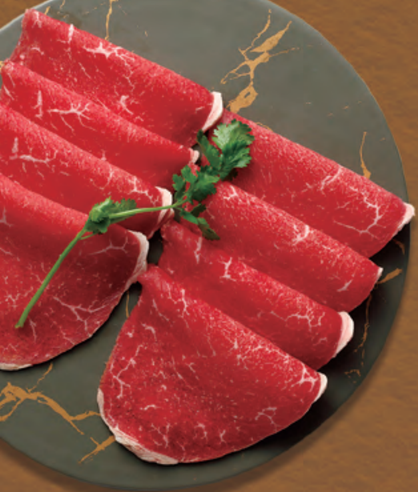
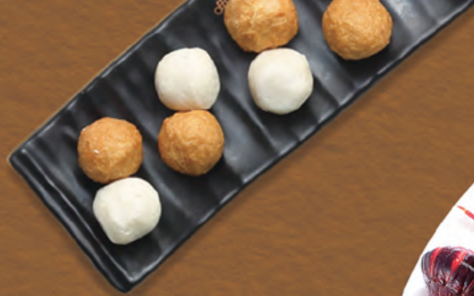
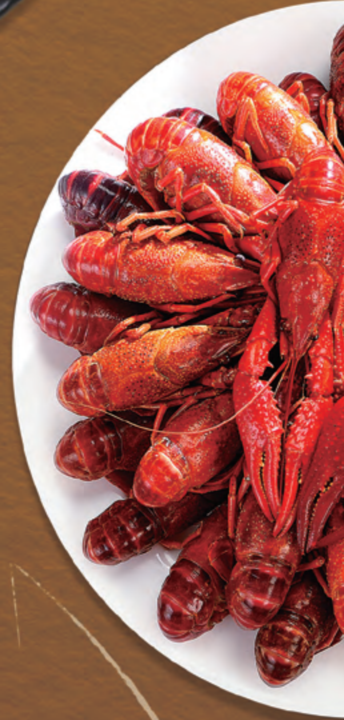




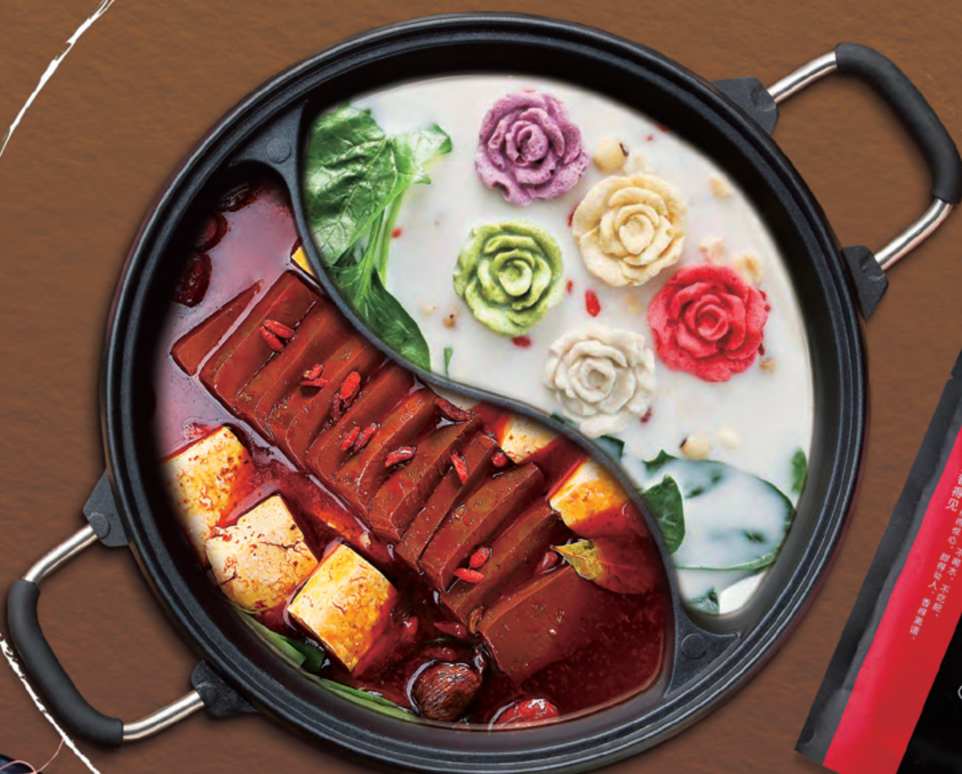


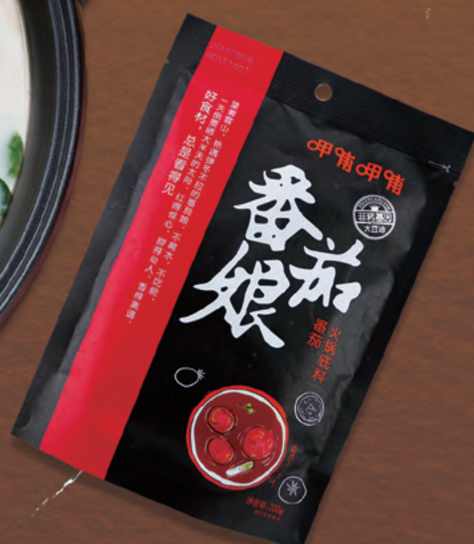
呷哺呷哺

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

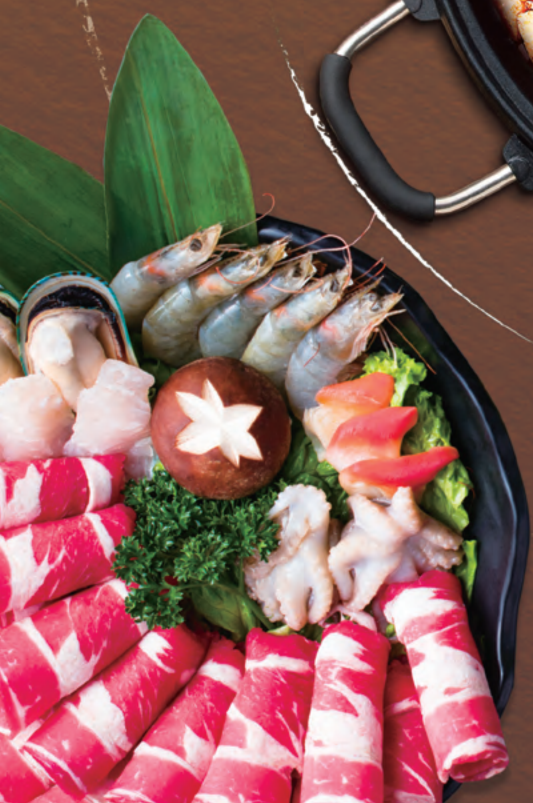
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 520





2019 Interim Report



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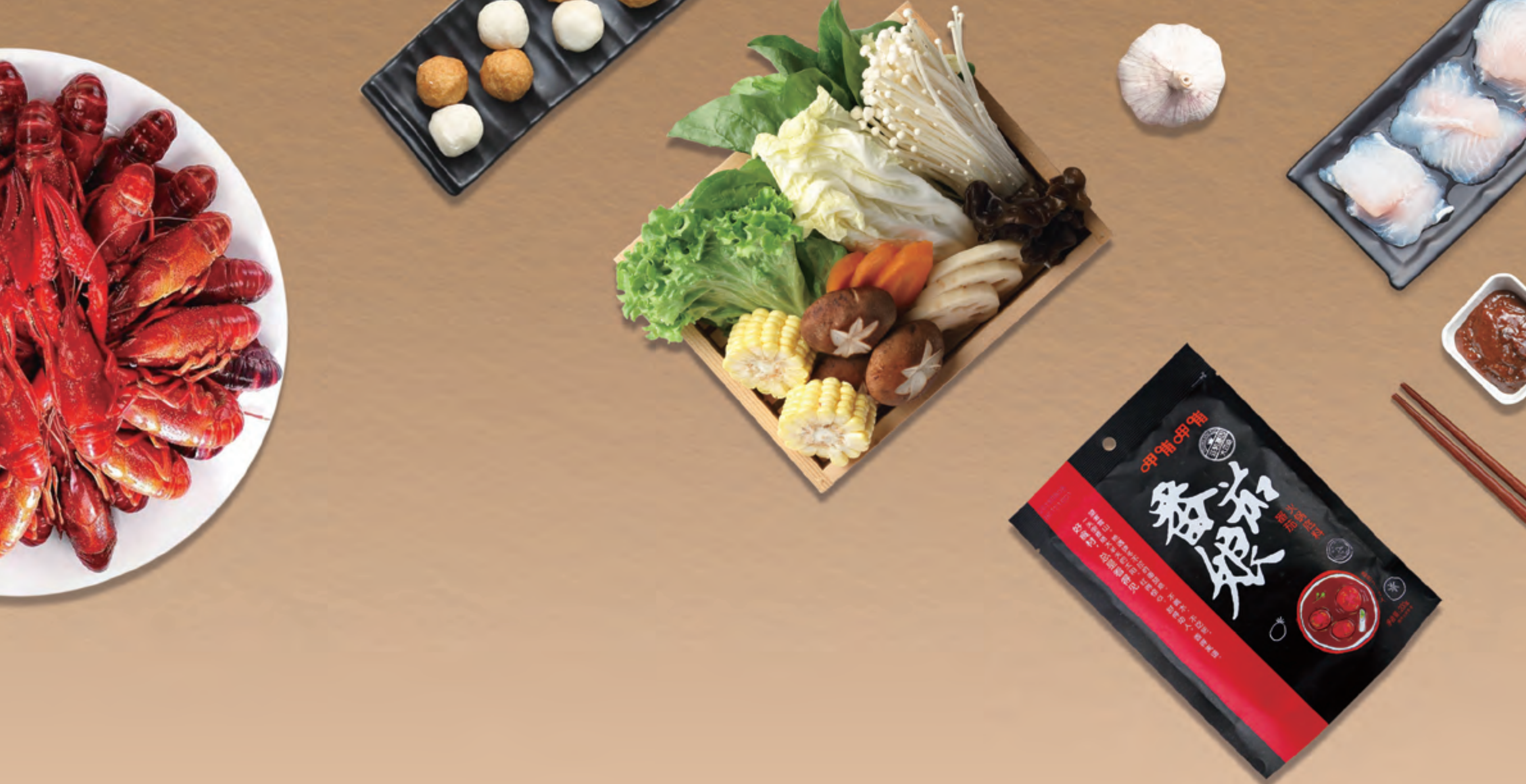

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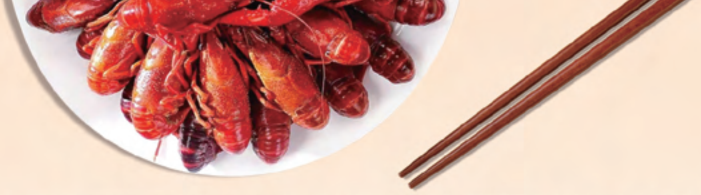


CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ho Kuang-Chi *(Chairman)*
Ms. Yang Shuling *(resigned with effect from 29 August 2019)*
Ms. Zhao Yi *(appointed with effect from 29 August 2019)*

Non-executive Directors

Ms. Chen Su-Yin
Mr. Zhang Chi (Ms. Li Jie as his alternate)

Independent Non-executive Directors

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

AUDIT COMMITTEE

Ms. Hsieh Lily Hui-yun *(Chairman)*
Mr. Zhang Chi (Ms. Li Jie as his alternate)
Mr. Hon Ping Cho Terence

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Ms. Ng Sau Mei

AUTHORIZED REPRESENTATIVES

Mr. Ho Kuang-Chi
Ms. Ng Sau Mei

AUDITOR

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

COMPANY'S WEBSITE

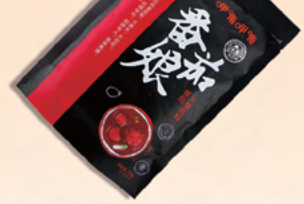
www.xiabu.com

STOCK CODE

520

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Suncun Industrial Development Zone
Huangcun Town
Daxing District
Beijing
PRC



CORPORATE INFORMATION

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

HONG KONG SHARE REGISTRAR

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Wanchai
Hong Kong

REGISTERED OFFICE IN CAYMAN ISLANDS

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KY1-1111
Cayman Islands

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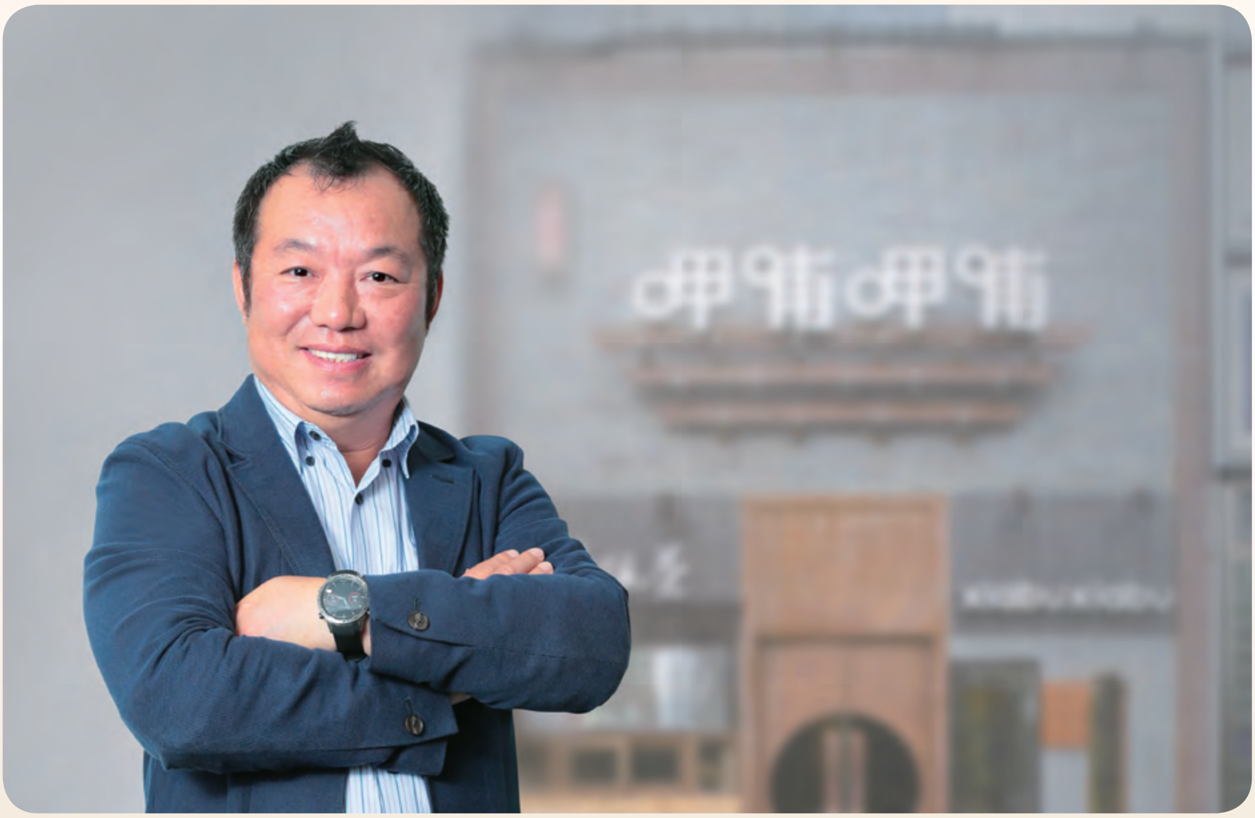
OfficePlus @Wan Chai
No. 303 Hennessy Road
Wanchai
Hong Kong

PRINCIPAL BANKS

Bank of Communications
China Merchants Bank
Shanghai Pudong Development Bank
Fubon Bank

BUSINESS OVERVIEW AND OUTLOOK



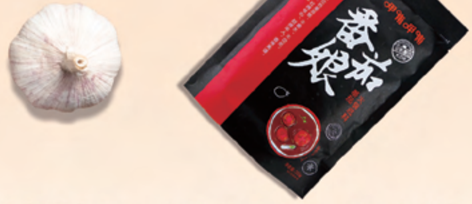
OVERVIEW

In the first half of 2019, the Group opened 76 Xiabuxiabu restaurants and 13 Coucou restaurants. As of 30 June 2019, the Group owned and operated 955 Xiabuxiabu restaurants in 118 cities over 19 provinces and in three centrally administered municipalities, namely in Beijing, Tianjin and Shanghai.

The Group's revenue increased by 27.4% from RMB2,129.1 million in the first half of 2018 to RMB2,712.5 million in the same period in 2019, mainly attributable to the Group's efforts to expand its restaurant network. Due to the slowdown in China's economic growth and the increasing uncertainty in the external environment, as well as the intense competition in the market, the Group implemented more sales promotions to stimulate customer spending in the first half of this year. As such, same-store sales of the Group's Xiabuxiabu restaurants decreased by 1.9% in the first half of 2019 as compared to the same period in 2018. Restaurant level operating profit generated from the Group's Xiabuxiabu restaurants increased by 0.7% from RMB395.8 million in the first half of 2018 to RMB398.4 million in the same period in 2019. The Group's net current assets decreased from RMB1,044.7 million as of 30 June 2018 to RMB547.8 million as of 30 June 2019, primarily due to the implementation of IFRS 16 which led to a significant increase in the Group's lease liabilities.

In the first half of 2019, the Group undertook a number of initiatives to upgrade its business model and enhance its financial performance, including:

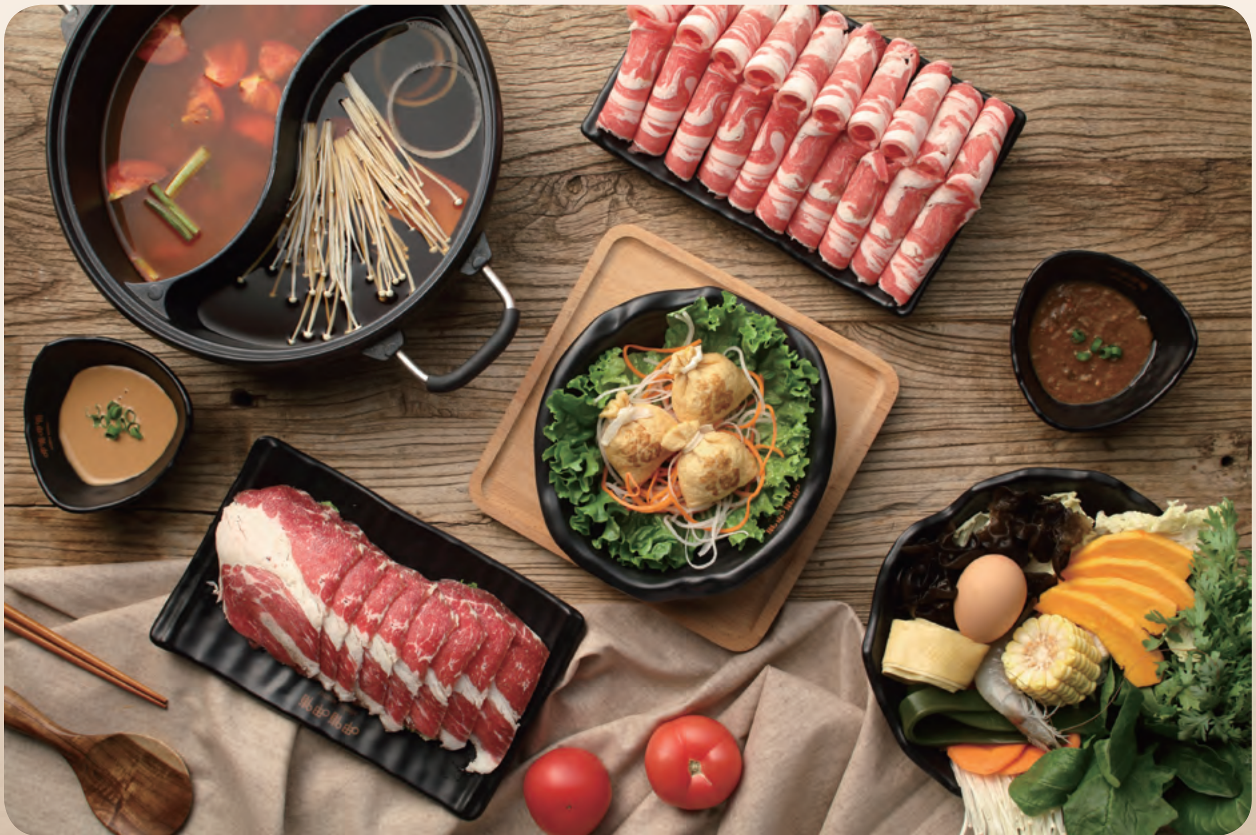
- Continue to develop Coucou brand: The Group continues to increase its efforts to develop its premium brand, Coucou. As of 30 June 2019, the Group opened 61 Coucou restaurants and has operations in Jiangsu, Hubei, Hunan, Henan, Hebei, Shandong, Shanxi, Fujian, Shaanxi, Zhejiang, Yunnan, Anhui and Guangdong provinces, as well as Beijing, Tianjin and Shanghai municipalities. Revenue from the Group's Coucou restaurants increased by 150.2% from the first half of 2018 to RMB490.1 million in the first half



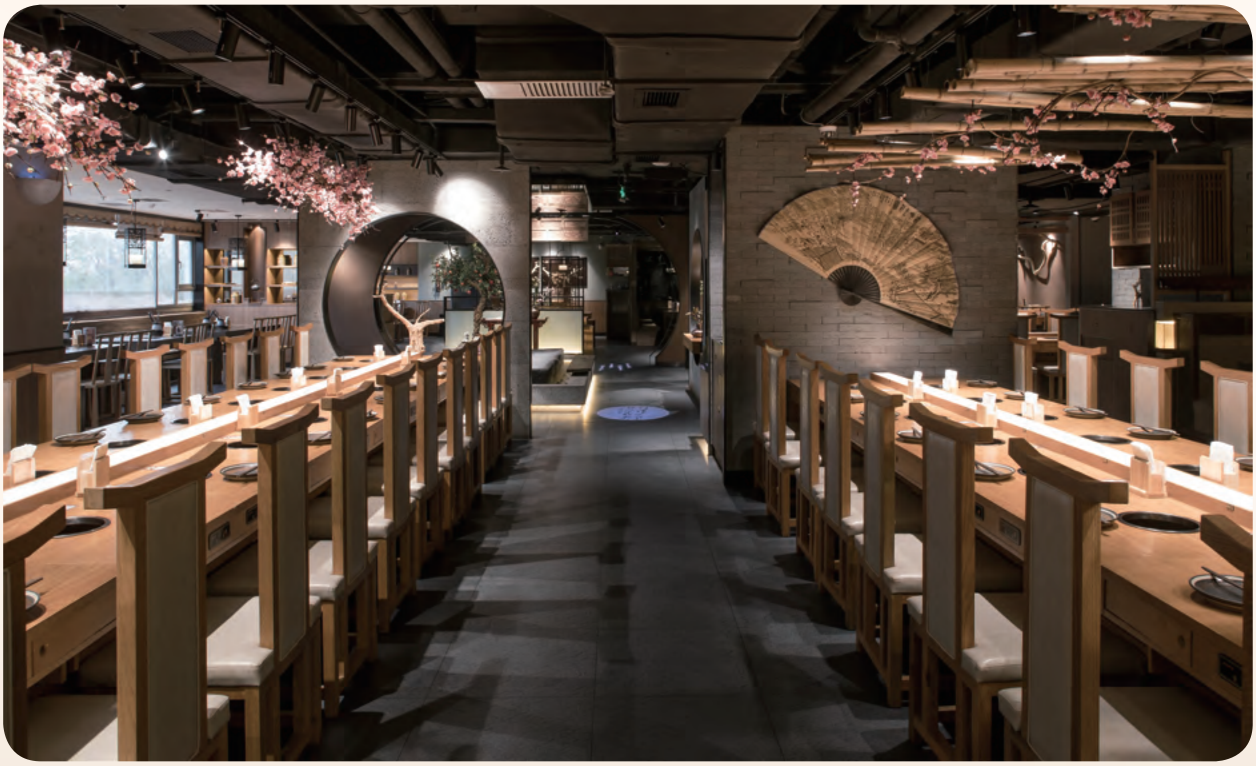
of 2019, mainly due to the Group's continued expansion of its network of restaurants. In the first half of 2019, the restaurant level operating profit generated from Coucou restaurants was RMB68.8 million, compared with RMB22.8 million in the same period in 2018, representing a year-over-year growth of 201.8%. In the second half of the year, the Group will continue to maintain the speed of development and increase the market share of Coucou.

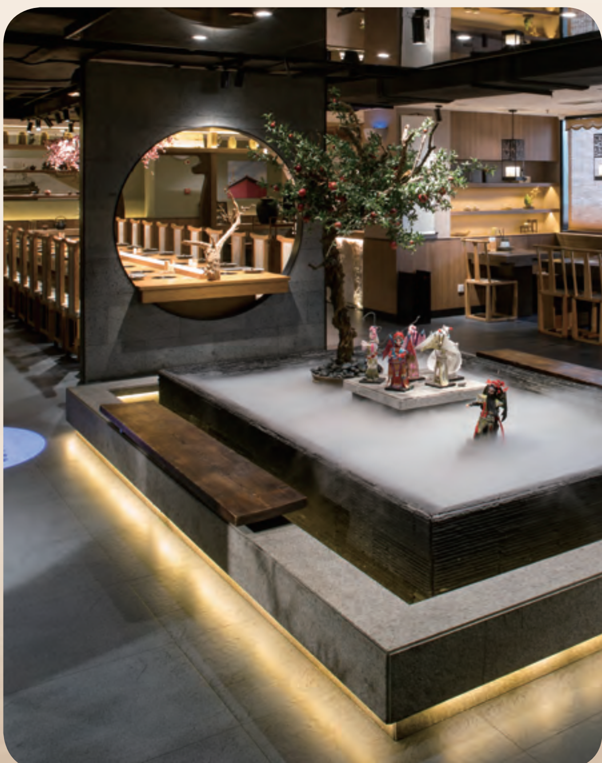
- Expand the delivery business: The Group continues to expand the delivery business as an extension to the operation hours of its restaurants. The Group has extended the coverage of its delivery business from 55 cities in the first half of 2018 to 73 cities in the same period in 2019. As of 30 June 2019, the delivery business recorded a year-over-year growth of 19.0%. In the second half of this year, the Group will step up its efforts to accelerate the expansion of its delivery business to enhance the brand recognition of "Xiabu Fresh" and lay down a solid foundation for future growth.

- Continue the upgrade of Xiabu restaurants: The Group will continue to put in more efforts to upgrade the operations of its Xiabuxiabu restaurants, from menu, settings and services to provide a better dining experience. As of 30 June 2019, the Group had more than 700 restaurants upgraded to Xiabuxiabu 2.0. In addition, as smart technology continues to improve, the Group is also making different attempts in the business to include such technological advancements into its operations. In the new restaurants, customers can use mobile devices to make orders through the use of QR code. The Group is also started to use robots to help deliver the meals in 5 restaurants. The Group believes the use of robotics is the future trend and will also optimize the operational efficiency at the restaurant level.



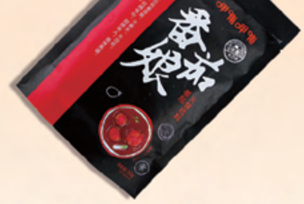
BUSINESS OVERVIEW AND OUTLOOK





INDUSTRY REVIEW

In the first half of 2019, the growth of China's domestic economy slowed down amid the increasing uncertainty in the external environment. On the other hand, domestic structural readjustment, favorable government policies, transformation and upgrading continued to be the backbone to maintain the growth of the economy. China's GDP grew at a rate of 6.3% in the first half of 2019, and actual per capita disposable income of urban and rural areas grew by 6.5%. Consumer price index rose by 2.2%. The structural optimization in the service sector continued to develop in the first half of 2019, which also contributed to the growth of China's economy. Service consumption has also accelerated together with consumer's growing demand for services with higher quality and efficiency.



OPERATIONAL HIGHLIGHTS

Overall Business and Financial Performance

The Group's restaurant network

In the first half of 2019, the Group opened 76 Xiabuxiabu restaurants and 13 Coucou restaurants. In addition, the Group closed a total of seven Xiabuxiabu restaurants in the first half of 2019 due to commercial reasons. A substantial portion of the Group's revenue and restaurant operating profit was derived from Xiabuxiabu restaurants. The table below sets forth the breakdown of the Group's system-wide Xiabuxiabu restaurants by region as of the dates indicated:

	As of 30 June 2019		As of 31 December 2018	
	#	**%**	#	%
Beijing	**304**	**31.8**	309	34.9
Shanghai	**58**	**6.1**	52	5.9
Tianjin	**89**	**9.3**	81	9.1
Hebei(1)	**154**	**16.1**	148	16.7
Northeast China(2)	**113**	**11.8**	102	11.5
Jiangsu(3)	**32**	**3.4**	29	3.3
Shandong(4)	**37**	**3.9**	31	3.5
Shanxi(5)	**32**	**3.4**	27	3.0
Other regions(6)	**136**	**14.2**	107	12.1
Total	**955**	**100.0**	886	100.0

(1) Including 17 cities in Hebei Province.

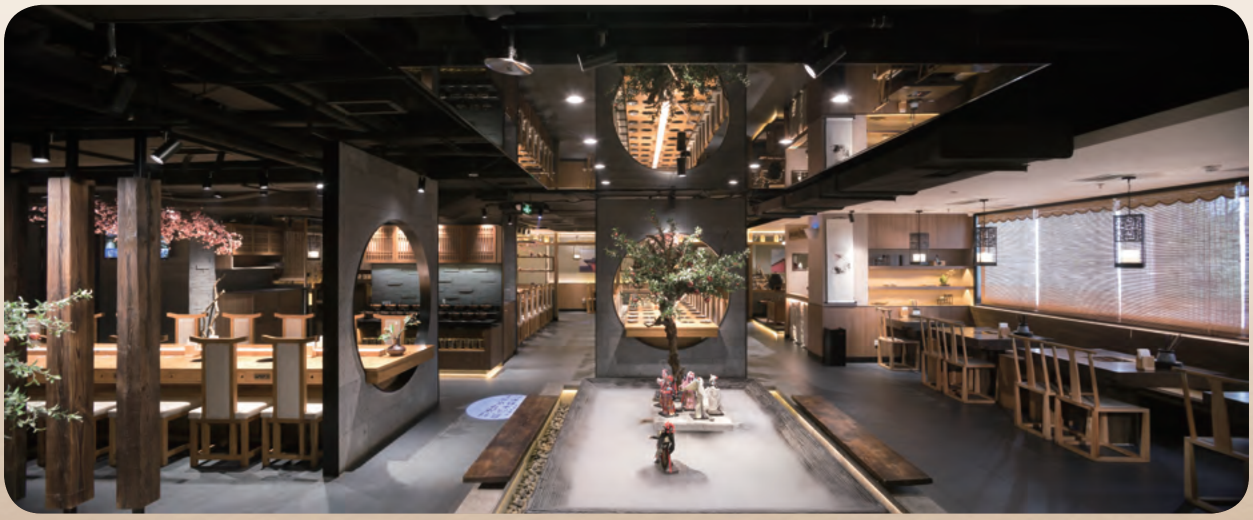
(2) Including 25 cities in Heilongjiang, Jilin and Liaoning Provinces.

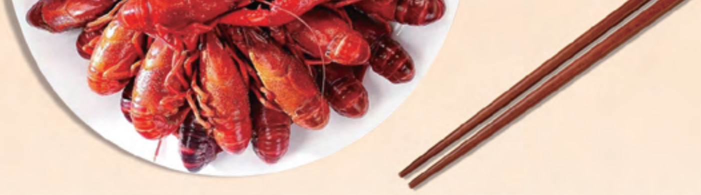
(3) Including 7 cities in Jiangsu Province.

(4) Including 14 cities in Shandong Province.

(5) Including 13 cities in Shanxi Province.

(6) Including 42 cities in Fujian, Guangdong, Zhejiang, Henan, Shaanxi, Anhui, Gansu, Hunan, Hubei and Qinghai Provinces, Inner Mongolia Autonomous Region and Ningxia Hui Autonomous Region.

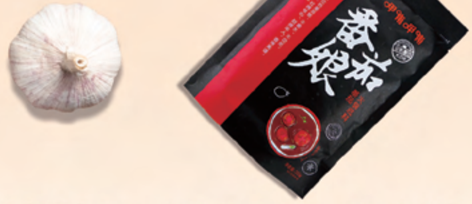




Key operational information for the Group's restaurants

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

	As of or for the six months ended 30 June	
	2019	2018
Net Revenue (in RMB thousands)		
Beijing	**961,171**	912,314
Shanghai	**103,202**	103,532
Tianjin	**173,509**	141,623
Hebei[2]	**384,954**	314,745
Northeast China[3]	**202,694**	180,212
Jiangsu[4]	**49,811**	45,563
Shandong[5]	**46,170**	31,633
Shanxi[6]	**77,752**	48,827
Other regions[7]	**199,454**	129,069
Total	**2,198,717**	1,907,518
Average spending per customer (RMB)[1]		
Beijing	**60.4**	53.9
Shanghai	**57.8**	51.8
Tianjin	**56.0**	51.4
Hebei[2]	**55.0**	50.9
Northeast China[3]	**53.0**	49.6
Jiangsu[4]	**57.5**	52.3
Shandong[5]	**54.9**	50.3
Shanxi[6]	**53.9**	48.7
Other regions[7]	**56.3**	50.5
Total	**57.4**	52.2
Seat turnover rate (X)[8]		
Beijing	**3.1**	3.6
Shanghai	**2.2**	2.6
Tianjin	**2.2**	2.5
Hebei[2]	**2.7**	2.7
Northeast China[3]	**1.9**	2.7
Jiangsu[4]	**1.5**	1.5
Shandong[5]	**1.6**	1.9
Shanxi[6]	**2.4**	2.9
Other regions[7]	**1.5**	1.7
Total	**2.4**	2.8



(1) Calculated by dividing revenue generated from food and beverage sales of Xiabuxiabu restaurants for the period by total customer traffic of Xiabuxiabu restaurants for the period.

(2) Including 17 cities in Hebei Province.

(3) Including 25 cities in Heilongjiang, Jilin and Liaoning Provinces.

(4) Including 7 cities in Jiangsu Province.

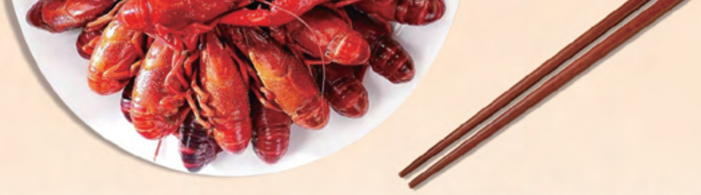
(5) Including 14 cities in Shandong Province.

(6) Including 13 cities in Shanxi Province.

(7) Including 42 cities in Fujian, Guangdong, Zhejiang, Henan, Shaanxi, Anhui, Gansu, Hunan, Hubei and Qinghai Provinces, Inner Mongolia Autonomous Region and Ningxia Hui Autonomous Region.

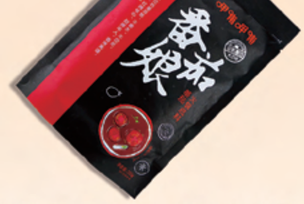
(8) Calculated by dividing total customer traffic by total restaurant operation days and average seat count of Xiabuxiabu restaurants during the period.

In the first half of 2019, in terms of restaurant count and revenue contribution, as the Group successfully implemented its nationwide expansion plan, the Group's revenue generated from restaurants outside of Beijing continued to increase in absolute terms; and as a percentage of the Group's total revenue in the same period, increased to approximately 56.3% of the Group's total revenue. On the other hand, average customer spending continued to increase in the first half of 2019, primarily due to the increase in sales of newly launched menu items as the Group continued to optimize its product combinations and launch new products regularly.



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

	For the six months ended 30 June		For the six months ended 30 June	
	2018	**2019**	2017	2018
Number of same-store (#)				
Beijing	**273**		263	
Shanghai	**46**		50	
Tianjin	**64**		55	
Hebei[1]	**126**		109	
Northeast China[2]	**72**		54	
Jiangsu[3]	**27**		20	
Shandong[4]	**18**		16	
Shanxi[5]	**17**		9	
Other regions[6]	**78**		38	
Total	**721**		614	
Same-store sales (in RMB millions)				
Beijing	**846.5**	**842.6**	741.2	791.3
Shanghai	**92.9**	**84.6**	77.5	88.5
Tianjin	**129.4**	**128.8**	107.0	110.6
Hebei[1]	**282.5**	**313.0**	220.5	247.1
Northeast China[2]	**167.9**	**133.6**	95.4	103.5
Jiangsu[3]	**40.6**	**40.8**	26.3	30.0
Shandong[4]	**28.6**	**25.5**	21.5	22.6
Shanxi[5]	**43.5**	**43.2**	21.3	22.0
Other regions[6]	**112.5**	**98.5**	61.3	56.8
Total	**1,744.4**	**1,710.6**	1,372.0	1,472.4
Same-store sales growth (%)				
Beijing	**(0.5)**		6.8	
Shanghai	**(8.9)**		14.2	
Tianjin	**(0.5)**		3.4	
Hebei[1]	**10.8**		12.1	
Northeast China[2]	**(20.4)**		8.5	
Jiangsu[3]	**0.5**		14.1	
Shandong[4]	**(10.8)**		5.1	
Shanxi[5]	**(0.7)**		3.3	
Other regions[6]	**(12.4)**		(7.3)	
Total	**(1.9)**		7.3	



(1) Including 17 cities in Hebei Province.

(2) Including 25 cities in Heilongjiang, Jilin and Liaoning Provinces.

(3) Including 7 cities in Jiangsu Province.

(4) Including 14 cities in Shandong Province.

(5) Including 13 cities in Shanxi Province.

(6) Including 42 cities in Fujian, Guangdong, Zhejiang, Henan, Shaanxi, Anhui, Gansu, Hunan, Hubei and Qinghai Provinces, Inner Mongolia Autonomous Region and Ningxia Hui Autonomous Region.

In the first half of 2019, the Group's nationwide same-store sales decreased by 1.9%, primarily due to the extensive discount we provided for sales promotion during this period in response to the intense competition in the market.

OUTLOOK

Business Outlook

In the first half of 2019, with the increase of per capita disposable income and the expansion of the middle class, millennials are increasingly focusing on the quality of products and services. Such changes lead to a more accelerated diversification-, specialization- and brand-oriented catering industry.

For these reasons, the Group intends to implement the following measures:

- *Brand red line:* The Group aims to live up to its motto of "quality comes from persistence" and maintain strict food safety and quality standards. The Group will further enforce strict control on food safety and quality, including: (i) continue to implement strict food safety and quality control system and enforce assurance measures at all levels, from supply chains, logistics, food processing centers to restaurants; (ii) continue to strengthen the Group's centralized purchasing management system using bulk purchase; (iii) work exclusively with reputable and high quality suppliers worldwide; (iv) eliminate intermediaries in the supply chain and implement direct restaurant delivery from suppliers or our distribution centers; and (v) continue to self-evaluate and strictly monitor the Group's food safety and quality control standards and measures.

- *Brand enhancement:* Millennials pursuing "high quality" and "good experience" spending habit are becoming our main customers. In response to such demand, the Group launched the upgraded version of Xiabuxiabu 2.0 experience. In addition to an environmental upgrade, the Group has also upgraded its product mix, utensils, services, as well as enhanced our restaurant operations through the application of information technologies in our operations. The Group expects to give consumers the best value for money along with an overall experience upgrade.

- *Brand extension:* The scale of the delivery market is expected to continue to grow in the next few years. In view of this market capacity, the Group will continue to strengthen its presence in the market by expanding its hot pot delivery services and its food ingredients delivery in response to consumers pursuit for quality ingredients. In addition, in order to make up for the demand that is out of normal delivery hours and to increase market share, the Group will continue to expand the XiaZhuXiaTang business, offering the delivery of ready-to-eat food and beverage, and bring convenience for our consumers.

BUSINESS OVERVIEW AND OUTLOOK

- *Brand coverage:* The Group will continue to expand its business based on the five-year strategic plan set up back in 2016. In 2019, the Group plans to maintain a rate of expansion similar to 2018. The Group plans to strengthen its leadership in the existing market and enhance market penetration at the same time. The Group will continue to put in the development of markets. The Group also plans to continue to expand its footprint in the Southern China market where the Group has just opened three Xiabuxiabu restaurants successfully in the first half of 2019. During the process of expansion, the Group will continue to focus on market research on newly developed regions and strengthen business development capability, marketing strategy, business operations and other collaborations, to ensure continued success in the Group's new openings in the newly developed regions.

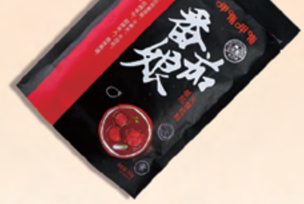
- *Brand digitalization:* In the "new catering" era, the integration of online and offline operations has become a new trend. With the mobile internet penetrating into the lives of consumers and the millennials becoming the main consumers of the catering industry, the demand for online ordering and mobile payment has been growing steadily. In response to the trend, the Group takes advantage of online and offline integration to enhance consumer experience and further digitize dining experience in its restaurants.

- *Brand portfolio development:* The Group aspires to fully penetrate into all market segments. Coucou is the high-end brand of the Group, which mainly focuses on family and business dining occasions and fully demonstrates the characteristics of Taiwanese-style hospitality service. Coucou restaurants offer Taiwanese-style dining experiences with specialty dishes, service, ambience and create a unique dining experience which is widely praised by consumers. With its strong brand recognition and reputation among customers, the Group believes Coucou will continue to accelerate the pace of expansion, to pursue high-quality, premium dining experiences, be well perceived by the high-end consumer groups.

- *Brand marketing:* The Group will enhance its brand image by launching a series of online and offline marketing campaigns to enhance its brand awareness. The Group's customer relationship management focuses on marketing activities to further enhance customer loyalty. The Group also plans to mobilize its nearly 80-million customer traffic, and to take advantage of its large customer base and work with well-known brands to launch joint promotion programs.

- *Brand organization management:* The Group strives to strengthen its organization and human resources management. In response to the ever changing market, the Group will strengthen the accountability system of the general managers of each market. At the same time, the Group plans to adopt a performance focused incentive mechanism to stimulate the management capability of its major business operations managers.

- *Brand diversification:* The Group launched condiment products under Xiabuxiabu brand. In recent years, Chinese consumers are placing increasing emphasis on food safety, quality, healthiness, flavor and tastes of high-end sauce and condiments products. In view of the strong potential market opportunity for these condiment products, the Company, through the establishment of its non-wholly owned subsidiary, Xiabuxiabu (China) Food Co. Ltd. (呷哺呷哺（中國）食品有限公司), is venturing into the condiment product business, which supplements and complements the Group's principal catering service business and will further strengthen the brand of the Group.



2019 INDUSTRY OUTLOOK

In the first half of this year, the major economic indicators fluctuated as China's domestic economy continued to face external challenges. There are still many variables in the external environment, with uncertainties and challenges ahead in the near future. In particular, the continued rising of protectionism and emergence of trade wars pose a major challenge to the global economy.

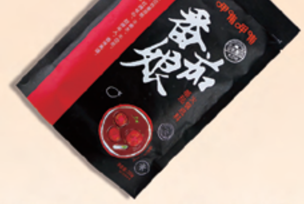
As a result of the foregoing, the short-term growth of China's economy is likely to be negatively affected. Looking at the key index in the first half of this year, China's economic growth slowed down and recorded a lower growth of GDP in the first half of 2019. The Chinese government started to boost domestic consumption to support economic growth. As such, we believe the growth of consumption will gradually regain its momentum in the second half of this year.

As consumers' living standard improves, the development of the catering industry in the next few years will become crucial to the Group's future success. The increase of per capita disposable income and the expansion of the middle class are also contributing to the accelerated diversification, specialization and quality improvement in the catering industry. At the same time, consumers' increasing emphasis on the quality of product and service also leads to the change of consumer behavior from price-oriented to brand-oriented. In addition, as millennials are becoming the main consumer group in the catering industry, their unique consumption behaviors, such as emphasis on quality and brand name and preference for food delivery services, are also changing the competitive landscape of the industry. In the next year, companies in the catering industry will continue to focus on brand development, maintenance, enhancement and internal transformation to achieve an overall quality improvement of their operations. New dining experiences combined with the use of technologies have become the key growth factor of companies in the catering industry. The integration of online and offline business operations will become the future trend of development in the catering industry.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table is a summary of the Group's consolidated statement of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of the Group's total revenue for the periods indicated, together with the change (expressed in percentages) from the six months ended 30 June 2018 to the six months ended 30 June 2019:

	For the six months ended 30 June				Period-to-period Change
	2019		2018		
	RMB	***%***	*RMB*	*%*	*%*
	(In thousands, except for percentages and per share data)				
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income					
Revenue	**2,712,521**	**100.0**	2,129,073	100.0	27.4
Other income	**21,543**	**0.8**	21,141	1.0	1.9
Raw materials and consumables used	**(996,617)**	**(36.7)**	(791,745)	(37.2)	25.9
Staff costs	**(719,543)**	**(26.5)**	(538,310)	(25.3)	33.7
Property rentals and related expenses	**(126,277)**	**(4.7)**	(268,048)	(12.6)	(52.9)
Utilities expenses	**(91,219)**	**(3.4)**	(73,082)	(3.4)	24.8
Depreciation and amortisation	**(374,751)**	**(13.8)**	(97,584)	(4.6)	284.0
Other expenses	**(168,375)**	**(6.2)**	(119,588)	(5.6)	40.8
Other gains and losses	**13,325**	**0.5**	27,235	1.3	(51.1)
Finance costs	**(45,381)**	**(1.7)**	–	–	–
Profit before tax	**225,226**	**8.3**	289,092	13.6	(22.1)
Income tax expense	**(63,037)**	**(2.3)**	(79,734)	(3.7)	(20.9)
Profit for the period attributable to owners of the Company	**162,189**	**6.0**	209,358	9.8	(22.5)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Reversal of previously accumulated investment revaluation reserve upon disposal of debt instrument measured at fair value through other comprehensive income ("**FVTOCI**")	**–**	**–**	69	–	–
Total comprehensive income for the period attributable to owners of the Company	**162,189**	**6.0**	209,427	9.8	(22.6)
Profit (loss) for the period attributable to:					
Owners of the Company	**164,040**	**6.1**	209,358	9.8	(21.6)
Non-controlling interest	**(1,851)**	**(0.1)**	–	–	–
	162,189	**6.0**	209,358	9.8	(22.5)
Total comprehensive income (expense) attributable to:					
Owners of the Company	**164,040**	**6.1**	209,427	9.8	(21.7)
Non-controlling interest	**(1,851)**	**(0.1)**	–	–	–
	162,189	**6.0**	209,427	9.8	(22.6)
Earnings per share					
– Basic (RMB cents)	**15.41**		19.51		
– Diluted (RMB cents)	**15.25**		19.22		



REVENUE

The Group's revenue increased by 27.4% from RMB2,129.1 million for the six months ended 30 June 2018 to RMB2,712.5 million for the same period of 2019, primarily due to (i) an increase in the number of the Group's Xiabuxiabu restaurants from 780 as of 30 June 2018 to 955 as of 30 June 2019 and (ii) an increase in the sales of condiment products from RMB17.2 million for the six months ended 30 June 2018 to RMB24.5 million for the same period in 2019, which was partially offset by a decrease in same-store sales of the Group's Xiabuxiabu restaurants from RMB1,744.4 million for the six months ended 30 June 2018 to RMB1,710.6 million for the same period in 2019. In particular, net revenue generated from Xiabuxiabu restaurants increased by 15.3% from RMB1,907.5 million for the six months ended 30 June 2018 to RMB2,198.7 million for the same period of 2019. The Group opened 76 new Xiabuxiabu restaurants throughout China in the first half of 2019 to enhance its restaurant network and also opened 13 new Coucou restaurants during the six months ended 30 June 2019.

OTHER INCOME

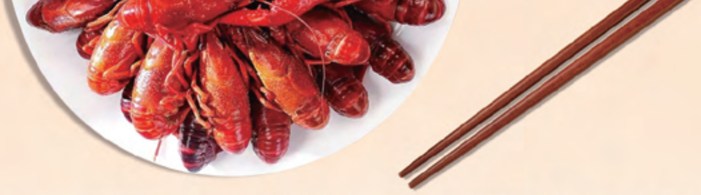
The Group's other income remained relatively stable at RMB21.5 million for the six months ended 30 June 2019 as compared to RMB21.1 million for the same period in 2018 as the sales of delivery fee and the government subsidy the Group received from the local government for the Group's local business development remained stable. There were no unfulfilled conditions in the period in which such government subsidy was recognized.

RAW MATERIALS AND CONSUMABLES USED

The Group's raw materials and consumables costs increased by 25.9% from RMB791.7 million for the six months ended 30 June 2018 to RMB996.6 million for the same period of 2019 as the scale of the Group's operations further increased, which included the number of the restaurants in the Group's network and the Group's system-wide sales. As a percentage of the Group's revenue, the Group's raw materials and consumables costs decreased to 36.7% in the first half of 2019 from 37.2% in the first half of 2018, primarily due to better procurement planning and increase in the procurement volume of our key ingredients, such as lamb, beef and shrimp.

STAFF COST

The Group's staff cost increased by 33.7% from RMB538.3 million for the six months ended 30 June 2018 to RMB719.5 million for the same period of 2019, primarily due to an increase in the number of the Group's employees from 21,849 as of 30 June 2018 to 27,401 as of 30 June 2019, as well as an increase in per capita wages, which was a result of an increase in the minimum hourly wage and statutory social insurance in China. As a percentage of the Group's revenue, the Group's staff cost increased from 25.3% in the first half of 2018 to 26.5% in the first half of 2019, which was the result of an increase in per capita wages, as well as the increasing size of the Group's staff to support expansion of its operations for both Xiabuxiabu and Coucou restaurants. For the six months ended 30 June 2019, in connection with the pre-IPO share incentive plan adopted by the Company on 28 August 2009 (the "**Pre-IPO Share Incentive Plan**") and the restricted share unit scheme adopted by the Company on 28 November 2014 (the "**RSU Scheme**"), the Group's equity-settled share-based expenses decreased by approximately 36.5% from RMB5.2 million in the first half of 2018 to RMB3.3 million in the first half of 2019.



PROPERTY RENTALS AND RELATED EXPENSES

The Group's property rentals and related expenses decreased by 52.9% from RMB268.0 million for the six months ended 30 June 2018 to RMB126.3 million for the same period of 2019, primarily as a result of the implementation of IFRS 16 effective from 1 January 2019 which led to the Group's property rentals and related expenses decreased from 12.6% in the first half of 2018 to 4.7% in the first half of 2019 as a percentage of the Group's revenue.

UTILITIES EXPENSES

The Group's utilities expenses increased by 24.8% from RMB73.1 million for the six months ended 30 June 2018 to RMB91.2 million for the same period of 2019 as the scale of the Group's operation in terms of number of restaurants continued to increase. As a percentage of the Group's revenue, utilities expenses remained stable at 3.4% in the first half of 2019, same as that in the first half of 2018.

DEPRECIATION AND AMORTIZATION

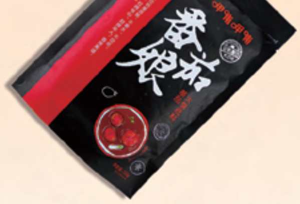
The Group's depreciation and amortization increased by 284.0% from RMB97.6 million for the six months ended 30 June 2018 to RMB374.8 million for the same period of 2019, primarily as a result of implementation of IFRS 16 which led to an increase in the depreciation of right-of-use assets of Group's property, plant and equipment as the Group continued to open new restaurants and upgrade its existing restaurants to Xiabuxiabu 2.0. As a percentage of the Group's revenue, depreciation and amortization increased from 4.6% in the first half of 2018 to 13.8% in the first half of 2019.

OTHER EXPENSES

The Group's other expenses increased by 40.8% from RMB119.6 million for the six months ended 30 June 2018 to RMB168.4 million for the same period of 2019. As a percentage of the Group's revenue, the Group's other expenses increased from 5.6% for the six months ended 30 June 2018 to 6.2% for the same period of 2019. The increase in the Group's other expenses in absolute terms was primarily due to (i) an increase in advertising and other marketing expenses, (ii) an increase in logistic fees, and (iii) an increase in delivery expenses due to the expansion of Xiabu Fresh.

OTHER GAINS AND LOSSES

The Group's other gains decreased by 51.1% from RMB27.2 million for the six months ended 30 June 2018 to RMB13.3 million for the same period in 2019, primarily as a result of the implementation of IFRS 16 and a decrease in foreign exchange gain. As a percentage of the Group's revenue, other gains decreased from 1.3% in the first half of 2018 to 0.5% in the first half of 2019.

FINANCE COST

The Group recorded finance costs of RMB45.4 million for the six months ended 30 June 2019 due to the interest expense recognized as a result of the implementation of IFRS 16. As the Group did not have external borrowings historically, there was no interest expense prior to this year.

PROFIT BEFORE TAX

As a result of the foregoing, the Group's profit before tax decreased by 22.1% from RMB289.1 million for the six months ended 30 June 2018 to RMB225.2 million for the same period of 2019, and as a percentage of the Group's revenue, the Group's profit before tax decreased from 13.6% for the six months ended 30 June 2018 to 8.3% for the same period of 2019.

Without taking into account the total expenses in connection with the Pre-IPO Share Incentive Plan and the RSU Scheme of RMB3.3 million and as a result of the change in IFRS 16 which led to a decrease in profit of RMB43.0 million for the six months ended 30 June 2019, the Group's profit before tax would have decreased by 7.7% from RMB294.3 million for the six months ended 30 June 2018 to RMB271.5 million for the same period of 2019.

INCOME TAX EXPENSE

The Group's income tax expense decreased by 20.9% from RMB79.7 million for the six months ended 30 June 2018 to RMB63.0 million for the same period of 2019, primarily as a result of the decrease in taxable income.

PROFIT FOR THE PERIOD

As a result of the cumulative effect of the above factors, the Group's profit for the Reporting Period decreased by 22.5% from RMB209.4 million for the six months ended 30 June 2018 to RMB162.2 million for the same period of 2019, and as a percentage of the Group's revenue, the Group's profit for the Reporting Period decreased from 9.8% for the six months ended 30 June 2018 to 6.0% for the same period of 2019.

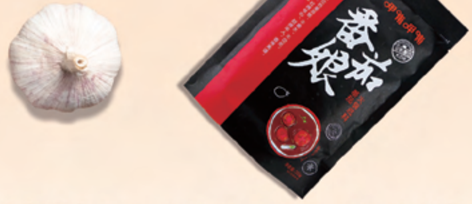
Without taking into account the total expenses in connection with the Pre-IPO Share Incentive Plan and the RSU Scheme of RMB3.3 million and as a result of the change in IFRS 16 which led to a decrease in profit of RMB43.0 million in the first half of 2019, the Group's profit for the Reporting Period would have decreased by 2.0% from RMB214.6 million for the six months ended 30 June 2018 to RMB210.3 million for the same period of 2019. For further details, please refer to the section headed "Non-IFRS Measure — (b) Adjusted net profit" below.

NON-IFRS MEASURE

(a) Restaurant level operating profit

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Group also uses restaurant level operating profit as an additional financial measure to evaluate the Group's financial performance at the restaurant level. Restaurant level operating profit is calculated by deducting raw materials and consumables cost and restaurant level staff costs, restaurant level rental and property related expenses, restaurant level depreciation and amortization and other restaurant level expenses from revenue generated from Xiabuxiabu restaurants. For the six months ended 30 June 2019, the Group managed to grow its revenue generated from the Coucou restaurants by 150.2% from RMB195.9 million for the six months ended 30 June 2018 to RMB490.1 million for the six months ended 30 June 2019, which accounted for approximately 18.1% of the total revenue of the Group in the first half of 2019, primarily due to its continual effort to expand the Coucou restaurant network. Restaurant level operating profit increased by 201.8% from RMB22.8 million for the six months ended 30 June 2018 to RMB68.8 million for the same period in 2019. Xiabuxiabu restaurants continued to contribute the largest source of revenue and restaurant level operating profit for the Group. The continual expansion of restaurants was one reason that drove revenue to continue to grow in the first half of 2019, the fast expansion in the delivery business was another reason that helped deliver the growth. In the first half of 2019, in order to expand the delivery business, we (i) continued to expand our food ingredient delivery and instant hotpot business "XiaZhuXiaTang" that built up a growing delivery business and increased our competitive advantage against the traditional hotpot delivery model; (ii) rapidly developed our geographical distribution focus, from only 55 cities in the first half of 2018 to 73 cities; and quickly obtained market share through the use of a huge amount of marketing activities. At the end of the first half of this year, sales revenue from the delivery business increased by nearly 19.0% compared to that of the same period in last year. In 2019, the Group will continue to strategically invest in larger branding and marketing fee, to fully promote the Xiabuxiabu brand and quality, especially targeting the millennial customers who look for premium quality, to showcase its quality and highlight the advantages of its quality ingredients such as the classic Ximen lamb, allowing customers to have the opportunity to taste the high-quality ingredients and tastes from the Group's main-product line. The Group helped customers to understand the upgrade is not purely to decorate its restaurants to become an internet sensation, it is also a full-scale upgrade from environment to the quality of ingredients, product mix, service upgrade to help the Company to win and obtain further goodwill and market share.

Although the management, especially the branding officer, realized that the above-mentioned marketing activities and promotion in delivery will affect the restaurant level operating profit to a certain extent, in the long run they will help the Group to lay down the foundation for future growth in market and goodwill exposure. This is why the Group needs to start investing in advance, as it continues to establish its brand and quality. In fact, the sales and profits have started to grow at a similar pace in relatively matured regions. The Group believes as it promotes the brand more in the newly developed regions, it will first see sales growth and eventually growth in profits will follow soon.



The table below sets forth the breakdown of revenue generated from Xiabuxiabu restaurants by geographical regions, each presented as a percentage of the total revenue generated therefrom for the periods indicated, as well as the geographical breakdown of the restaurant level operating profit generated from Xiabuxiabu restaurants, each presented as a percentage of the regional revenue generated therefrom for the periods indicated:

	Six months ended 30 June			
	2019		2018	
	RMB	***%***	*RMB*	*%*
	(In thousands, except for percentages)			
Revenue:				
Beijing	**961,171**	**43.7**	912,314	47.8
Shanghai	**103,202**	**4.7**	103,532	5.4
Tianjin	**173,509**	**7.9**	141,623	7.4
Hebei[1]	**384,954**	**17.5**	314,745	16.5
Northeast China[2]	**202,694**	**9.2**	180,212	9.5
Jiangsu[3]	**49,811**	**2.3**	45,563	2.4
Shandong[4]	**46,170**	**2.1**	31,633	1.7
Shanxi[5]	**77,752**	**3.5**	48,827	2.6
Other regions[6]	**199,454**	**9.1**	129,069	6.7
Total	**2,198,717**	**100.0**	1,907,518	100.0
Restaurant Level Operating Profit and Margin Performance[7]:				
Beijing	**249,346**	**25.9**	234,805	25.7
Shanghai	**7,504**	**7.3**	11,012	10.6
Tianjin	**30,996**	**17.9**	23,131	16.3
Hebei[1]	**84,680**	**22.0**	74,549	23.7
Northeast China[2]	**14,037**	**6.9**	27,824	15.4
Jiangsu[3]	**2,032**	**4.1**	333	0.7
Shandong[4]	**1,086**	**2.4**	4,590	14.5
Shanxi[5]	**15,474**	**19.9**	13,795	28.3
Other regions[6]	**(6,773)**	**(3.4)**	5,810	4.5
Total	**398,382**	**18.1**	395,849	20.8

(1) Including 17 cities in Hebei Province.

(2) Including 25 cities in Heilongjiang, Jilin and Liaoning Provinces.

(3) Including 7 cities in Jiangsu Province.

(4) Including 14 cities in Shandong Province.

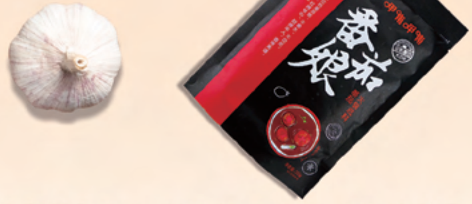
(5) Including 13 cities in Shanxi Province.

(6) Including 42 cities in Fujian, Guangdong, Zhejiang, Henan, Shaanxi, Anhui, Gansu, Hunan, Hubei and Qinghai Provinces, Inner Mongolia Autonomous Region and Ningxia Hui Autonomous Region.

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

In the first half of 2019, Beijing continued to be the Group's most important geographical market both in terms of restaurant count and revenue contribution. However, as the Group successfully expanded into additional markets, the revenue generated from Xiabuxiabu restaurants in Beijing decreased as a percentage of the total revenue generated therefrom from 47.8% in the first half of 2018 to 43.7% in the first half of 2019.

As a percentage of the Group's revenue generated from Xiabuxiabu restaurants, the Group's restaurant level operating profit generated therefrom decreased from 20.8% in the first half of 2018 to 18.1% in the first half of 2019 primarily attributable to the increases in various operating expenses.



(b) Adjusted net profit

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Group also uses adjusted net profit as an additional financial measure to evaluate the Group's financial performance without taking into account certain unusual and non-recurring items. Adjusted net profit is calculated by deducting expenses related to equity-settled share-based expenses from the Group's staff costs and the impact in connection with the implementation of IFRS16. The table below sets forth the reconciliation of profit for the period to adjusted net profit:

	Six months ended 30 June	
	2019	2018
	(In RMB thousands)	
Total comprehensive income for the period attributable to owners of the Company	**164,040**	209,427
Equity-settled share-based expenses	**3,271**	5,224
Impact of implementation of IFRS16	**42,972**	–
Adjusted net profit[1]	**210,283**	214,651

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

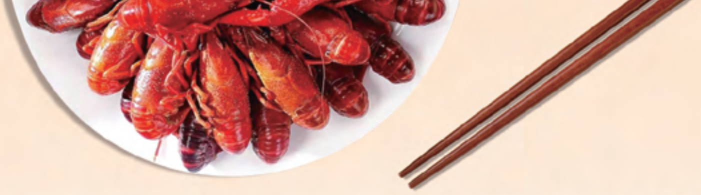
LIQUIDITY AND CAPITAL RESOURCES

For the six months ended 30 June 2019, the Group financed its operations primarily through cash from the Group's operations. The Group intends to finance its expansion and business operations by internal resources and through organic and sustainable growth, as well as the net proceeds received from the global offering.

Cash and cash equivalents

As of 30 June 2019, the Group had cash and cash equivalents of RMB268.8 million (31 December 2018: RMB1,340.7 million), which primarily consisted of cash on hand and demand deposits and which were mainly denominated in Hong Kong dollars (as to 21.2%), Renminbi (as to 68.1%) and U.S. dollars (as to 10.7%).

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



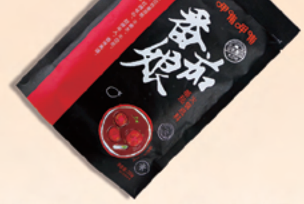
Net proceeds from the global offering (including the partial exercise of the over-allotment option on 9 January 2015), after deducting the underwriting commission and other expenses in connection with the global offering which the Company received amounted to an aggregate of approximately HK$1,043.5 million, comprising HK$1,001.5 million raised from the global offering and HK$42.0 million raised from the issue of shares pursuant to the partial exercise of the over-allotment option. As of 30 June 2019, the Company utilized approximately 2.8%, or HK$29.1 million of the net proceeds from the global offering to provide funding for our working capital and other general corporate purposes, including the payment of our staff costs and professional service fees. The Company had also utilized 4.4%, or HK$45.4 million of the net proceeds from the global offering to purchase the land use rights of two parcels of land in Beijing and Tianjin. These two properties are used for the construction of the second central kitchen of the Group and a logistics center to support the future growth of the Group's operations. The remaining net proceeds have been deposited into short-term demand deposits and money market instruments such as short-term financial products issued by reputable commercial banks as well as bonds. For the rest of 2019 and the upcoming years, the Group will continue to utilize the net proceeds from the global offering for purposes consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 5 December 2014 (the "**Prospectus**").

Financial assets at fair value through profit or loss ("FVTPL")

As of 30 June 2019, the Group had financial assets at FVTPL amounted to RMB1,097.2 million in aggregate (31 December 2018: nil), which mainly represented short-term financial products (the "**Financial Products**") issued by Bank of Communications Co., Ltd., China Merchants Bank Co., Ltd., Shanghai Pudong Development Bank Co., Ltd, Fubon Bank (China) Co., Ltd. (collectively, the "**Banks**") and Hang Tang Cathay Rock Investment Management Co. Ltd (the "**Hang Tang Cathay Rock**"). The Financial Products were not principal protected nor with pre-determined or guaranteed return. The Company generally subscribed for the Financial Products on a revolving basis, which means that the Company would subscribe for additional Financial Products when the terms of certain Financial Products previously subscribed for by the Company expired. As of 30 June 2019, the Company held nine outstanding Financial Products issued by the three different banks and an investment fund company with an aggregate principal amount of RMB1,080.0 million which shall all mature by no later than 15 November 2019.

The Financial Products which the Company subscribed for during the six months ended 30 June 2019 were with a term ranging from 7 days to 304 days and an expected return rate ranging from 3.3% to 6.3% per annum. The gain the Group realized from the Financial Products during the six months ended 30 June 2019 was recorded as gain from changes in fair value of financial assets designated at financial assets at FVTPL and amounted to approximately RMB20.3 million for the six months ended 30 June 2019.

The underlying investments of the Financial Products were primarily (i) fixed income products such as corporate and government bonds with AA rating if a rating has been obtained, deposits and other money market funds; (ii) structured equities or securities investment products and/or other asset management plans or funds; and (iii) non-standardized debts instruments such as entrustment loans, acceptance bills and/or letter of credits.



Subscriptions of Financial Products were made for treasury management purpose to maximize the return on the unutilized funds of the Company after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Company had in the past selected short-term financial products issued by reputable commercial banks that had relatively low associated risk. Prior to making an investment, the Company had also ensured that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments in such Financial Products. Although the Financial Products were marketed as wealth management products which were not principal protected nor with pre-determined or guaranteed return, the underlying investments were considered to have relatively low risk and were also in line with the internal risk management, cash management and investment policies of the Group as the Company had, in the past, totally recovered the principal and received the expected returns upon the redemption or maturity of similar financial products. In addition, the Financial Products were with flexible redemption terms or a relatively short term of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return. However, in accordance with the relevant accounting standards, the Financial Products are accounted for as financial assets at FVTPL.

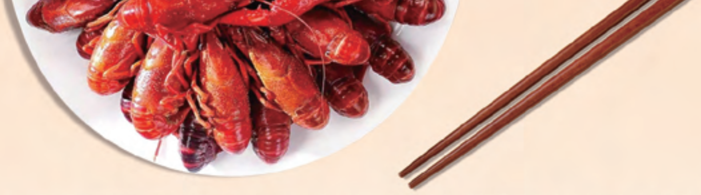
In view of an upside of earning a more attractive return than current saving or fixed deposit rate under the low interest rate trend, as well as the low risk nature and the flexible redemption terms or a relatively short term of maturity of the Financial Products, the directors of the Company (the "**Directors**") are of the view that the Financial Products pose little risk to the Group and the terms and conditions of each of the subscriptions are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

Details of the subscription of the Financial Products issued by the relevant Bank which constituted disclosable transactions of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") were disclosed in the announcements of the Company dated 11 January 2019, 14 January 2019, 16 January 2019 and 26 March 2019. Save as otherwise disclosed in the aforementioned announcements and this report, there was no other single financial product in the Group's investment portfolio that has a carrying amount that account for more than 5% of the Group's total assets as of 30 June 2019.

The Group purchased additional products with an aggregate principal amount of RMB590.0 million from 1 July 2019 up to the date of this report and which remained outstanding as at the date of this report. None of these subscriptions, individually or collectively when aggregation is required constitute a disclosable transaction under Chapter 14 of the Listing Rules.

Indebtedness

As of 30 June 2019, the Group did not have any outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection thereof.



Capital expenditures

The Group made payment for the capital expenditures representing the purchase of property, plant and equipment of RMB252.6 million for the six months ended 30 June 2019 in connection with new restaurant opening and re-decoration and furnishing of existing stores. For the six months ended 30 June 2018, the Group made payment for the capital expenditure of RMB214.9 million. The Group's capital expenditure in the first half of 2019 was funded primarily by cash generated from its operating activities. In particular, after considering the Group's restaurant opening plan, the Group funded the opening of new restaurants that the Group planned to fund with the net proceeds from the global offering with its existing cash instead. In the first half of 2019, the Group opened a total of 89 new restaurants. As of 30 June 2019, the Company did not have any charge over its assets.

Contingent liabilities and guarantees

As of 30 June 2019, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against us.

Material acquisitions and future plans for major investment

During the six months ended 30 June 2019, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses in accordance with the listing rule of Hong Kong. However, the Group will continue to identify new opportunities for business development.

EMPLOYEE AND STAFF COST

As of 30 June 2019, the Group had a total of 27,401 employees, of which 130 employees worked at the Group's food processing facilities, 2,568 were restaurant management staff, 23,569 were restaurant operation and service staff and 1,134 were administrative staff.

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

For the six months ended 30 June 2019, the total staff cost of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to RMB719.5 million, representing approximately 26.5% of the total revenue of the Group.

Pursuant to the Pre-IPO Share Incentive Plan, options to subscribe for an aggregate of 6,873,944 shares (representing approximately 0.64% of the total issued share capital of the Company as at the date of this report) granted by the Company under the Pre-IPO Share Incentive Plan remained outstanding as of 30 June 2019. The Company has also adopted the RSU Scheme which became effective upon the date of listing of the Company. Computershare Hong Kong Trustees Limited has been appointed as the trustee for the administration of the RSU Scheme pursuant to the rules of the RSU Scheme (the "**RSU Trustee**"). Such shares will be used as awards for relevant RSU Participants upon the grant and vesting of restricted share units ("**RSUs**"). As of 30 June 2019, RSUs in respect of an aggregate of 3,764,391 shares (representing approximately 0.35% of the total issued share capital of the Company as at the date of this report) granted by the Company under the RSU Scheme remained outstanding. Further details of the Pre-IPO Share Incentive Plan and the RSU Scheme, together with, among others, the details of the options granted under the Pre-IPO Share Incentive Plan and the RSUs granted under the RSU Scheme, will be set out in the section headed "Other Information" in the Company's 2019 interim report to be issued in due course.

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

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

As of 30 June 2019, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") were as follows:

Name of Director/ Chief Executive	Capacity/Nature of interest	Number of shares[1]	Approximate percentage of shareholding[6]
Mr. Ho Kuang-Chi[2]	Founder of a discretionary trust	450,000,000	41.67%
	Beneficial owner	246,491	0.02%
	Beneficiary of a trust	739,476	0.07%
Ms. Yang Shuling[3]	Beneficial owner	10,833,479	1.00%
	Beneficiary of a trust	1,376,407	0.13%
Ms. Zhao Yi[4]	Beneficial owner	1,627,890	0.15%
	Beneficiary of a trust	861,139	0.08%
Ms. Chen Su-Yin[2][5]	Interest of spouse	450,985,967	41.76%

Notes:

(1) All interests stated are long positions.

(2) The Ying Qi Trust, a discretionary trust established by Mr. Ho Kuang-Chi (as the settlor) for the benefit of Mr. Ho Kuang-Chi and with Ying Qi PTC Limited acting as the trustee, holds the entire issued share capital of Ying Qi Investments Limited. Accordingly, Mr. Ho Kuang-Chi is deemed to be interested in the 450,000,000 shares held by Ying Qi Investments Limited. Mr. Ho Kuang-Chi is also interested in 739,476 shares and RSUs representing 739,476 shares held on trust on his behalf by the RSU Trustee which can be exercised for nil consideration and are subject to vesting.

(3) Ms. Yang Shuling is interested in 8,981,893 shares and options representing 1,851,586 underlying shares granted to her under the Pre-IPO Share Incentive Plan and RSUs representing 1,376,407 shares held on trust on her behalf by the RSU Trustee which can be exercised for nil consideration. Both the options and RSUs are subject to vesting. Ms. Yang Shuling resigned as an executive Director and the chief executive officer of the Group with effect from 29 August 2019.

(4) Ms. Zhao Yi is interested in options representing 1,627,890 underlying shares granted to her under the Pre-IPO Share Incentive Plan and RSUs representing 861,139 shares held on trust on her behalf by the RSU Trustee which can be exercised for nil consideration and are subject to vesting. Ms. Zhao Yi was appointed as an executive Director and the chief executive officer of the Group with effect from 29 August 2019.

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

(6) As of 30 June 2019, the Company had 1,079,977,040 issued shares.

(b) Interests in other members of the Group

So far as the Directors are aware, as of 30 June 2019, the following person is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of subsidiary	Name of shareholder	Total share capital held by the shareholder	Approximate percentage of interest
Xiabuxiabu (China) Food Holdings Co., Limited[(1)]	Mr. Ho Kuang-Chi[(2)]	US$400,000	40%

Notes:

(1) Xiabuxiabu (China) Food Holdings Co., Limited is a 60%-owned subsidiary of the Company. Xiabuxiabu (China) Food Holdings Co., Limited wholly-owns Xiabuxiabu (HK) Food Holdings Co., Limited, which in turn wholly-owns Xiabuxiabu (China) Food Co., Limited (呷哺呷哺（中國）食品有限公司). Accordingly, Mr. Ho Kuang-Chi is deemed to be interested in each of Xiabuxiabu (HK) Food Holdings Co., Limited and Xiabuxiabu (China) Food Co., Limited (呷哺呷哺（中國）食品有限公司).

(2) Ms. Chen Su-Yin is the wife of Mr. Ho Kuang-Chi and is deemed to be interested in the 40% interest in Xiabuxiabu (China) Food Holdings Co., Limited, and in turn Xiabuxiabu (HK) Food Holdings Co., Limited and Xiabuxiabu (China) Food Co., Limited (呷哺呷哺（中國）食品有限公司), which are interested by Mr. Ho Kuang-Chi under the SFO.

Save as disclosed above, as of 30 June 2019, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of 30 June 2019, the following persons (other than the Directors or the chief executive of the Company) have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Nature of interest	Number of shares or securities held[1]	Approximate percentage of interest[6]
Ying Qi PTC Limited[2]	Trustee of a trust	450,000,000	41.67%
Ying Qi Investments Limited[2]	Beneficial owner	450,000,000	41.67%
Gap (Bermuda) Limited[3]	Interest of controlled corporation	207,000,000	19.17%
General Atlantic Genpar (Bermuda) L.P.[3]	Interest of controlled corporation	207,000,000	19.17%
General Atlantic Partners (Bermuda) II, L.P.[3]	Interest of controlled corporation	207,000,000	19.17%
General Atlantic Singapore Fund Interholdco Ltd.[3]	Interest of controlled corporation	207,000,000	19.17%
General Atlantic Singapore Fund Pte Ltd.[3]	Beneficial owner	207,000,000	19.17%
Mr. Ma Sean[4]	Interest of controlled corporation	66,644,000	6.17%
Snow Lake Capital (HK) Limited[4]	Investment manager	66,644,000	6.17%
Snow Lake Capital Limited[4]	Investment manager	66,644,000	6.17%
Hillhouse Capital Advisors, Ltd.[5]	Investment manager	57,720,500	5.34%
Gaoling Fund, L.P.[5]	Beneficial owner	55,920,000	5.18%

Notes:

(1) All interests stated are long positions.

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

(3) The sole shareholder of General Atlantic Singapore Fund Pte Ltd ("**GASF**") is General Atlantic Singapore Fund Interholdco Ltd. ("**GA Interholdco**") and the controlling shareholder of GA Interholdco is General Atlantic Partners (Bermuda) II, L.P. ("**GAP LP**"). The general partner of GAP LP is General Atlantic GenPar (Bermuda) L.P. ("**GA GenPar**") and the general partner of GA GenPar is Gap (Bermuda) Limited. Accordingly, each of GA Interholdco, GAP LP, GA GenPar and Gap (Bermuda) Limited is deemed to be interested in the 207,000,000 shares held by GASF by virtue of the SFO.

(4) Snow Lake Capital Limited and Snow Lake Capital (HK) Limited, both wholly owned by Mr. Ma Sean, are the investment managers of, and manage, Snow Lake China Master Fund, Ltd., Snow Lake Asia Master Fund Limited and Snow Lake China Master Long Fund, Ltd. Each of Snow Lake China Master Fund, Ltd., Snow Lake Asia Master Fund Limited and Snow Lake China Master Long Fund, Ltd. held 46,641,500 shares, 10,002,500 shares and 10,000,000 shares, respectively. Accordingly, Mr. Ma Sean, Snow Lake Capital Limited and Snow Lake Capital (HK) Limited are deemed to be interested in the 46,641,500 shares held by Snow Lake China Master Fund, Ltd., 10,002,500 shares held by Snow Lake Asia Master Fund Limited and 10,000,000 shares held by Snow Lake China Master Long Fund, Ltd.

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

(6) As of 30 June 2019, the Company had 1,079,977,040 issued shares.

(7) Pursuant to Section 336 of the SFO, the shareholders are required to file a disclosure of interests form when certain criteria are fulfilled. When a shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Stock Exchange unless several criteria have been fulfilled, therefore a shareholder's latest shareholding in the Company may be different from the shareholding filed with the Company and the Stock Exchange.

Save as disclosed above, as of 30 June 2019, the Directors or chief executive of the Company are not aware of any other person, not being a Director or chief executive of the Company, who has an interest or short position in the shares or the underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

PRE-IPO SHARE INCENTIVE PLAN AND RESTRICTED SHARE UNIT SCHEME

Pre-IPO Share Incentive Plan

On 28 August 2009, the Pre-IPO Share Incentive Plan was approved and adopted by the then shareholders of the Company. The purpose of the Pre-IPO Share Incentive Plan is to promote the success of the Company and the interests of our shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors, consultant or advisor who renders or has rendered bona fide services to the Company, and other eligible persons (the "**Eligible Person**") and to further link the interests of the grantees or recipients of the options ("**Options**") or share awards ("**Share Awards**", together with the Options, collectively referred to as the "**Awards**"). No further Options or Awards can be granted under the Pre-IPO Share Incentive Plan after the listing of the Company on 17 December 2014 (the "**Listing Date**"). However, all Options granted under the Pre-IPO Share Incentive Plan are exercisable over a ten-year period from the date of grant. Therefore, given the last batch of Options under the Pre-IPO Share Incentive Plan was granted on 21 March 2014, the remaining life of the Pre-IPO Share Incentive Plan as of 30 June 2019 in respect of outstanding options is approximately four years and nine months. Further details of the principal terms of the Pre-IPO Share Incentive Plan are set out in the prospectus of the Company dated 5 December 2014 (the "**Prospectus**") and the 2018 Annual Report of the Company.

As of 30 June 2019, Options to subscribe for an aggregate of 6,873,944 shares (representing approximately 0.64% of the total issued share capital of the Company as at the date of this report) have been granted by the Company and are outstanding under the Pre-IPO Share Incentive Plan. No Share Award has been granted or agreed to be granted under the Pre-IPO Share Incentive Plan since the adoption of the plan. There is no maximum entitlement for each Eligible Person under the rules of the Pre-IPO Share Incentive Plan although no Eligible Person under the rules of the Pre-IPO Share Incentive Plan has been granted Options exceeding 1.3% of the issued share capital of the Company. During the six months ended 30 June 2019, 3,583,765 Options have been exercised by the holders, no Option has been cancelled and no Option has lapsed.

Details of the movements in Options during the six months ended 30 June 2019 under the Pre-IPO Share Incentive Plan are set out below:

Name of Option holder	Position held with the Group	Number of shares represented by Options at 1 January 2019	Date of grant	Exercise price (RMB)	Exercised during the period	Weighted average closing price of shares immediately before the dates on which the Options were exercised (HK$)	Cancelled during the period	Lapsed during the period	Number of shares represented by Options at 30 June 2019
Director									
Yang Shuling	Executive Director and Chief Executive Officer (Note 1)	350,000	31 August 2009	0.84	350,000	12.79	–	–	–
		891,200	17 May 2011	1.79	891,200	10.26	–	–	–
		1,148,750	24 December 2012	1.84	1,148,750	10.26	–	–	–
		2,711,079	21 March 2014	2.78	895,493	10.26	–	–	1,851,586
		5,101,029			**3,249,443**		**–**	**–**	**1,851,586**
Senior management members of the Group									
Zhao Yi	Chief Financial Officer (Note 2)	1,627,890	21 March 2014	2.78	–	–	–	–	1,627,890
Other employees of the Group									
17 other employees of the Group		323,250	31 August 2009	0.84	206,250	9.99	–	–	117,000
		721,028	17 May 2011	1.79	8,428	11.11	–	–	712,600
		697,367	24 December 2012	1.84	9,720	11.44	–	–	687,647
		1,987,145	21 March 2014	2.78	109,924	11.73	–	–	1,877,221
		3,728,790			**334,322**		**–**	**–**	**3,394,468**
Total		673,250	31 August 2009	0.84	556,250	11.75	–	–	117,000
		1,612,228	17 May 2011	1.79	899,628	10.27	–	–	712,600
		1,846,117	24 December 2012	1.84	1,158,470	10.27	–	–	687,647
		6,326,114	21 March 2014	2.78	969,417	10.43	–	–	5,356,697
		10,457,709			**3,583,765**		**–**	**–**	**6,873,944**

Notes:

1. Ms. Yang Shuling resigned as an executive Director and the chief executive officer of the Group with effect from 29 August 2019.

2. Ms. Zhao Yi was appointed as an executive Director and the chief executive officer of the Group with effect from 29 August 2019. She ceased to be the chief financial officer of the Group on the same day.

Details of movements in the Options under the Pre-IPO Share Incentive Plan are also set out in Note 19 to the condensed consolidated financial statements.

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

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

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

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

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

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

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

RESTRICTED SHARE UNIT SCHEME

On 28 November 2014, the RSU Scheme was approved and adopted by the then shareholders of the Company. Such plan became effective on the Listing Date. The purpose of the RSU Scheme is to incentivize Directors (excluding independent non-executive Directors), senior management, officers and other selected personnel of the Group (the "**RSU Eligible Persons**") for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. The Board selects the RSU Eligible Persons to receive RSUs under the RSU Scheme at its discretion. The RSU Scheme will be valid and effective for a period of ten years from the Listing Date. As of 30 June 2019, the remaining life of the RSU Scheme is approximately five years and six months. The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) must not exceed 4% of the total number of Shares in issue as at the Listing Date. There is no maximum entitlement for each RSU Eligible Person under the rules of the RSU Scheme. Further details of the principal terms of the RSU Scheme are set out in the Prospectus and the 2018 Annual Report of the Company.

Computershare Hong Kong Trustees Limited has been appointed as the RSU Trustee for the administration of the RSU Scheme pursuant to the rules of the RSU Scheme. The RSU Trustee is a third party independent of and not connected with the Company and any of its connected persons. The RSU Trustee will administer the RSU Scheme in accordance with the rules of the RSU Scheme and the RSU Trust Deed. Pursuant to the rules of the RSU Scheme, the Company may (i) allot and issue shares of the Company (the "**Shares**") to the RSU Trustee to be held by the RSU Trustee and which will be used to satisfy the RSUs upon exercise and/or (ii) direct and procure the RSU Trustee to receive existing Shares from any shareholder of the Company or purchase existing Shares (either on-market or off-market) to satisfy the RSUs upon exercise. The Company shall procure that sufficient funds are provided to the RSU Trustee by whatever means as the Board may in its absolute discretion determine to enable the RSU Trustee to satisfy its obligations in connection with the administration of the RSU Scheme. During the six months ended 30 June 2019, the RSU Trustee did not purchase any shares on the market. As of the date of this report, the RSU Trustee held a total of 12,041,861 Shares, representing approximately 1.1% of the total issued Shares of the Company as of the date of this report. Pursuant to the RSU Trust Deed, notwithstanding that the RSU Trustee is the legal registered holder of the Shares held upon trust pursuant to the RSU Scheme, the RSU Trustee shall refrain from exercising any voting rights attached to such Shares held by it under the trust.

As of 30 June 2019, RSUs in respect of an aggregate of 3,764,391 Shares, representing approximately 0.35% of the total issued Shares of the Company as of the date of this report, remain outstanding. Details of the RSUs granted under the RSU Scheme and outstanding as of 30 June 2019 and details of the vesting period and the movements in RSUs during the six months ended 30 June 2019 are set out below:

Name of grantees of RSU	Position held with the Group	Number of Shares represented by RSUs at 1 January 2019	Date of grant	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of Shares represented by RSUs at 30 June 2019
Directors								
Ho Kuang-Chi	Chairman of the Board and Executive Director	985,967	8 May 2017	–	246,491	–	–	739,476
Yang Shuling	Executive Director and Chief Executive Officer (Note 1)	955,395	17 November 2016	–	318,464	–	–	636,931
		985,967	8 May 2017	–	246,491	–	–	739,476
Sub-total		2,927,329		–	811,446	–	–	2,115,883
Senior management members of the Group								
Ms. Zhao Yi	Chief Financial Officer (Note 2)	555,873	17 November 2016	–	185,291	–	–	370,582
		654,075	8 May 2017	–	163,518	–	–	490,557
Sub-total		1,209,948		–	348,809	–	–	861,139
Employees of the Group								
12 other employees of the Group		352,548	17 November 2016	–	117,512	–	–	235,036
		968,465	8 May 2017	–	184,105	232,027	–	552,333
Sub-total		1,321,013		–	301,617	232,027	–	787,369
Total		**5,458,290**		**–**	**1,461,872**	**232,027**	**–**	**3,764,391**

Note 1: Ms. Yang Shuling resigned as an executive Director and chief executive officer of the Group with effect from 29 August 2019.

Note 2: Ms. Zhao Yi was appointed as an executive Director and the chief executive officer of the Group with effect from 29 August 2019. She ceased to be the chief financial officer of the Group on the same day.

Details of movements in the RSUs under the RSU Scheme are also set out in Note 19 to the condensed consolidated financial statements.

The grantees of the RSUs under the RSU Scheme as referred to in the table above are not required to pay for the grant of any RSUs under the RSU Scheme and the relevant RSU Grant Letter.

Subject to the satisfactory performance of the grantees, the RSUs granted on 17 November 2016 to each of the grantees shall be vested in accordance with the vesting schedule as follows:

(i) as to 25% of the RSUs on 1 April 2018;

(ii) as to 25% of the RSUs on 1 April 2019;

(iii) as to 25% of the RSUs on 1 April 2020; and

(iv) as to the remaining 25% of the RSUs on 1 April 2021.

In addition, the RSUs granted on 8 May 2017 to each of the grantees shall be vested in accordance with the vesting schedule as follows:

(i) as to 25% of the RSUs on 1 April 2019;

(ii) as to 25% of the RSUs on 1 April 2020;

(iii) as to 25% of the RSUs on 1 April 2021; and

(iv) as to the remaining 25% of the RSUs on 1 April 2022.

Each RSU granted under the RSU Scheme has a ten-year exercise period commencing from the date of grant.

THE SUBSIDIARY SHARE OPTION SCHEMES

On 25 May 2018, three subsidiary share option schemes ("**Subsidiary Share Option Schemes**"), namely the share option scheme for each of the three wholly-owned PRC operating subsidiaries of the Company, namely Coucou Restaurant Management Co., Ltd. (湊湊餐飲管理有限公司) ("**Coucou**"), Xiabuxiabu Restaurant Management Co., Ltd. (呷哺呷哺餐飲管理有限公司) ("**Xiabu Beijing**") and Xiabuxiabu Restaurant Management (Shanghai) Co., Ltd. (呷哺呷哺餐飲管理（上海）有限公司) ("**Xiabu Shanghai**", together with Coucou and Xiabu Beijing, the "**Operating Subsidiaries**"), were approved and adopted by the shareholders of the Company at the extraordinary general meeting. The three Subsidiary Share Option Schemes are on substantially similar terms and are designed to provide respective employees of each of the three Operating Subsidiaries with the opportunity to acquire proprietary interests in the relevant Operating Subsidiary, which will retain the grantees of such options and encourage them to work towards enhancing the value of the Operating Subsidiaries, and for the benefit of the Company as a whole. As at the date of this report, none of the Operating Subsidiaries has adopted any other share option scheme.

The equity interest to be issued upon the exercise of the options granted under the Subsidiary Share Option Schemes will be equity interest in the relevant Operating Subsidiary but not the shares of the Company. Under the terms of the Subsidiary Share Option Schemes, the exercise price of each option is to be determined by the respective board of the Operating Subsidiary based on its net asset value and registered capital, but shall not be less than the nominal value of a unit of equity interest in the respective Operating Subsidiary. Factors of consideration may include years of service, position, level of responsibilities, etc.

Under the Subsidiary Share Option Schemes, the Operating Subsidiaries shall, subject to the grantee having fulfilled the terms and conditions of the options (if any), redeem and cancel a particular option by paying the grantee in cash such amount as determined based on the formula stated in the relevant Subsidiary Share Option Scheme, or in the same number of shares of the Company which the grantee is entitled to purchase from secondary market utilizing the cash from the redemption and cancellation of option. The option to be granted under the Subsidiary Share Option Schemes shall have an exercise period of 10 years from the date of grant of the option, or on the date falling one month prior to the lodgement of an application with the relevant stock exchange for listing of the shares of the relevant Operating Subsidiary, whichever is earlier.

The total amount of equity interest which may be issued upon exercise of all options to be granted under each Subsidiary Share Option Scheme and all other share option schemes of the relevant Operating Subsidiary shall not exceed 4% of the equity interest in issue as at the approval date of the Subsidiary Share Option Scheme, subject to a refresher of such scheme mandate limit. The total options granted under a Subsidiary Share Option Scheme to a director, chief executive or substantial shareholder of any of the Operating Subsidiaries or of the Company or any of their respective associates (as such terms are defined in the Listing Rules) in any 12-month period shall not exceed 1% of the relevant class of securities of the relevant Operating Subsidiary in issue unless prior approval of the independent non-executive directors of the Company is obtained. In addition, the total options granted under a Subsidiary Share Option Scheme to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates (as such term is defined in the Listing Rules) in any 12-month period shall not exceed 0.1% of the relevant class of securities of the relevant Operating Subsidiary in issue nor have an aggregate net asset value, assuming such options were exercised, based on the latest audited accounts of the Operating Subsidiary, in excess of HK$5 million (or such other amount as may from time to time be specified by the Stock Exchange).

The Subsidiary Share Option Schemes shall be valid and effective for a period of five years from the date of adoption of the Subsidiary Share Option Schemes or upon listing of the relevant Operating Subsidiary. As of 30 June 2019, the remaining life of the Subsidiary Share Option Schemes is approximately three years and eleven months.

As of 30 June 2019, no option has been granted pursuant to any of the Subsidiary Share Option Schemes.

Further details of the principal terms of the Subsidiary Share Option Schemes are set out in the circular of the Company dated 7 May 2018.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the six months ended 30 June 2019.

For details of the shares purchased by the RSU Trustee for the purpose of the RSU Scheme during the six months ended 30 June 2019, please refer to the section headed "Management Discussion and Analysis — Employee and staff costs" above.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board declared an interim dividend of RMB0.062 per share, amounting to approximately a total of RMB65.6 million, for the six months ended 30 June 2019 (the "**2019 Interim Dividend**"), representing approximately 40% of the net profit of the Group for the six months ended 30 June 2019. The 2019 Interim Dividend will be paid out of the Company's share premium account relying on the general authority to declare and pay an interim dividend for the six months ended 30 June 2019 out of the credit standing in the share premium account of the Company granted to the Directors at the annual general meeting of the Company held on 24 May 2019. The 2019 Interim Dividend is declared in Renminbi and will be paid in Hong Kong dollars, the exchange rate of which will be calculated based on the rate of exchange as quoted to the Company by The Hong Kong and Shanghai Banking Corporation Limited at its middle rate of exchange prevailing on 15 October 2019. Based on the Directors' current outlook for the Company's financial performance in the second half of the year and overall financial position, the planned dividend payout ratio for the full year of 2019 is 40% of the net profit of the Group for the year. The planned dividend payout ratio will be subject to the full year financial performance and business plan of the Company and market outlook early next year, therefore a final dividend for the full year of 2019 may or may not be paid.

The register of members of the Company will be closed from 11 October 2019 to 15 October 2019 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for the 2019 Interim Dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 10 October 2019 for registration. The 2019 Interim Dividend will be paid on 24 October 2019 to those shareholders whose names appear on the register of members of the Company on 15 October 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2019, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Listing Rules.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the six months ended 30 June 2019.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the Code. As at the date of this report, the Audit Committee comprises two independent non-executive Directors, namely Ms. Hsieh Lily Hui-yun and Mr. Hon Ping Cho Terence and a non-executive Director, namely Mr. Zhang Chi (Ms. Li Jie as his alternate). Ms. Hsieh Lily Hui-yun is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the Interim Results for the six months ended 30 June 2019.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

Ms. Yang Shuling resigned as an executive Director and the chief executive officer of the Group with effect from 29 August 2019. Ms. Zhao Yi was appointed as an executive Director and the chief executive officer of the Group with effect from 29 August 2019. The biography of Ms. Zhao Yi was set out in the announcement of the Company dated 29 August 2019.

Save as disclosed above, there is no other change in the Directors' biographical details which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules since the date of 2018 annual report of the Company.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On 17 December 2014, the Company's shares were listed on the Main Board of the Stock Exchange. A total of 227,100,000 ordinary shares with nominal value of US$0.000025 each of the Company were issued at HK$4.70 per share for a total of approximately HK$1,067.4 million. In addition, on 9 January 2015, the Company issued an additional 9,436,500 ordinary shares with nominal value of US$0.000025 each of the Company pursuant to the partial exercise of the over-allotment option under the Global Offering at HK$4.70 per share for a total of approximately HK$44.4 million. The net proceeds raised by the Company from the Global Offering (including the partial exercise of the over-allotment option on 9 January 2015), after deducting the underwriting commission and other expenses in connection with the Global Offering which the Company received amounted to an aggregate of approximately HK$1,043.5 million, comprising HK$1,001.5 million raised from the Global Offering and HK$42.0 million raised from the issue of shares pursuant to the partial exercise of the over-allotment option.

Up to 30 June 2019, the Company utilized approximately 2.8%, or HK$29.1 million of the net proceeds from the global offering to provide funding for its working capital and other general corporate purposes, including the payment of our staff costs and professional service fees. The Company had also utilized 4.4%, or HK$45.4 million of the net proceeds from the global offering to purchase the land use rights of two parcels of land in Beijing and Tianjin. These two properties are used for the construction of the second central kitchen of the Group and a logistics center to support the future growth of the Group's operations. The remaining net proceeds have been deposited into short-term demand deposits and money market instruments such as short-term financial products issued by reputable commercial banks as well as bonds. In the rest of 2019 and the upcoming years, the Group will continue to utilize the net proceeds from the global offering for purposes consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. It is expected to be fully utilized within next five years.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 38 to 68, which comprise the condensed consolidated statement of financial position as of 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

TO THE BOARD OF DIRECTORS OF
XIABUXIABU CATERING MANAGEMENT (CHINA) HOLDINGS CO., LTD. – *continued*
(Incorporated in the Cayman Islands with limited liability)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	NOTES	For the six months ended 30 June **2019** **RMB'000** **(Unaudited)**	 2018 RMB'000 (Unaudited)
Revenue	4	**2,712,521**	2,129,073
Other income	5	**21,543**	21,141
Raw materials and consumables used		**(996,617)**	(791,745)
Staff costs		**(719,543)**	(538,310)
Property rentals and related expenses		**(126,277)**	(268,048)
Utilities expenses		**(91,219)**	(73,082)
Depreciation and amortization		**(374,751)**	(97,584)
Other expenses		**(168,375)**	(119,588)
Other gains and losses	6	**13,325**	27,235
Finance costs		**(45,381)**	–
Profit before tax	7	**225,226**	289,092
Income tax expense	8	**(63,037)**	(79,734)
Profit for the period attributable to owners of the Company		**162,189**	209,358
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Reversal of previously accumulated investment revaluation reserve upon disposal of debt instrument measured at fair value through other comprehensive income ("**FVTOCI**")		**–**	69
Total comprehensive income for the period attributable to owners of the Company		**162,189**	209,427
Profit (loss) for the period attributable to:			
Owners of the Company		**164,040**	209,358
Non-controlling interest		**(1,851)**	–
		162,189	209,358
Total comprehensive income (expense) attributable to:			
Owners of the Company		**164,040**	209,427
Non-controlling interest		**(1,851)**	–
		162,189	209,427
Earnings per share			
– Basic (RMB cents per share)	10	**15.41**	19.51
– Diluted (RMB cents per share)	10	**15.25**	19.22

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	NOTES	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**973,695**	911,088
Right-of-use assets	12	**1,881,146**	–
Intangible assets		**2,630**	1,723
Lease prepayments for land use right		**–**	47,218
Deferred tax assets		**149,965**	134,110
Rental deposits		**127,537**	120,353
		3,134,973	1,214,492
Current assets			
Inventories	13	**345,102**	390,381
Trade and other receivables and prepayments	14	**310,113**	307,751
Financial assets at fair value through profit or loss ("**FVTPL**")	15	**1,097,153**	–
Bank balances and cash		**268,848**	1,340,692
		2,021,216	2,038,824
Current liabilities			
Trade payables	17	**337,887**	295,870
Accrual and other payables		**493,497**	551,281
Lease liabilities		**466,232**	–
Income tax payables		**82,683**	101,760
Contract liability	18	**91,548**	43,651
Deferred income		**1,595**	1,595
		1,473,442	994,157
Net current assets		**547,774**	1,044,667
Total assets less current liabilities		**3,682,747**	2,259,159

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	NOTES	**As at 30 June 2019 RMB'000 (Unaudited)**	As at 31 December 2018 RMB'000 (Audited)
Non-current liability			
Deferred income		**10,894**	11,692
Lease liabilities		**1,352,809**	–
		1,363,703	11,692
Net assets		**2,319,044**	2,247,467
Capital and reserves			
Share capital		**174**	174
Reserves		**2,314,693**	2,241,265
Equity attributable to owners of the Company		**2,314,867**	2,241,439
Non-controlling interest		**4,177**	6,028
Total equity		**2,319,044**	2,247,467

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share Capital RMB'000	Share premium RMB'000	Equity-settled share-based payments reserve RMB'000	Statutory surplus reserve RMB'000	Treasury share reserve RMB'000	FVTOCI reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total RMB'000
Balance at 1 January 2019 (Audited)	**174**	**694,027**	**28,741**	**29,091**	**(80,562)**	**–**	**1,569,968**	**2,241,439**	**6,028**	**2,247,467**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**164,040**	**164,040**	**(1,851)**	**162,189**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**164,040**	**164,040**	**(1,851)**	**162,189**
Recognition of equity-settled share-based payments	**–**	**–**	**3,271**	**–**	**–**	**–**	**–**	**3,271**	**–**	**3,271**
Exercise of issued share option	**–**	**11,827**	**(4,462)**	**–**	**–**	**–**	**–**	**7,365**	**–**	**7,365**
Exercise of RSU Scheme	**–**	**(865)**	**(7,862)**	**–**	**8,727**	**–**	**–**	**–**	**–**	**–**
Payments of dividends	**–**	**(101,248)**	**–**	**–**	**–**	**–**	**–**	**(101,248)**	**–**	**(101,248)**
Balance at 30 June 2019 (Unaudited)	**174**	**603,741**	**19,688**	**29,091**	**(71,835)**	**–**	**1,734,008**	**2,314,867**	**4,177**	**2,319,044**
Balance at 1 January 2018 (Audited)	173	860,027	22,566	29,091	(33,747)	(69)	1,107,490	1,985,531	–	1,985,531
Profit for the period	–	–	–	–	–	–	209,358	209,358	–	209,358
Other comprehensive income for the period	–	–	–	–	–	69	–	69	–	69
Total comprehensive income for the period	–	–	–	–	–	69	209,358	209,427	–	209,427
Recognition of equity-settled share-based payments	–	–	5,224	–	–	–	–	5,224	–	5,224
Exercise of issued share option	1	9,420	(3,043)	–	–	–	–	6,378	–	6,378
Exercise of RSU Scheme	–	(1,697)	(1,248)	–	2,945	–	–	–	–	–
Payments of dividends	–	(92,785)	–	–	–	–	–	(92,785)	–	(92,785)
Purchase of treasury share under RSU Scheme (Note)	–	–	–	–	(19,002)	–	–	(19,002)	–	(19,002)
Balance at 30 June 2018 (Unaudited)	174	774,965	23,499	29,091	(49,804)	–	1,316,848	2,094,773	–	2,094,773

Note: During the six months ended 30 June 2018, the Company acquired its existing shares of 1,675,000 from the market at a consideration of HKD23,500,000 (equivalent to approximately RMB19,002,000) for the Restricted Share Units ("**RSU**") Scheme approved on 28 November 2014 by the board of directors of the Company. Further details are disclosed in Note 19(2).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	For six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**597,557**	224,894
Cash flows from investing activities		
Interest income received	**–**	4,873
Purchase of financial assets at FVTPL	**(2,380,000)**	(1,660,000)
Purchase of financial asset at amortised cost	**–**	(231,581)
Proceeds from disposal of financial assets at FVTPL	**1,303,108**	836,345
Proceeds from disposal of debt instrument at FVTOCI	**–**	32,834
Purchases of property, plant and equipment	**(252,572)**	(214,930)
Payments for right-of-use assets	**(14,597)**	–
Payments for rental deposits	**(26,939)**	–
Proceeds from disposal of property, plant and equipment	**322**	46
Purchase of intangible assets	**(1,847)**	(649)
Net cash used in investing activities	**(1,372,525)**	(1,233,062)
Cash flow from financing activities		
Dividend paid	**(101,248)**	(92,785)
Repayments of leases liabilities	**(202,343)**	–
Cash received from exercise of share option	**7,365**	6,378
Amounts prepaid to the RSU trustee for purchase of ordinary shares (Note 19)	**(1,145)**	(19,794)
Net cash used in financing activities	**(297,371)**	(106,201)
Net decrease in cash and cash equivalents	**(1,072,339)**	(1,114,369)
Cash and cash equivalents at the beginning of the period	**1,340,692**	1,452,896
Effect of foreign exchange rate changes, net	**495**	6,405
Cash and cash equivalents at the end of the period represented by bank balances and cash	**268,848**	344,932

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 14 May 2008. The registered office of the Company is Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman Islands KY1-1111. The Company is an investment holding company and the Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in Chinese hotpot restaurant operations in the People's Republic of China ("**PRC**").

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

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

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "*Interim Financial Reporting*" issued by the International Accounting Standard Board ("**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HKEX**").

2. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The application of International Financial Reporting Standard 16 Leases ("IFRS 16")

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 Leases ("**IAS 17**"), and the related interpretations. The adoption of IFRS 16 resulted in significant impacts on the Group's right-of-use assets and related lease liability. The combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability resulted in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term, but there is no impact on the total expenses recognised over the lease term. The details of the application of IFRS 16 are set out in Note 3.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2018.

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

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

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts and changes in accounting policies of application of IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 Leases ("**IAS 17**"), and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases *(continued)*

3.1.1 Key changes in accounting policies resulting from application of IFRS 16 *(continued)*

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Non-lease components are separated from lease components on the basis of their relative stand-alone price.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of restaurants that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases *(continued)*

3.1.1 Key changes in accounting policies resulting from application of IFRS 16 *(continued)*

As a lessee *(continued)*

Right-of-use assets (continued)

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments ("**IFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. 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.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases *(continued)*

3.1.1 Key changes in accounting policies resulting from application of IFRS 16 *(continued)*

As a lessee *(continued)*

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases *(continued)*

3.1.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i relied on the assessment of whether leases are onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

ii elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of restaurants in the People's Republic of China was determined on a portfolio basis; and

v used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases *(continued)*

3.1.2 Transition and summary of effects arising from initial application of IFRS 16 *(continued)*

***As a lessee** (continued)*

On transition, the Group has made the following adjustments upon application of IFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The lessee's incremental borrowing rate applied is in a range of 4.75% to 4.90%.

	At 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	2,790,211
Less: Value-added tax	130,355
Operating lease commitments without value-added tax	2,659,856
Lease liabilities discounted at relevant incremental borrowing rates	2,275,293
Less: Recognition exemption – short-term leases	26,180
Change in allocation basis between lease and non-lease components	401,317
Lease liabilities relating to operating leases recognised upon application of IFRS 16	1,847,796
Lease liabilities as at 1 January 2019	1,847,796
Analysed as	
Current	387,712
Non-current	1,460,084
	1,847,796

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases *(continued)*

3.1.2 Transition and summary of effects arising from initial application of IFRS 16 *(continued)*

As a lessee *(continued)*

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	**Right-of use assets RMB'000**
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		1,847,796
Reclassified from prepaid lease payments	(a)	101,418
Adjustments on rental deposits at 1 January 2019	(b)	18,783
Less: Accrued lease liabilities relating to rent free period at 1 January 2019	(c)	1,474
		1,966,523

	Right-of use assets RMB'000
By class:	
Leasehold lands	48,295
Restaurants and rented premises	1,918,228
	1,966,523

Notes:

(a) Upfront payments for leasehold lands, restaurants and rented premises in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB54,200,000 and RMB47,218,000 respectively were reclassified to right-of-use assets.

(b) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB18,783,000 was adjusted to refundable rental deposits paid and right-of-use assets.

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases *(continued)*

3.1.2 Transition and summary of effects arising from initial application of IFRS 16 *(continued)*

As a lessee *(continued)*

Notes: (continued)

(c) Rent free period

These relate to accrued lease liabilities for leases of properties in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities as at 1 January 2019 was adjusted to right-of-use assets at transition.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
Non-current Assets			
Lease prepayments for land use right	47,218	(47,218)	–
Right-of-use assets	–	1,966,523	1,966,523
Rental deposits	120,353	(18,783)	101,570
Current Assets			
Trade and other receivables and prepayments	307,751	(54,200)	253,551
Current Liabilities			
Accrual and other payables	551,281	(1,474)	549,807
Lease liabilities	–	387,712	387,712
Non-current liabilities			
Lease liabilities	–	1,460,084	1,460,084

Note:

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

3. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

3.2 Impacts and changes in accounting policies of application of other new and amendments to IFRSs

Impacts and changes in accounting policies of application of IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires the Group to determine whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by individual group entities in their respective income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

The Group applied this interpretation retrospectively with the cumulative effect of initially applying the interpretation recognised at the date of initial application, 1 January 2019, without restating comparatives.

The uncertain tax position in respective of royalty payments to Xiabuxiabu Catering Management (HK) Holdings Co., Ltd. ("**Xiabu Hong Kong**", the Company's subsidiary) according to the trademark license agreement between Xiabu Hong Kong and the PRC subsidiaries of the Company is estimated based on the expected value. At the end of each of the reporting period, the directors of the Company consider the effect of changes in facts and circumstances or new information in the context of applicable tax laws relevant to the above-mentioned uncertain tax treatment and reflect the effect of uncertainty for such uncertain tax treatment at the best estimate. The directors of the Company anticipate that the application of IFRIC 23 will have no material impact on the consolidated financial statements upon initial application.

3.3 Significant changes in significant judgements and key sources of estimation uncertainty

Determination on discount rates of lease contracts

The Group applies incremental borrowing rates as the discount rates of lease liabilities, which require financing spread adjustments and lease specific adjustments based on the relevant market rates. The assessments and estimation of the relevant adjustments impact the discount rates, which consequently will significantly affect the amount of lease liabilities and right-of-use assets.

4. REVENUE AND SEGMENT INFORMATION

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Restaurant operations	**2,682,988**	2,097,866
Sales of the condiment products	**24,453**	17,222
Sales of other goods	**5,080**	13,985
	2,712,521	2,129,073

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

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

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

5. OTHER INCOME

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income on:		
– bank deposits	**2,144**	2,920
– financial asset at amortised cost	**2,054**	1,450
– debt instrument at FVTOCI	**–**	933
	4,198	5,303
Promotion service income	**443**	140
Government grant		
– subsidy received (Note)	**4,485**	5,211
– release from deferred income	**798**	798
	5,283	6,009
Delivery income for takeout orders	**8,069**	8,168
Others	**3,550**	1,521
	11,619	9,689
	21,543	21,141

Note: The amounts represent the subsidy received from the local government for the Group's local business development. There were no unfulfilled conditions in the period in which they were recognised.

6. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Losses on disposal of property, plant and equipment, net	**(772)**	(511)
Gains on lease modification	**687**	–
Foreign exchange gain, net	**495**	6,405
Loss on closure of restaurants	**–**	(362)
Impairment loss recognised in respect of leasehold improvement	**(2,199)**	(1,656)
Impairment loss on Right-of-use assets	**(5,147)**	–
Gains from changes in fair value of financial assets at FVTPL	**20,261**	21,760
Loss from disposal of debt instrument at FVTOCI	**–**	(69)
Others	**–**	1,668
	13,325	27,235

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of right-of-use assets	**226,747**	–
Depreciation of property, plant and equipment	**147,064**	96,256
Amortization of intangible assets	**940**	547
Release of lease prepayments for land use right	**–**	781
Total depreciation and amortization	**374,751**	97,584
Property rentals in respect of		
– office premises (fixed payments)	**–**	8,406
– restaurants lease payments		
– fixed lease payment	**–**	223,163
– variable lease payment (Note)	**44,744**	36,479
– short-term rent	**31,823**	–
– other rental expenses	**49,710**	–
	126,277	259,642
Total property rentals and related expenses	**126,277**	268,048
Directors' emoluments	**3,488**	4,697
Other staff cost	**716,055**	533,613
Total staff cost	**719,543**	538,310

Note: The variable lease payments refers to the property rentals based on the pre-determined percentages to revenue less minimum rentals of the respective lease.

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Enterprise income tax ("**EIT**")		
Current tax in the PRC	**78,705**	71,518
Withholding EIT-current period	**187**	8,390
Deferred tax	**(15,855)**	(174)
Total income tax recognised in profit or loss	**63,037**	79,734

9. DIVIDENDS

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognised as distributions during the period	**101,248**	92,785

On 28 March 2019, the Company declared a dividend of RMB0.096 per share with total dividends of RMB101,248,000 to shareholders for the year ended 31 December 2018. The dividend was paid in June 2019.

On 21 March 2018, the Company declared a dividend of RMB0.087 per share with total dividends of RMB92,785,000 to shareholders for the year ended 31 December 2017. The dividend was paid in June 2018.

Subsequent to the end of the reporting period, an interim dividend in respect of the six months ended 30 June 2019 of RMB0.062 per share, amounting to approximately RMB65,616,000 to be paid out of the Company's share premium account has been declared by the directors of the Company. The interim dividend in respect of the six months ended 30 June 2019 is declared in RMB and will be paid in Hong Kong dollars, the exchange rate of which will be calculated based on the rate of exchange as quoted to the Company by The Hong Kong and Shanghai Banking Corporation Limited as its middle rate of exchange prevailing on 15 October 2019. The dividend has not been included as a liability in these condensed consolidated financial statements.

10. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings for the purposes of calculating basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	**164,040**	209,358

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

	For the six months ended 30 June	
	2019	2018
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,064,229**	1,072,816
Effect of dilutive potential ordinary shares	**11,259**	16,608
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,075,488**	1,089,424

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB1,094,000 for cash proceeds of RMB322,000. Resulting in a loss on disposal of RMB772,000.

During the six months ended 30 June 2019, additions to the property, plant and equipment amounted to RMB212,964,000 (six months ended 30 June 2018: RMB185,384,000) consisting of leasehold improvement, machinery, motor vehicles, furniture and fixtures and construction in progress.

An impairment loss of RMB2,199,000 (six months ended 30 June 2018: RMB1,656,000) was recognised during the current interim period in respect of leasehold improvement that may suffer an impairment loss. An elimination of impairment loss of RMB3,665,000 was recognised because of the closure of the relevant restaurants (six months ended 30 June 2018: RMB1,103,000).

12. RIGHT-OF-USE ASSETS

During the current interim period, the Group entered into new lease agreements for the use of restaurants operating with a lease term of 2 to 15 years. The Group is required to make fixed term payments and additional variable payments depending on the restaurants' performance during the contract period. On lease commencement, the Group recognised RMB192,735,000 of right-of-use asset and RMB175,112,000 lease liability.

13. INVENTORIES

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Food and beverage	**288,568**	333,175
Other materials	**34,224**	36,951
Consumables	**22,310**	20,255
	345,102	390,381

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The following is an analysis of trade receivables at the end of respective reporting periods:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Trade receivables	**38,499**	38,657
Prepaid rental expense	**23,671**	76,634
Prepayments to suppliers	**32,277**	6,030
Current portion of lease prepayments for land use right	**–**	1,077
Interest receivable	**–**	53
Amounts prepaid to the RSU Trustee for purchase of ordinary shares (Note 19)	**2,198**	1,053
Prepayments for value-added tax	**190,369**	164,918
Other receivables	**23,099**	19,329
	310,113	307,751

The Group allows an average credit period of 1–60 days to its trade customers.

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

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

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within 60 days	**38,499**	38,657

Details of the impairment assessment are set out in Note 16.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2019, the Group's financial assets at FVTPL amounting to RMB1,097,153,000 are the financial products issued by banks, which are short-term investments with no predetermined or guaranteed return and are not principal protected. These financial assets are with expected rates of return (not guaranteed), depending on the market price of underlying financial instruments, including listed shares, bonds, debentures and other financial assets.

16. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS ("ECL") MODEL

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the condensed consolidated statement of financial position as of 30 June 2019 (including trade receivables, other receivables, bank balances and cash).

The directors of the Company considers that: (i) trade receivables in connection with bills settled through payment platforms such as Unionpay, Alipay or WeChat Pay with high credit rating and no past due history; and (ii) bank balances and cash that are deposited with high-credit-quality banks or financial institutions to be low credit risk financial assets. The management of the Group considers these assets are short-term in nature and does not expect any losses from non-performance by these counterparties, and accordingly, no loss allowance was recognised during the reporting period.

In determining the ECL for other receivables, the management of the Group has taken into account the historical default experience and the future prospects of the industries and/or considered various external sources of actual and forecast economic information, as appropriate. The management of the Group has assessed that other receivables have not had a significant increase in credit risk since initial recognition and risk of default is insignificant. Accordingly, no impairment has been recognised.

There has been no change in the estimation techniques or significant assumptions made throughout the reporting period.

17. TRADE PAYABLES

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

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within 60 days	**325,393**	290,088
61 to 180 days	**6,891**	1,709
181 to 1 year	**2,361**	302
Over 1 year	**3,242**	3,771
	337,887	295,870

18. CONTRACT LIABILITY

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Customer loyalty programme (Note i)	**16,930**	15,196
Prepaid cards and advance from customers (Note ii)	**74,618**	28,455
	91,548	43,651

Notes:

i. The contract liability of customer loyalty programme was issued in January 2017, and recognised along with the restaurant services provided during each reporting period. As at 30 June 2019, the balance of RMB16,930,000 (as at 31 December 2018: RMB15,196,000) presents the unredeemed performance obligation relating to the customer loyalty programme.

ii. Prepaid cards issued by the Group, which can be utilised in the future consumption in restaurants by the customers, are recognised as contract liabilities. Advance from customers for which the services have not been rendered are recognised as contract liabilities until the relevant services are performed.

19. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

(1) Share Option Schemes

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

The range of the exercise price about the share options at the end of current interim period:

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

The table below discloses movement of the Company's share options held by the Group's employees:

	Number of share options
Outstanding as at 1 January 2019	10,457,709
Exercised during the period	3,583,765
Outstanding as at 30 June 2019	6,873,944

At the end of each interim period, the Group revises its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimate, if any, is recognised in profit or loss, with a corresponding adjustment to the equity-settled share-based payments reserve.

The Group recognised the total expense of RMB392,000 for the period ended 30 June 2019 (six months ended 30 June 2018: RMB644,000) in relation to share options granted by the Company.

19. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

(2) Restricted Share Unit Scheme

On 28 November 2014, a RSU Scheme of the Company was approved and adopted by the shareholders of the Company. The RSU Scheme will be valid and effective for a period of ten years, commencing from the listing date, being 17 December 2014 (unless it is terminated earlier in accordance with its terms) (the "**RSU Scheme Period**").

The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) must not exceed 42,174,566 shares, being 4% of the total number of shares in issue as at the listing date (the "**RSU Scheme Limit**"). The RSU Scheme Limit may be refreshed from time to time subject to prior approval from the shareholders in general meeting, provided that the total number of shares underlying the RSUs granted following the date of approval of the refreshed limit (the "**New Approval Date**") under the limit as refreshed from time to time must not exceed 4% of the number of shares in issue as of the relevant New Approval Date. The purpose of the RSU Scheme is to incentivize directors of the Company, senior management and employees for their contribution to the Group and to attract and retain suitable personnel to enhance the development of the Group.

The Company has appointed Computershare Hong Kong Trustees Limited as the RSU Trustee for the administration of the RSU Scheme pursuant to the rules of the RSU Scheme.

i. Purchase of treasury share under the RSU Scheme

During the six months ended 30 June 2019, the Company did not acquire its existing shares from the market while during the six months ended 30 June 2018, the company acquired 1,675,000 shares with a consideration of HKD23,500,000, equivalent to approximately RMB19,002,000. The shares were held on trust for the benefit of the RSU Participants pursuant to the RSU Scheme and the trust deed. The shares so purchased were used as awards for relevant participants in the RSU Scheme (the "**RSU Participants**").

As at 30 June 2019, an amount of RMB2,198,000 (as at 31 December 2018: RMB1,053,000) was held by the RSU Trustee to purchase ordinary shares from the market in the forthcoming period according to the instruction of the Company.

ii. Details of granted RSUs

RSUs tranche	Number of shares granted	Grant date	Expiry date	Fair value at grant date HKD	Vesting period
RSUs tranche A	2,910,920	17/11/2016	17/11/2026	4.83	25% for each of 4 years after 01/04/2018
RSUs tranche B	3,993,190	08/05/2017	08/05/2027	6.99	25% for each of 4 years after 01/04/2019

19. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

(2) Restricted Share Unit Scheme *(continued)*

ii. Details of granted RSUs *(continued)*

The grantees of the RSUs are not required to pay for the grant of any RSUs under the RSU Scheme or for the exercise of the RSUs. The RSUs shall be exercisable over a period of ten years commencing from the date on which the RSUs are granted.

The following table discloses the movement of the Company's RSUs granted to the selected participants for the period ended 30 June 2019 and outstanding as at 30 June 2019:

		Number of Awarded Shares		
	Outstanding at 1 January 2019	**Exercised during the period**	**Forfeited during the period**	**Outstanding at 30 June 2019**
RSU tranches				
RSUs granted to				
Directors	2,927,329	(811,446)	–	**2,115,883**
Other key management personnel	1,209,948	(348,809)	–	**861,139**
Other staff	1,321,013	(301,617)	(232,027)	**787,369**
Total	5,458,290	(1,461,872)	(232,027)	**3,764,391**

At the end of each interim period, the Group revises its estimates of the numbers of RSUs that are expected to vest ultimately. The impact of the revision of the estimate, if any, is recognised in profit or loss, with a corresponding adjustment to the equity-settled share-based payments reserve.

The Group recognised the total expense of RMB2,879,000 for the period ended 30 June 2019 (six months ended 30 June 2018: RMB4,580,000) in relation to RSUs granted by the Company.

20. CAPITAL COMMITMENTS

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Capital expenditure contracted for but not provided in respect of acquisition of property, plant and equipment	**9,093**	27,141

21. RELATED PARTY TRANSACTIONS

a. Name and relationship

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

b. Related party transaction

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Expense on property leasing		
Xiabu Fast Food	**–**	600
Selling raw materials		
Chamicha	**257**	–
Purchase of raw materials		
Chamicha	**59**	–

c. Lease

Recognition of right-of-use assets:

	As at 30 June 2019	As at 1 January 2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Related companies controlled by the Controlling Shareholders	**864**	1,383

Depreciation of right-of-use assets:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Related companies controlled by the Controlling Shareholders	**519**	–

21. RELATED PARTY TRANSACTIONS *(CONTINUED)*

c. Lease *(continued)*

Lease liabilities:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 1 January 2019 RMB'000 (Unaudited)
Related companies controlled by the Controlling Shareholders	**871**	1,383

Interest expenses of lease liabilities:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Related companies controlled by the Controlling Shareholders	**33**	–

d. Remuneration of key management personnel of the Group

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Short term employee benefits	**1,235**	1,562
Post-employment benefit	**12**	11
Equity-based share-based payments	**2,448**	3,729
	3,695	5,302

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at (RMB'000)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2019	31 December 2018				
Financial assets at FVTPL	**Assets 997,122**	N/A	Level 3	Discounted cash flow. Future cash flows are estimated based on estimated return.	Estimated return	The higher the estimated return, the higher the fair value, vice versa
Financial assets at FVTPL	**Assets 100,031**	N/A	Level 2	Discounted cash flow. Future cash flows are estimated based on Interbank Offered Rate (from observable yield curves in holding period).	N/A	N/A

A 5% decrease in the estimated return rates holding all other variables constant would decrease the carrying amount of the short-term investments by RMB856,000 (31 December 2018: RMB Nil).

A 5% increase in the estimated return rates holding all other variables constant would increase the carrying amount of the short-term investments by RMB856,000 (31 December 2018: RMB Nil).

There were no transfers between Level 1, level 2 and level 3 during the reporting period.

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(CONTINUED)*

Reconciliation of Level 3 fair value measurement of financial assets

The following table represents the reconciliation of Level 3 Measurements of the financial assets at FVTPL:

	RMB'000
At 1 January 2018 (audited)	–
Purchase of financial assets at FVTPL	1,660,000
Redemption of financial assets at FVTPL	(836,345)
Net gains on financial assets at FVTPL	21,760
At 30 June 2018 (unaudited)	845,415
At 1 January 2019 (audited)	–
Purchase of financial assets at FVTPL	2,280,000
Redemption of financial assets at FVTPL	(1,303,108)
Net gains on financial assets at FVTPL	20,230
At 30 June 2019 (unaudited)	997,122