai Min, Maison De L'Hui, the dining room, Oreno, Wolfgang Puck and DOUTOR)

##### *Geographical information*

(a) Revenue from external customers

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Mainland China	551,846	639,102
Hong Kong	117,429	130,983
	669,275	770,085

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	30 June	31 December
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(audited)
Mainland China	633,968	333,073
Hong Kong	106,788	54,289
	740,756	387,362

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

##### *Information about a major customer*

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the six-month period ended 30 June 2019 and 2018, segment information is not presented in accordance with IFRS 8 *Operating Segments*.

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	669,275	770,085

#### Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2019

	RMB'000
<b>Type of goods or services</b>	
Restaurant operations	652,226
Sale of foods	7,557
Management fee from franchisee	9,492
Total revenue from contracts with customers	669,275

For the six months ended 30 June 2019

	RMB'000
<b>Timing of revenue recognition</b>	
Goods and services transferred at a point in time	659,783
Services transferred over time	9,492
Total revenue from contracts with customers	669,275

**4. REVENUE, OTHER INCOME AND GAINS** (continued)**Disaggregated revenue information for revenue from contracts with customers** (continued)

For the six months ended 30 June 2018

	RMB'000
<b>Type of goods or services</b>	
Restaurant operations	759,542
Sale of foods	6,485
Management fee from franchisee	4,058
<hr/>	
Total revenue from contracts with customers	770,085

For the six months ended 30 June 2018

	RMB'000
<b>Timing of revenue recognition</b>	
Goods and services transferred at a point in time	766,027
Services transferred over time	4,058
<hr/>	
Total revenue from contracts with customers	770,085

**Other income and gains**

	<b>Six-month period ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Government grants*	<b>1,544</b>	1,684
Dividend income from equity investments at fair value through other comprehensive income	–	400
Interest income	<b>4,508</b>	981
Management fee income	<b>210</b>	–
Gain on disposal of items of property and equipment	–	2,313
Gain on disposal of a subsidiary	–	2,673
Others	<b>374</b>	365
<hr/>		
	<b>6,636</b>	8,416

\* There is no unfulfilled conditions or contingencies attaching to government grants that had been recognized.

## 5. (LOSS)/PROFIT BEFORE TAX

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

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories consumed	195,776	215,982
Depreciation of property and equipment	44,907	64,181
Amortisation of other intangible assets	1,333	1,342
Lease expenses	23,161	135,809
Depreciation of right-of-use assets	86,699	–
Impairment loss for fixed assets	8,665	–
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	168,471	173,131
Defined contribution pension scheme	30,008	32,773
	<b>198,479</b>	205,904
Interest income	(4,508)	(981)
Gain on disposal of a subsidiary*	–	(2,673)
Loss/(Gain) on disposal of items of property and equipment	906	(2,313)

\* Gain on disposal of a subsidiary is included in "Other income and gains" in the consolidated statement of profit or loss.

## 6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on lease liabilities	13,215	–
Interest on bank loans	3,894	8,507
Less: Interest capitalised	(73)	(145)
	<b>17,036</b>	8,362



**7. INCOME TAX**

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current – Mainland China charged for the period	4,701	12,115
Current – Hong Kong and elsewhere charged for the period	114	595
Deferred tax	(8,048)	(2,539)
Total tax (credited)/charged for the period from continuing operations	(3,233)	10,171
Total tax credited for the period from a discontinued operation	–	(193)
	(3,233)	9,978

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period.

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

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

**8. DIVIDENDS**

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Final declared – RMB2.3 cents per ordinary share (2018: RMB1.0 cents per ordinary share)	50,727	22,055

No interim dividend was proposed during the six-month period ended 30 June 2019 (six-month period ended 30 June 2018: Nil).

On 28 June 2019, the annual general meeting of the Company approved to declare a final dividend of RMB0.023 per share of the Company for the year ended 31 December 2018. On 29 June 2018, the annual general meeting of the Company approved to declare a final dividend of RMB0.01 per share of the Company for the year ended 31 December 2017.

## 9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic (loss)/earnings per share is based on the consolidated (loss)/profit attributable to ordinary equity holders of the parent and weighted average number of ordinary shares of 2,205,531,000 (30 June 2018: 2,205,531,000) in issue throughout the period.

The calculation of diluted (loss)/earnings per share amount is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/earnings per share are based on:

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Earnings</b>		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	(28,076)	32,228
From a discontinued operation	–	(1,935)
	<b>(28,076)</b>	<b>30,293</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation*	<b>2,205,531,000</b>	2,205,531,000
Effect of dilution – weighted average number of ordinary shares**:		
Share options	–	–
Number of ordinary shares used in the diluted earnings per share calculation	<b>2,205,531,000</b>	2,205,531,000

\* Not taking into account the 7,500,000 ordinary shares issued to Affluent Harvest Limited, a wholly-owned subsidiary of the Company.

\*\* Since the exercise prices of these options exceeded the average market price of ordinary shares during the period, there was no dilutive effect as of 30 June 2019 and 2018.

## 10. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired assets with a cost of RMB13,078,000 (the six months ended 30 June 2018: RMB27,966,000).

The group reclassified capitalized rental fee during the decoration period from property and equipment to right-of-use assets, amounting to RMB21,647,000 after the adoption of IFRS 16.

**10. PROPERTY AND EQUIPMENT** *(continued)*

Items of property and equipment with a net book value of RMB906,000 were disposed of by the Group during the six months ended 30 June 2019 (six months ended 30 June 2018: RMB22,830,000).

As at 30 June 2019 the balance of impairment provision was RMB38,544,000, and impairment provision amounting to RMB6,657,000 was written off during the period ended 30 June 2019 with disposal (the six months ended 30 June 2018: RMB2,244,000), and no impairment was reversed in the period ended 30 June 2019 (the six months ended 30 June 2018: Nil) and RMB8,665,000 impairment provision was recognised in the period ended 30 June 2019 (the six months ended 30 June 2018: Nil).

**11. INVENTORIES**

	<b>30 June 2019 RMB'000 (unaudited)</b>	31 December 2018 RMB'000 (audited)
Food and beverages, and other operating items for restaurant operations, at cost	<b>23,897</b>	17,965

**12. TRADE RECEIVABLES**

The Group's trading terms with its customers are mainly on cash, credit card, Alipay and WeChat Pay settlement. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2019 RMB'000 (unaudited)</b>	31 December 2018 RMB'000 (audited)
Within 1 month	<b>8,810</b>	9,695
1 to 2 months	<b>974</b>	1,023
2 to 3 months	<b>363</b>	809
Over 3 months	<b>3,196</b>	5,781
	<b>13,343</b>	17,308

The Group applies the simplified approach to provide for expected credit losses prescribed in IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics and the days past due of the trade receivables to measure the expected credit losses. As all of the receivables were neither past due nor impaired and relate to diversified customers for whom there was no recent history of default and there has not been a significant change in credit quality, the directors are of the opinion that no provision for impairment is necessary in respect of these balances.

**13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**

	Notes	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Deposits and other receivables		95,974	111,220
Deductible input VAT		31,804	27,600
Prepaid expense		19,782	20,532
Amounts due from companies owned by the Controlling Shareholder		3,169	–
Amounts due from related parties jointly controlled by the controlling shareholder and a then director of the Company	(i)	60,416	58,037
Other long-term receivables		45,127	44,949
Prepayments		26,906	29,658
		<b>283,178</b>	291,996
Impairment allowance		<b>(17,500)</b>	(13,101)
		<b>265,678</b>	278,895
Less: Non-current portion of receivables from a non-controlling interest – Other long-term receivables	(ii)	<b>(45,127)</b>	(44,949)
Prepayments, deposits and other receivables		<b>220,551</b>	233,946

(i) Amounts due from companies owned by related parties include amounts due from Shanghai Xiao Nan Guo Hongshi Trading Co., Ltd. (“**Shanghai Hongshi**”), amounting to RMB10,000,000 which are unsecured, 4% interest rate per annum and repayable no later than 30 September 2019. The group has received RMB1,744,000 subsequently in August 2019.

Amounts due from companies owned by related parties include amounts due from JM (HK) Investment Company Limited and its subsidiaries (“**JM HK Group**”), amounting to RMB47,937,072 that are pledged by underlying equity interest of the counter party, 4% interest rate per annum and repayable no later than 30 September 2019. These capital amounts have been subsequently received in July 2019.

(ii) The above long term receivables as at 31 December 2018 were recognised by the Group upon disposal of MRL as part of the considerations. The HK\$51,300,000 long term receivables bearing interest at a rate of 4% will be due on 20 July 2020.

As at 30 June 2019, except for the impairment allowance provided above, other receivables of the Group were considered to be of low credit risk and thus the Group has assessed that the ECL for other receivables is immaterial under the 12-month expected loss method.

Except for the impairment allowance provided above, none of the other assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

**14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS**

	<b>30 June 2019 RMB'000 (unaudited)</b>	31 December 2018 RMB'000 (audited)
Cash and bank balances	<b>222,534</b>	409,506
Time deposits with maturity of less than three months	<b>73,907</b>	2,492
Time deposits with maturity of over three months	<b>13,066</b>	12,882
	<b>309,507</b>	424,880
Less: Pledged time deposits for bank loans:		
– Current portion	<b>(71,943)</b>	–
– Non-current portion	<b>(11,841)</b>	(11,660)
Cash and cash equivalents	<b>225,723</b>	413,220

As at 30 June 2019, RMB83,784,000 of time deposits were pledged for bank loans borrowed by the Group (31 December 2018: RMB11,660,000).

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“**RMB**”) amounted to RMB208,460,000 (31 December 2018: RMB387,603,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

## 15. TRADE PAYABLES

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

	<b>30 June 2019 RMB'000 (unaudited)</b>	31 December 2018 RMB'000 (audited)
Within 3 months	<b>109,576</b>	125,275
3 months to 1 year	<b>4,655</b>	17,881
Over 1 year	<b>679</b>	3,888
	<b>114,910</b>	147,044

The trade payables are non-interest-bearing and normally settled within 2 months after receiving the invoice.

## 16. INTEREST-BEARING BANK LOANS

	30 June 2019			31 December 2018		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans – unsecured			–	5.6550	2019	80,000
Bank loans – secured (a)	<b>Hibor+2.6</b>	<b>on demand</b>	<b>18,120</b>	Hibor+2.6	on demand	24,008
Bank loans – unsecured	<b>Hibor+2.2</b>	<b>2020</b>	<b>17,592</b>	Hibor+2.2	2019	17,524
Bank loans – unsecured			–	Libor+1.5	2019	68,151
Bank loans – secured (a)	<b>Libor+1.5</b>	<b>2019</b>	<b>68,265</b>			–
			<b>103,977</b>			189,683
<b>Analysed into:</b>						
Bank loans repayable:						
Within one year or on demand			<b>103,977</b>			189,683

(a) The bank loans borrowed by the Company are secured by the pledge of certain Group's time deposits amounting to RMB83,784,000 (31 December 2018: RMB11,600,000).

**17. SHARE CAPITAL****Shares**

	<b>30 June 2019 RMB'000 (unaudited)</b>	31 December 2018 RMB'000 (audited)
Authorised:		
Ordinary shares of HK\$0.01 each	<b>10,000,000,000</b>	10,000,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each	<b>2,213,031,000</b>	2,213,031,000
Equivalent to RMB'000	<b>18,393</b>	18,393

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000	Share premium account RMB'000	Capital redemption reserve RMB'000	Total RMB'000
At 1 January 2018, 31 December 2018 and 30 June 2019	2,213,031,000	18,393	723,842	27	742,262



## 18. SHARE-BASED PAYMENTS

The rights issue of shares on the basis of one share for every two existing shares (“**Rights Issue**”) was completed on 18 July 2016. As a result of the completion of the Rights Issue, the Company made adjustments to the exercise price and the number of outstanding share options granted by the Company pursuant to the terms of the two pre-IPO share options schemes adopted by the company on 10 February 2010 and 15 March 2011 (and amended on 10 August 2011) (the “**Pre-IPO Share Option Schemes**”) and a share option scheme adopted by the Company on 4 July 2012 (“**the Share Option Scheme**”).

### (1) Pre-IPO Share Option Schemes

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

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of RMB0.99, RMB1.09 or RMB1.17 per share in total by the grantee after exercise price adjustment due to the Rights Issue (RMB1, RMB1.1 or RMB1.175 per share before the adjustment). The exercise period of the share options granted commences after a vesting period of one to four years and ends on a date which is 10 years from the date of offer of the share options or the expiry dates of the Pre-IPO Share Option Schemes, if earlier.

The following share options were outstanding under the Pre-IPO Share Option Schemes during the six-month period ended 30 June 2019 and 2018:

	Six-month period ended 30 June 2019		Six-month period ended 30 June 2018	
	Weighted average exercise price per share RMB	Number of options '000	Weighted average exercise price per share RMB	Number of options '000
At the beginning of the period		18,345		19,808
Forfeited during the period	1.087	(318)	1.024	(757)
At the end of the period		18,027		19,051

No share options were exercised during the six-month period ended 30 June 2019 and 2018.

**18. SHARE-BASED PAYMENTS** *(continued)***(1) Pre-IPO Share Option Schemes** *(continued)*

The exercise prices and exercise periods of the share options under the Pre-IPO Share Option Schemes outstanding as at 30 June 2019 are as follows:

Number of options '000	Exercise price (after adjustment due to Rights Issue) RMB per share	Exercise period
6,713	0.99	1 January 2012 to 11 February 2020
121	0.99	1 January 2012 to 21 June 2020
832	0.99	1 January 2012 to 1 September 2020
802	1.09	1 January 2012 to 15 December 2020
6	1.09	1 January 2012 to 26 January 2021
1,193	1.09	1 January 2012 to 22 March 2021
946	1.09	1 January 2012 to 22 March 2021
822	1.09	1 July 2012 to 1 July 2021
55	1.09	1 July 2012 to 1 July 2021
2,757	1.09	1 July 2012 to 12 August 2021
374	1.17	1 July 2012 to 12 August 2021
1,003	1.17	1 January 2013 to 15 January 2022
2,403	1.17	1 January 2013 to 15 May 2022
18,027		

There were no share options granted under the Pre-IPO Share Option Schemes after 4 July 2012, the Company's listing date. The Group recognised no share option expense under the Pre-IPO Share Option Schemes during the six-month periods ended 30 June 2019 and 2018.

The fair value of all equity-settled share options granted before 4 July 2012, the Company's listing date, was estimated as at the date of grant using a binomial model.

**18. SHARE-BASED PAYMENTS** *(continued)*
**(2) Share Option Scheme**

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

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

The total number of the Shares issued and to be issued upon the exercise of the options granted or to be granted to each eligible participant under the Share Option Scheme and any other schemes of the Group (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue. The Share Option Scheme will remain in force for a period of 10 years from 4 July 2012. The exercise prices of options granted before 2017 under this scheme were of HK\$0.99, HK\$1.29 or HK\$1.49 after exercise price adjustment due to the Rights Issue (HK\$1, HK\$1.3 or HK\$1.5 before the adjustment).

On 2 May 2017, the Company granted 85,000,000 options under the Share Option Scheme and the exercise price was HK\$0.50, conditional upon the achievement of performance conditions.

There were no share options granted during the period ended 30 June 2019.

The following share options were outstanding under the Share Option Scheme during the six-month periods ended 30 June 2019 and 2018:

	Six-month period ended 30 June 2019		Six-month period ended 30 June 2018	
	Weighted average exercise price per share HK\$	Number of options '000	Weighted average exercise price per share HK\$	Number of options '000
At the beginning of the period		106,961		111,622
Forfeited during the period	1.221	(1,015)	1.351	(1,073)
At the end of the period		105,946		110,549

No share options under the Share Option Scheme were exercised during the six-month periods ended 30 June 2019 and 2018.

The exercise period of the share options granted commences after a vesting period of four years and ends on a date which is 10 years from the date of offer of the share options or the expiry dates of the Share Option Scheme, if earlier.

**18. SHARE-BASED PAYMENTS** *(continued)***(2) Share Option Scheme** *(continued)*

The exercise prices and exercise periods of the share options under the Share Option Scheme outstanding as at 30 June 2019 are as follows:

Number of options '000	Exercise price (after adjustment due to Rights Issue) HK\$ per share	Exercise period
7,072	1.49	23 August 2013 to 22 August 2023
4,092	1.49	1 July 2015 to 29 June 2024
4,500	1.29	1 July 2015 to 29 June 2024
1,507	1.29	1 January 2016 to 31 December 2024
3,775	0.99	1 January 2016 to 31 December 2024
85,000	0.50	1 October 2017 to 2 May 2027
105,946		

The Group didn't recognise share option expense for the six-month period ended 30 June 2019 (six-month period ended 30 June 2018: nil).

As at 30 June 2019, the Company had 18,027,000 and 105,946,000 share options outstanding under the Pre-IPO Share Option Schemes and the Share Option Scheme, respectively. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 123,973,000 additional ordinary shares of the Company and additional share capital of RMB1,090,541 and share premium of RMB80,211,136 (before issue expense).

**19. CONTINGENT LIABILITIES**

A subsidiary of the Group is currently a defendant in a lawsuit brought by a party alleging that the subsidiary violated registered trademarks and unfair competition in Chinese Mainland. The plaintiff claims for a compensation amounting to RMB10,000,000. The Group's attorney considers that the possibility and the amount of compensation cannot be estimated for the time being. Accordingly, the Company have not provided for any claim arising from the litigation, other than the related legal and other costs.

## 20. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Contracted, but not provided for:		
Leasehold improvements	3,458	7,389

## 21. RELATED PARTY TRANSACTIONS

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

		Six-month period ended 30 June	
	Notes	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Property rental expense	(i)	–	260
Purchase of goods and service	(ii)	–	10,921
Sales of goods and service	(iii)	5,706	8,045
Actual Spending of Pre-paid Cards	(iv)	16,558	25,497
Commission paid for Pre-paid Cards	(iv)	178	255
Procurement of pre-packed food	(v)	421	–

Notes:

- (i) The Group entered into a lease agreement with Xiao Nan Guo (Group) Co., Ltd., a company owned by the controlling shareholder and was disposed by the controlling shareholder in August 2018, to lease office premises for the period commencing from 1 July 2012 and the lease period has been extended to 31 December 2017 in 2014, and further extended to 31 January 2019 in 2018 based on a market price mutually agreed by both parties. During the period ended 30 June 2019, the rental fee charged by Xiao Nan Guo (Group) Co., Ltd. was RMB260,000 with a service free included.
- (ii) The Group entered into a procurement framework agreement with Shanghai Zhongmin Supply Chain Management Co., Ltd., (“Zhongmin Supply Chain”), a company indirectly owned by the controlling shareholder, pursuant to which the Group has agreed to procure raw ingredients used for restaurant operations from Zhongmin Supply Chain, for the period commencing from 1 June 2016 to 31 May 2017 and extended to 31 May 2018 on 1 June 2017, and further extended to 31 December 2020 on 1 May 2018. The Group didn't procure raw ingredients from Zhongmin Supply Chain during the six-month period ended 30 June 2019 (30 June 2018: RMB10,921,000). The pricing of such raw ingredients shall be determined with reference to the costs for such raw ingredients and the prevailing market price and procurement quantity of similar raw ingredients.
- (iii) The Group provided banquet food to Shanghai WH Ming Hotel Co., Ltd. (“WH Ming Hotel”), a hotel owned by the controlling shareholder, upon request for banquet arrangements at the hotel premises for the customers of WH Ming Hotel pursuant to a framework banquet food provision agreement dated 27 March 2018. The price of banquet food sold to WH Ming Hotel shall be decided by the Group, and shall not be lower than 75% of the selling price of the food in the menu of the Group. The term of the framework banquet food provision agreement is effective from 1 January 2018 to 31 December 2019. The revenue generated from banquet food provided to WH Ming Hotel amounted to RMB5,706,000 during the period ended 30 June 2019 (30 June 2018: RMB8,045,000).

**21. RELATED PARTY TRANSACTIONS** *(continued)*

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

*Notes: (continued)*

- (iv) The Group entered into a Pre-paid Cards Agreement in 2014 with Shanghai Hui Feng Restaurant Management Co., Ltd. ("**Hui Feng Management**", formerly named Shanghai Xiao Nan Guo Enterprises Service Information Development Limited), a company indirectly owned by Bai Xuan Tiffany Wang, who is the executive director of the Company. Pursuant to the agreement, the pre-paid cards can be used at the Shanghai Min Restaurants, the WH Ming Hotel as well as other businesses operated by the controlling shareholder. The actual spending is the amount which the pre-paid card holders have actually spent at the Shanghai Min Restaurants (including Shanghai Min, Maison De L'Hui, the dining room and Shanghai Min's family restaurants) via the pre-paid cards, which amounted to RMB16,558,000 (30 June 2018: RMB25,497,000).

The commission rate payable to Hui Feng Management shall be 1% of the actual dining expenses, which amounted to RMB178,000 (30 June 2018: RMB255,000), of a pre-paid card holder for every bill (before discount (if any)) at the Shanghai Min Restaurants.

- (v) For the period ended 30 June 2019, Shanghai Xiao Nan Guo (a wholly-owned subsidiary of the Company) had sourced and purchased various pre-packed food from Shanghai Hongshi in an aggregate amount of RMB421,000 (30 June 2018: Nil). The transaction was conducted in the ordinary course of business.

**(b) Other transactions with related parties**

The Group entered into a trademark licensing agreement with Shanghai Rong Yi Trade Development Co., Ltd. pursuant to which Shanghai Rong Yi Trade Development Co., Ltd. had granted the Group an exclusive license to use its registered trademarks for no consideration.

**(c) Outstanding balances with related parties**

The amounts due from companies owned by the Controlling Shareholder and amounts due from related parties are disclosed in Note 13 to the financial statements. These balances are unsecured, interest-free and have no fixed terms of repayment.

The amounts due to other related parties are included in other payables and accruals to the financial statements.

**(d) Compensation of key management personnel of the Group**

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term employee benefits	2,007	2,638

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

## 22. FINANCIAL INSTRUMENTS BY CATEGORY

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

### 30 June 2019 (unaudited)

#### Financial assets

	Financial assets at fair value through other comprehensive income: Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	21,873	–	21,873
Long-term rental deposits	–	81,761	81,761
Trade receivables	–	13,343	13,343
Financial assets included in prepayments, other receivables and other assets	–	147,093	147,093
Other long-term receivable	–	45,127	45,127
Pledged deposits	–	83,784	83,784
Cash and cash equivalents	–	225,723	225,723
	21,873	596,831	618,704

#### Financial liabilities

	Financial liabilities at amortised cost RMB'000
Long-term payables	4,516
Trade payables	114,910
Dividends payable	50,727
Financial liabilities included in other payables and accruals	39,852
Interest-bearing bank loans	103,977
Lease Liabilities	449,116
	763,098

**22. FINANCIAL INSTRUMENTS BY CATEGORY** *(continued)*

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

**31 December 2018 (audited)****Financial assets**

	Financial assets at fair value through other comprehensive income: Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	17,875	–	17,875
Long-term rental deposits	–	83,228	83,228
Trade receivables	–	17,308	17,308
Financial assets included in prepayments, other receivables and other assets	–	148,029	148,029
Other long-term receivable	–	44,949	44,949
Pledged deposits	–	11,660	11,660
Cash and cash equivalents	–	413,220	413,220
	17,875	718,394	736,269

**Financial liabilities**

	Financial liabilities at amortised cost RMB'000
Long-term payables	59,569
Trade payables	147,044
Financial liabilities included in other payables and accruals	80,153
Interest-bearing bank and other borrowings	189,683
	476,449



### 23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, long-term rental deposits, loan to a non-controlling shareholder, other long-term receivables, long-term payables, trade payables, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowing approximate to their carrying amounts.

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

The following table provides the fair value measurement hierarchy of the Company's financial instruments measured at fair value as at 30 June 2019:

#### Financial assets measured at fair value

As at 30 June 2019

	Fair value measurements categorised into			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Equity investments at fair value through other comprehensive income:				
Unlisted equity investment, at fair value	–	–	14,000	14,000
Listed equity investment, at fair value	7,873	–	–	7,873
	7,873	–	14,000	21,873

As at 31 December 2018

	Fair value measurements categorised into			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Equity investments at fair value through other comprehensive income:				
Unlisted equity investment, at fair value	–	–	14,000	14,000
Listed equity investment, at fair value	3,875	–	–	3,875
	3,875	–	14,000	17,875

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

The fair value of the listed equity investment through other comprehensive income is based on quoted market prices.

**23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** *(continued)***Financial assets measured at fair value** *(continued)*

The fair value of the unlisted equity investment through other comprehensive income falls within Level 3 of the fair value hierarchy due to the significant unobservable inputs used in the valuation. The following table shows the valuation techniques used in the determination of fair values of the unlisted equity investments.

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investment	Discounted cash flow method	Expected yield	RMB521,000 to RMB1,488,000	10% increase/(decrease) in expected yield would result in increase/(decrease) in fair value by RMB2,473,000

**24. EVENTS AFTER THE REPORTING PERIOD**

The amounts due from Shanghai Xiao Nan Guo Hongshi Trading Co., Ltd. as of 30 June 2019, amounting to RMB10,000,000, of which RMB1,744,000 was subsequently received in August 2019.

The amounts due from related party JM HK Group JM (HK) Investment Company Limited and its subsidiaries as of 30 June 2019, amounting to RMB47,937,072, have been subsequently received by the Group in July 2019.

**25. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 30 August 2019.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

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

For the six months ended 30 June 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### CHANGES OF DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed below, as at the date of this report, there were no significant changes in the information related to the directors of the Company (the "**Directors**") and senior management as compared to the particulars set out in the Company's 2018 Annual Report:

Ms. Baixuan Tiffany Wang was appointed as an executive Director of the Company and a member of the Executive Committee on 25 April 2019.

Mr. Zhang Zhengyu was appointed as an independent non-executive Director of the Company, a member of each of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee on 20 May 2019.

Mr. Lin Lijun resigned as the independent non-executive Director with effect from 6 June 2019 as he needs more time to deal with his personal matters.

Ms. Zhu Xiaoxia resigned as the executive Director on 13 June 2019 due to serious disagreement in respect of the cooperation and management philosophy with Ms. Wang Huimin, the then chairlady of the Company.

Ms. Wang Huimin resigned as the executive Director on 25 July 2019 as she wished to devote her time to her own interest.

Mr. Lui Wai Ming resigned as the independent non-executive director, the chairman of the audit committee and the remuneration committee and the member of the nomination committee of Ernest Borel Holding Limited (Stock Code: 1856.HK) with effect from 6 September 2019.

Other than these disclosed above, there is no other changes in respect of each director or chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or its any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to notify to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules, are set out as follows:

Name of Directors	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding
Wang Huimin	Beneficiary of a trust	778,765,500 (L) <sup>(2)</sup>	35.19%
	Trustee	166,747,227 (L) <sup>(3)</sup>	7.53%
	Beneficial owner	7,000,000 (L) <sup>(4)</sup>	0.32%
Sun Yong	Beneficial owner	4,142,066 (L) <sup>(6)</sup>	0.19%
Wu Wen	Interest in controlled corporation	62,592,681 (L) <sup>(4)</sup>	2.83%
	Beneficial owner	13,050,000 (L)	0.59%
Wang Huili	Interest in controlled corporation	12,260,625 (L) <sup>(5)</sup>	0.55%
	Beneficial owner	13,650,000 (L)	0.62%
Lui Wai Ming	Beneficial owner	1,000,000 (L) <sup>(6)</sup>	0.05%
Wu Chun Wah	Beneficial owner	1,000,000 (L) <sup>(7)</sup>	0.05%

Notes:

(1) "L" denotes long position in the Shares held by the Directors.

(2) The relevant Shares were held by Value Boost Limited. Before 28 February 2019, the entire issued share capital of Value Boost Limited was held by Extensive Power Limited which acted as the trustee of The Wang Huimin Family Settlement (The "Wang Trust"). The Wang Trust was a trust established by Ms. Wang Huimin, an executive Director, as the settlor on 27 August 2011. The beneficiary(ies) of the Wang Trust is Ms. Wang during her lifetime and thereafter her personal representatives in their capacities as such, any person or class of persons nominated to the trustees by the protector or if at any time when there is no protector, the settlor and whose nomination is accepted in writing by the trustee. Therefore, Ms. Wang Huimin and Extensive Power Limited were deemed to be interested in the Shares held by Value Boost Limited under the SFO.

And on 28 February 2019, Alpadis Trust (HK) Limited ("Alpadis Trust"), a professional trustee, has been appointed to replace Extensive Power as a new trustee of the Wang Trust, and all the 778,765,500 Shares were transferred by Extensive Power to Alpadis Trust. According to Rule 26.1 of the Takeovers Code, unless with a waiver has been granted by the Executive of the Securities and Futures Commission (the "SFC"), such change in trusteeship would result in Alpadis Trust as the new trustee of the Wang Trust having an obligation to make a mandatory offer. As the change in trusteeship only involved the transfer of all the issued shares Value Boost held by Extensive Power to Alpadis Trust for the same Wang Trust, an application for waiver has been made by Alpadis Trust to the Executive of the SFC from the mandatory offer obligation under Note 6 to Rule 26.1 of the Takeovers Code as a result of the change in trusteeship, and such waiver has been granted by the SFC on 18 February 2019.

## OTHER INFORMATION

- (3) The relevant Shares were held by Ms. Wang Huimin as trustee. Therefore, Ms. Wang Huimin was deemed to be interested in the relevant Shares under the SFO.
- (4) The relevant Shares were held by Well Reach Limited. Ms. Wu Wen, a non-executive Director, owned the entire issued share capital of Brilliant South Limited, which beneficially owned 100% of the issued share capital in Well Reach Limited. Therefore, Ms. Wu Wen was deemed to be interested in the Shares held by Well Reach Limited under the SFO.
- (5) The relevant Shares were held by Fast Thinker Limited. Ms. Wang Huili, a non-executive Director, owned the entire issued share capital of Ever Project Investments Limited, which beneficially owned 100% of the issued share capital in Fast Thinker Limited. Therefore, Ms. Wang Huili was deemed to be interested in the Shares held by Fast Thinker Limited under the SFO.
- (6) Mr. Lui Wai Ming, an independent non-executive Director, was entitled as a grantee of options to subscribe for up to 1,000,000 Shares under the Share Option Scheme (as stated in the announcement dated 2 May 2017).
- (7) Dr. Wu Chun Wah, an independent non-executive Director, was entitled as a grantee of options to subscribe for up to 1,000,000 Shares under the Share Option Scheme (as stated in the announcement dated 2 May 2017).

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

As of 30 June 2019, the following persons (other than directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Capacity/Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding
Alpadis Group Holding SA	Interest in controlled corporation	778,765,500 (L) <sup>(2)</sup>	35.19 (L)
Alpadis Trust (HK) Limited	Interest in controlled corporation	778,765,500 (L) <sup>(2)</sup>	35.19 (L)
Value Boost Limited	Beneficial owner	778,765,500 (L) <sup>(2)</sup>	35.19 (L)
ESSEIVA Alain	Interest in controlled corporation	778,765,500 (L) <sup>(6)</sup>	35.19 (L)
GUBLER Moritz	Interest in controlled corporation	778,765,500 (L) <sup>(7)</sup>	35.19 (L)
Lai Sui Lin	Interest of spouse	778,765,500 (L) <sup>(8)</sup>	35.19 (L)
FIDELITY CHINA SPECIAL SITUATIONS PLC	Beneficial owner	201,144,000 (L)	9.09 (L)
FIL Limited	Interest in controlled corporation	199,290,000 (L)	9.01 (L)
Pandanus Associates Inc.	Interest in controlled corporation	199,290,000 (L) <sup>(3)</sup>	9.01 (L)
Pandanus Partners L.P.	Interest in controlled corporation	199,290,000 (L) <sup>(4)</sup>	9.01 (L)
Shen Xia	Interest in controlled corporation	167,887,000 (L)	7.59 (L)
		167,887,000 (S) <sup>(5)</sup>	7.59 (S)
Elite Converge Limited	Interest in controlled corporation	167,887,000 (L)	7.59 (L)
		167,887,000 (S) <sup>(5)</sup>	7.59 (S)
Sunshine Property I Limited	Beneficial owner	167,887,000 (L)	7.59 (L)
		167,887,000 (S) <sup>(5)</sup>	7.59 (S)
Shining Capital Holdings L.P.	Interest in controlled corporation	167,887,000 (L)	7.59 (L)
		167,887,000 (S) <sup>(5)</sup>	7.59 (S)
Shining Capital Management Limited	Interest in controlled corporation	167,887,000 (L)	7.59 (L)
		167,887,000 (S) <sup>(5)</sup>	7.59 (S)
Shining (BVI) Limited	Interest in controlled corporation	167,887,000 (L)	7.59 (L)
		167,887,000 (S) <sup>(5)</sup>	7.59 (S)

*Notes:*

- (1) The letter "L" denotes long position in the shares.
- (2) The underlying shares were held by Value Boost Limited. As at 31 December 2018, 18, the entire issued share capital of Value Boost Limited was held by Extensive Power Limited (the "**Extensive Power**") which acted as the trustee of The Wang Trust. Subsequent to 28 February 2019, Alpadis Trust (HK) Limited ("**Alpadis Trust**"), as a professional trustee, was appointed to replace Extensive Power as a new trustee of the Wang Trust, and all the 778,765,500 Shares were transferred by Extensive Power to Alpadis Trust. According to Rule 26.1 of the Takeovers Code, unless with a waiver has been granted by the Executive of the Securities and Futures Commission (the "**SFC**"), such change in trusteeship would result in Alpadis Trust as the new trustee of the Wang Trust having an obligation to make a mandatory offer. As the change in trusteeship only involved the transfer of all the issued shares of Value Boost held by Extensive Power to Alpadis Trust for the same Wang Trust, an application for waiver has been made by Alpadis Trust to the Executive of the SFC from the mandatory offer obligation under Note 6 to Rule 26.1 of the Takeovers Code as a result of the change in trusteeship, and such waiver has been granted by the SFC on 18 February 2019.
- (3) Pandanus Partners, L.P., owns or controls one-third or more of the voting rights in FIL Limited.
- (4) Pandanus Associates, Inc, is a general partner of Pandanus Partners, L.P., owns or controls one-third or more of the voting rights in FIL Limited.
- (5) The 167,887,000 Shares were held by Sunshine Property I Limited. Mr. Weng Xiangwei owned the entire issued share capital of Shining (BVI) Limited, which beneficially owned 50% of the issued share capital of Shining Capital Management Limited. The remaining of 50% equity interest held by Elite Converge Limited, of which Mr. Shen Xia owned 100% of the issued share capital. Shining Capital Management Limited in turn beneficially owned the entire issued share capital of Shining Capital Holdings L.P., which in turn beneficially owned the entire issued share capital of Sunshine Property I Limited. Therefore, Mr. Weng Xiangwei, Mr. Shen Xia, Elite Converge Limited, Shining (BVI) Limited, Shining Capital Management Limited and Shining Capital Holdings L.P. were deemed to be interested in the Shares held by Sunshine Property I Limited under the SFO.
- (6) The underlying shares were transferred from Extensive Power Limited (as a trustee company) to Alpadis Trust (HK) Limited. Mr. ESSEIVA Alain indirectly held 30% of the shares of Alpadis Trust (HK) Limited.
- (7) The underlying shares were transferred from Extensive Power Limited (as a trustee company) to Alpadis Trust (HK) Limited. Mr. GUBLER Moritz indirectly held 30% of the shares of Alpadis Trust (HK) Limited.
- (8) Ms. Lai Sui Lin is the spouse of Mr. GUBLER Moritz. Under the SFO, Ms. Lai Sui Lin was therefore deemed or taken to be interested in all shares in which Mr. GUBLER Moritz was or was deemed to be interested.

## SHARE OPTION SCHEME

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

### (1) Pre-IPO Share Option Schemes

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

- (a) from 1 July 2012 to the end of 10 years from the date of grant:
  - (1) 25% shall vest if the Company’s net profit for the year ended 31 December 2011 reaches a specified target;
  - (2) 12.5% shall vest if the Company’s net profit for the year ended 31 December 2011 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;
  - (3) if the Company’s net profit for the year ended 31 December 2011 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options;
- (b) from 1 July 2013 to the end of 10 years from the date of grant:
  - (1) 25% shall vest if the Company’s net profit for the year ended 31 December 2012 reaches a specified target;
  - (2) 12.5% shall vest if the Company’s net profit for the year ended 31 December 2012 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;
  - (3) if the Company’s net profit for the year ended 31 December 2012 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options;
- (c) from 1 July 2014 to the end of 10 years from the date of grant:
  - (1) 25% shall vest if the Company’s net profit for the year ended 31 December 2013 reaches a specified target;
  - (2) 12.5% shall vest if the Company’s net profit for the year ended 31 December 2013 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;
  - (3) if the Company’s net profit for the year ended 31 December 2013 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options; and

- (d) from 1 July 2015 to the end of 10 years from the date of grant:
- (1) 25% shall vest if the Company's net profit for the year ended 31 December 2014 reaches a specified target;
  - (2) 12.5% shall vest if the Company's net profit for the year ended 31 December 2014 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;
  - (3) if the Company's net profit for the year ended 31 December 2014 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options.

Each option granted under the Pre-IPO Share Option Schemes is exercisable within 10 years from the date on which such option becomes vested. For details of the share options, please refer to Note 18 to the financial statements.

Pursuant to the Pre-IPO Share Option Schemes, all the options under the Pre-IPO Scheme Option Schemes were granted on or before 13 June 2012 as mentioned in the Prospectus. No further options will be granted under the Pre-IPO Share Option Schemes upon listing of the shares of the Company (the "Shares") on the Stock Exchange. The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of RMB0.99, RMB1.09 or RMB1.17 by the grantee taking into consideration of the exercise price adjustment of the options upon the Rights Issue.

Since the adoption of the Pre-IPO Share Option Schemes, 101,318,199 share options have been granted under these schemes. For the period from 1 January 2019 to 30 June 2019, no share options granted under the Pre-IPO Share Option Schemes have been exercised or lapsed. As at 30 June 2019, 18,027,828 share options granted under the Pre-IPO Share Option Schemes were still outstanding. The summary of the share options granted under the Pre-IPO Share Option Schemes that were still outstanding as at 30 June 2019 is as follows:

Name of the grantee	As at	During the	During the	During the	During the	As at
	1 January 2019	period ended 30 June 2019	period ended 30 June 2019	period ended 30 June 2019	period ended 30 June 2019	30 June 2019
	No. of share options outstanding	No. of share options granted	No. of share options exercised	No. of share options cancelled	No. of share options lapsed	No. of share options outstanding
Employees (in aggregate)	18,345,348	–	–	–	317,520	18,027,828



## OTHER INFORMATION

Details regarding the number of options, date of grant, exercise period and exercise price of the share options granted under the Pre-IPO Share Option Schemes that were still outstanding as at 30 June 2019 are set out below:

Participants	Date of grant of option	Exercise period of option	Exercise Price of Option RMB per share	No. of outstanding option as at 30 June 2018 '000
Employees	11 February 2010	1 January 2012 to 11 February 2020	0.99	6,713
	21 June 2010	1 January 2012 to 21 June 2020	0.99	121
	1 September 2010	1 January 2012 to 1 September 2020	0.99	832
	15 December 2010	1 January 2012 to 15 December 2020	1.09	802
	26 January 2011	1 January 2012 to 26 January 2021	1.09	6
	28 February 2011	1 January 2012 to 22 March 2021	1.09	1,193
	22 March 2011	1 January 2012 to 22 March 2021	1.09	946
	1 July 2011	1 July 2012 to 1 July 2021	1.09	822
	1 July 2011	1 July 2012 to 1 July 2021	1.09	55
	12 August 2011	1 July 2012 to 12 August 2021	1.09	2,757
	12 August 2011	1 July 2012 to 12 August 2021	1.17	374
	15 January 2012	1 January 2013 to 15 January 2022	1.17	1,003
	15 May 2012	1 January 2013 to 15 May 2022	1.17	2,403
	Total			

As a result of the completion of the Rights Issue, the exercise price and number of the outstanding options granted by the Company were adjusted by the terms of two Pre-IPO Share Option Scheme as set out in the Company's announcement dated 25 August 2019 in detail.

**(2) Share Option Scheme**

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

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

The total number of Shares issued and to be issued upon the exercise of the options granted or to be granted to each eligible participant under the Share Option Scheme and any other schemes of the Group (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue. The Share Option Scheme will remain in force for a period of 10 years from 4 July 2012. Under the Share Option Scheme, each option has a exercise period of ten years. No share option was granted under the Share Option Scheme for the period from 1 January 2019 to 30 June 2019.

The summary of the share options granted under the Share Option Scheme that were still outstanding as at 30 June 2019 is as follows:

Name of the grantee	As at	During the	During the	During the	During the	As at
	1 January 2019	period ended 30 June 2019	period ended 30 June 2019	period ended 30 June 2019	period ended 30 June 2019	30 June 2019
	No. of share options outstanding	No. of share options granted	No. of share options exercised	No. of share options cancelled	No. of share options lapsed	No. of share options outstanding
Directors						
Ms. Wang Huimin	7,000,000	–	–	–	–	7,000,000
Ms. Zhu Xiaoxia <sup>(1)</sup>	5,000,000	–	–	–	–	5,000,000
Mr. Lin Lijun <sup>(2)</sup>	1,000,000	–	–	–	–	1,000,000
Mr. Lui Wai Ming	1,000,000	–	–	–	–	1,000,000
Dr. Wu Chun Wah	1,000,000	–	–	–	–	1,000,000
Employees	91,961,397	–	–	–	1,015,560	90,945,837
Directors and employees (in aggregate)	106,961,397	–	–	–	1,015,560	105,945,837

<sup>(1)</sup> Ms. Zhu Xiaoxia resigned as the Director of the Company with effect from 13 June 2019.

<sup>(2)</sup> Mr. Lin Lijun resigned as the Director of the Company with effect from 6 June 2019.

## OTHER INFORMATION

Details regarding the number of options, date of grant, exercise period and exercise price of the share options granted under the Share Option Schemes that were still outstanding as at 30 June 2019 are set out below:

Participants	Date of grant of option	Exercise period of option	Exercise price of option HK\$ per share	No. of outstanding option as at 30 June 2018 '000
Directors	2 May 2017	1 October 2017 to 1 May 2027	0.50	15,000
Employees	23 August 2013	23 August 2013 to 22 August 2023	1.49	7,072
	30 June 2014	1 July 2015 to 29 June 2024	1.49	4,092
	30 June 2014	1 July 2015 to 29 June 2024	1.29	4,500
	1 January 2015	1 January 2016 to 31 December 2024	1.29	1,507
	1 January 2015	1 January 2016 to 31 December 2024	0.99	3,775
	2 May 2017	1 October 2017 to 1 May 2027	0.50	70,000
Total				105,946

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company regarding directors' transactions of securities. After making specific enquires to all Directors, all the Directors have confirmed that they have complied with the required standard of dealings set out in the Model Code for the six months ended 30 June 2019.

### CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its code of corporate governance. For the six months ended 30 June 2019, the Company has complied with the applicable code provisions set out in the CG Code.

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

For the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### INTERIM RESULTS REVIEW

The Company has established the audit committee (the "Audit Committee") on 30 August 2011 with written terms of reference formulated in accordance with the Listing Rules and the CG Code. The primary duties of the Audit Committee are to review and supervise the Group's internal control and financial reporting process and to maintain an appropriate relationship with the Company's independent auditors.

The members of the Audit Committee include Mr. Lui Wai Ming, Dr. Wu Chun Wah and Mr. Zhang Zhenyu. Mr. Lui Wai Ming is the chairman of the Audit Committee.

The Audit Committee has discussed with the management of the Company and the external auditor about the accounting principles and practices adopted by the Company and reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2019.