

上海 | 小南国

SHANGHAI XNG HOLDINGS LIMITED

Shanghai XNG Holdings Limited

上海小南国控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code: 3666

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SHANGHAI MIN

2025 INTERIM REPORT



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CORPORATE INFORMATION

(As at 29 August 2025)

BOARD OF DIRECTORS

Executive Directors

Mr. Gu Dorson (*Chairman*) (appointed on 21 January 2025)

Ms. Wang Huili (*Chairlady*) (resigned on 21 January 2025)

Non-executive Director

Ms. Gu Lina (appointed on 21 January 2025)

Ms. Wu Wen (resigned on 21 January 2025)

Independent Non-executive Directors

Mr. Leung Yiu Cho

Mr. Zhang Zhenyu

Ms. Hu Xiaoqi

AUTHORIZED REPRESENTATIVES

Mr. Gu Dorson (appointed on 21 January 2025)

Mr. Yeung Tsz Kit Alban (appointed on 23 July 2025)

Ms. Chan Yuk Wing (resigned on 23 July 2025)

Ms. Wang Huili (resigned on 21 January 2025)

AUDIT COMMITTEE

Mr. Leung Yiu Cho (*Chairman*)

Mr. Zhang Zhenyu

Ms. Hu Xiaoqi

REMUNERATION COMMITTEE

Mr. Zhang Zhenyu (*Chairman*)

Mr. Leung Yiu Cho

Mr. Gu Dorson (appointed on 21 January 2025)

Ms. Hu Xiaoqi

Ms. Wang Huili (resigned on 21 January 2025)

NOMINATION COMMITTEE

Mr. Gu Dorson (*Chairman*) (appointed on 21 January 2025)

Ms. Wang Huili (*Chairlady*) (resigned on 21 January 2025)

Mr. Leung Yiu Cho

Mr. Zhang Zhenyu

Ms. Hu Xiaoqi

RISK MANAGEMENT COMMITTEE

Mr. Gu Dorson (*Chairman*) (appointed on 21 January 2025)

Ms. Wang Huili (*Chairlady*) (resigned on 21 January 2025)

Mr. Leung Yiu Cho

Mr. Zhang Zhenyu

Ms. Hu Xiaoqi

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2401B, 24/F

Arion Commercial Centre

2-12 Queen's Road West

Sheung Wan, Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 1112-1114, 11/F,

Unicom International Tower,

No. 547 Tianmu West Road,

Jing'an District, Shanghai,

The People's Republic of China

REGISTERED OFFICE

Cricket Square, Hutchins Drive

PO Box 2681, Grand Cayman, KY1-1111

Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

CORPORATE INFORMATION

(As at 29 August 2025)

LEGAL ADVISERS

As to Hong Kong law:

Raymond Siu & Lawyers
Units 1302-3 (Reception) & 1802, Ruttonjee House
11 Duddell Street
Central, Hong Kong

As to Cayman Islands law:

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

AUDITOR

WILSON & PARTNERS CPA LIMITED
Certified Public Accountants
Registered Public Interest Entity Auditor
Suite 1503, 15/F
Grand Millennium Plaza
181 Queen's Road Central
Sheung Wan, Hong Kong

STOCK CODE

03666

COMPANY'S WEBSITE

www.xngholdings.com

INVESTOR RELATIONS

Email: ir@xngholdings.com

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		% Change (decrease)/ increase
	2025 (unaudited)	2024 (unaudited)	
Revenue (RMB'000)	101,801	182,379	(44.2%)
Gross profit ¹ (RMB'000)	65,741	118,969	(44.7%)
Gross profit margin ²	64.6%	65.2%	(0.6%)
Loss for the period (RMB'000)	(18,253)	(29,403)	(37.9%)
Net loss margin ³	(17.9%)	(16.1%)	(1.8%)
Number of restaurants (as at 30 June)	16	21	

Notes:

- ¹ The calculation of gross profit is based on revenue less cost of sales.
- ² The calculation of gross profit margin is based on gross profit divided by revenue.
- ³ Net loss margin is calculated as loss for the period divided by revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2025, the Group's revenue amounted to RMB101.8 million, which mainly comprised the revenue of restaurant operations of RMB101.8 million and revenue from sales of packed goods of RMB0.02 million, representing a decrease of RMB80.6 million or 44.2% from RMB182.4 million as compared with the corresponding period of last year. The Group's gross profit amounted to RMB65.7 million, representing a decrease of approximately RMB53.3 million or 44.7% from RMB119.0 million as compared with the corresponding period of last year. During the six months ended 30 June 2025, the loss attributable to the owners of the Company was approximately RMB18.3 million, representing a decrease of RMB11.1 million as compared with the corresponding period of last year.

As of 30 June 2025, the Group operated a restaurant network of 15 "Shanghai Min" restaurants and 1 "The Dining Room" restaurant, which covers some of the most affluent and fast-growing cities in Mainland China (*Note(iii)*). The following table sets forth the revenue and the number of the restaurants in operation, by geographical region and brand, for the six months ended 30 June 2025 and 2024, respectively.

	For the six months ended 30 June			
	2025		2024	
	Number of restaurants (Note (iii))	Revenue RMB'000 (unaudited)	Number of restaurants (Note (iii))	Revenue RMB'000 (unaudited)
The PRC (Mainland Area) (<i>Note (iii)</i>)				
– Shanghai Min	15	87,114	16	135,789
– The Dining Room	1	8,322	1	9,534
– Other brands (<i>Notes (iv) and (v)</i>)	0	3,175	1	9,029
Hong Kong				
– Shanghai Min (<i>Note (v)</i>)	0	3,173	1	13,671
– The Dining Room (<i>Note (v)</i>)	0	0	2	11,614
Total revenue of restaurant operations (<i>Note (ii)</i>)	16	101,784	21	179,637
Other revenue		17		2,742
Total Revenue		101,801		182,379

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (i) Total revenue of restaurant operations includes revenue of restaurant operations and takeaway business of restaurants.
- (ii) The PRC (Mainland area), which for the purpose of this interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan.
- (iii) The number of restaurants excludes licensed Shanghai Min and The Dining Room stores.
- (iv) Other brands include Wolfgang Puck.
- (v) As of 30 June 2025, all stores operated under the Shanghai Min and The Dining Room brands in Hong Kong and stores operated under other brand (Wolfgang Puck) in Mainland China have been closed.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by RMB80.6 million or 44.2%, from RMB182.4 million for the six months ended 30 June 2024 to RMB101.8 million for the six months ended 30 June 2025.

Revenue of restaurant operations

Total revenue of restaurant operations decreased by RMB77.8 million, or 43.3% from RMB179.6 million for the six months ended 30 June 2024 to RMB101.8 million for the six months ended 30 June 2025:

- These was a decrease of RMB23.8 million in revenue in comparable restaurant sales for the six months ended 30 June 2025 as compared to the six months ended 30 June 2024; and
- These was a decrease of RMB54.0 million in revenue as a result of a decrease in the number of stores and suspension of business due to store renovation for the six months ended 30 June 2025.

Other revenue

For the six months ended 30 June 2025, other revenue amounted to RMB0.02 million, which mainly comprised of income from sales of packed goods.

COST OF SALES

The cost of sales decreased by RMB27.3 million, or 43.1% from RMB63.4 million for the six months ended 30 June 2024 to RMB36.1 million for the six months ended 30 June 2025.

The cost of sales as a percentage of revenue slightly increased from 34.8% for the six months ended 30 June 2024 to 35.4% for the six months ended 30 June 2025.

OTHER INCOME

Other income decreased by RMB1.2 million from RMB1.7 million for the six months ended 30 June 2024 to RMB0.5 million for the six months ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by RMB50.9 million, or 40.5% from RMB125.8 million for the six months ended 30 June 2024 to RMB74.9 million for the six months ended 30 June 2025.

Labor expenses decreased by RMB25.6 million from RMB65.1 million for the six months ended 30 June 2024 to RMB39.5 million for the six months ended 30 June 2025. The labor costs as a percentage of revenue increased from 35.7% for the six months ended 30 June 2024 to 38.8% for the six months ended 30 June 2025.

Rental expenses and building management fees decreased by RMB2.4 million, or 22.2% from RMB10.8 million for the six months ended 30 June 2024 to RMB8.4 million for the six months ended 30 June 2025. The rental expenses and building management fees as a percentage of revenue increased from 5.9% for the six months ended 30 June 2024 to 8.3% for the six months ended 30 June 2025.

Depreciation expenses decreased by RMB14.8 million, or 46.0% from RMB32.2 million for the six months ended 30 June 2024 to RMB17.4 million for the six months ended 30 June 2025. The depreciation expenses as a percentage of revenue decreased from 17.7% for the six months ended 30 June 2024 to 17.1% for the six months ended 30 June 2025.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by RMB7.6 million, or 44.7% from RMB17.0 million for the six months ended 30 June 2024 to RMB9.4 million for the six months ended 30 June 2025.

OTHER GAINS AND LOSSES

Other gains and losses amounted to a gain of RMB2.3 million for the six months ended 30 June 2025, mainly comprised of gain on disposal of property and equipment of RMB0.5 million, gain on early termination of leases of RMB2.8 million, and fair value loss of financial liabilities at FVTPL of RMB0.9 million.

FINANCE COSTS

Finance costs amounted to RMB2.5 million for the six months ended 30 June 2025, representing a decrease of RMB1.7 million as compared with the same period of last year.

INCOME TAX EXPENSE

Income tax expense decreased by RMB0.96 million from RMB1.0 million for the six months ended 30 June 2024 to RMB0.04 million for the six months ended 30 June 2025.

LOSS FOR THE PERIOD

As a result of the foregoing reasons, the loss of the Group for the Reporting Period decreased by RMB11.1 million from RMB29.4 million for the six months ended 30 June 2024 to RMB18.3 million for the six months ended 30 June 2025. Net loss margin increased from 16.1% for the six months ended 30 June 2024 to 17.9% for the six months ended 30 June 2025.

DIVIDENDS PAYABLE

As at 30 June 2025, there were no outstanding dividends payable.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, CAPITAL RESOURCES AND CASH FLOW

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

As at 30 June 2025, the Group's borrowings amounted to RMB10.0 million. The gearing ratio was 449.9%, and the gearing ratio was net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank borrowings, trade payables, other payables and accruals, financial liabilities at FVTPL, contract liabilities and amounts due to related parties, less cash and cash equivalents and restricted bank deposits. Capital represents deficits attributable to owners of the Company.

For the six months ended 30 June 2025, the Group had net cash inflows generated from operating activities of RMB17.3 million (for the six months ended 30 June 2024: RMB22.6 million). As at 30 June 2025, the Group had RMB1.1 million in cash and cash equivalents (30 June 2024: RMB8.4 million). The following table sets out certain information regarding the consolidated cash flows for the six months ended 30 June 2025 and 30 June 2024:

	For the six months ended 30 June	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Net cash from operating activities	17,341	22,637
Net cash from (used in) investing activities	7,262	(7,877)
Net cash used in financing activities	(27,355)	(26,137)
Net decrease in cash and cash equivalents	(2,752)	(11,377)
Cash and cash equivalents at the beginning of the period	3,689	20,658
Effect of foreign exchange rate changes	124	(839)
Cash and cash equivalents at the end of the period	1,061	8,442

OPERATING ACTIVITIES

Net cash inflow from operating activities decreased by RMB5.3 million, from RMB22.6 million for the six months ended 30 June 2024 to RMB17.3 million for the six months ended 30 June 2025.

INVESTING ACTIVITIES

For the six months ended 30 June 2025, net cash from investing activities was RMB7.3 million, as compared with net cash used in investing activities of RMB7.9 million for the same period in 2024.

FINANCING ACTIVITIES

Net cash used in financing activities increased from RMB26.1 million for the six months ended 30 June 2024 to RMB27.4 million for the six months ended 30 June 2025. During the Reporting Period, the Group had (i) proceeds from financial liabilities at FVTPL of RMB1.2 million and (ii) proceeds from the issue of new shares of the Company of RMB8.1 million. The amounts of RMB11.4 million, RMB17.8 million and RMB4.5 million were paid for bank loans, lease liabilities and financial liabilities of FVTPL, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 12 May 2025, in order to raise additional funding for the business operations of the Group and strengthen the Group's financial position, the Company entered into a placing agreement with VBG Capital Limited (the **"Placing Agent"**), pursuant to which the Company has agreed to place, through the Placing Agent on a best effort basis, a maximum of 442,606,200 placing shares at the placing price of HK\$0.02 per placing share to not less than six placees who and whose beneficial owners shall be third parties independent of the Company and its connected persons. The net issue price was approximately HK\$0.0196 per placing share. The closing price of the shares of the Company as quoted on The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**) on the date of the placing agreement was HK\$0.024. Completion of placing has taken place on 6 June 2025 and a total of 442,606,000 placing shares have been successfully placed by the Placing Agent to not less than six placees. The aggregate nominal value of the 442,606,000 placing shares was HK\$4,426,060. The net proceeds from the placing, after deduction of the placing commission and other related expenses, amounted to approximately HK\$8.7 million. The Company intended to use such net proceeds for general working capital of the Group. As at the date of this interim report, the net proceeds have been fully utilised.

FOREIGN CURRENCY EXPOSURE

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in a different currency from the functional currency of the relevant subsidiaries of the Group). None of the Group's purchase for the six months ended 30 June 2025 and 30 June 2024 was denominated in currencies other than the functional currency of the relevant subsidiaries. Therefore, the Group has minimal exposure to foreign exchange risk.

CAPITAL COMMITMENTS

Capital commitments were approximately RMB3.0 million and RMB4.2 million as at 30 June 2025 and 31 December 2024, respectively.

PLEDGE OF GROUP ASSETS

As at 30 June 2025, the Group had no pledge of assets.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments for the six months ended 30 June 2025.

MATERIAL ACQUISITION AND DISPOSAL

For the six months ended 30 June 2025, there were no material acquisitions or disposals by the Group and its subsidiaries and associated companies.

HUMAN RESOURCES

As at 30 June 2025, the Group employed approximately 181 staffs in Mainland China and Hong Kong. In 2025, the Group continued to use a three-dimensional labor structure for full-time employees, hourly employees and trainees and also entered into long-term cooperation plans with a number of domestic education institutions. The Group continued to implement a number of incentive assessment policies formulated, so as to increase the overall income of employees and to achieve the sharing of benefits between the Company and employees, as well as to improve employee work enthusiasm.

For the six months ended 30 June 2025, total staff cost was RMB44.8 million, accounting for 44.0% of the revenue (for the six months ended 30 June 2024: RMB72.1 million), which mainly comprised of wages and salaries.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

The catering industry is currently facing intense market competition. Consumers are not only pursuing delicious food but are also placing greater emphasis on the dining environment, social attributes, cultural identity, and shareable experiences. They have higher expectations regarding the sources of ingredients, cooking methods, and nutritional balance. Additionally, in an economically challenging environment, consumers are becoming increasingly cost conscious, seeking for more cost-effective dining experiences.

In response to these challenges, the Group plans to renovate its existing stores, designing spaces that are more modern and bright while incorporating elements of Shanghai cultural heritage. This approach aims to enhance social engagement and shareability to attract a broader customer base. The Group will also retain and refine its signature dishes, alongside developing new options that align with contemporary health concepts and tastes (such as light meal sets and creative local cuisines). For different dining situations — such as family gatherings, business meals, or casual get-togethers — the Group will design specific packages and service processes to improve targeting and cost-effectiveness.

The future of Shanghai Min should not be merely a “restaurant”, but rather transform into a “lifestyle brand centered around classic local cuisine”. This strategy is filled with both opportunities and challenges. It requires not only determination but also innovation, evolving from a catering benchmark of an era into a vibrant and enduring brand for the next century.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
REVENUE	3	101,801	182,379
Cost of sales		(36,060)	(63,410)
Gross profit		65,741	118,969
Other income	5	471	1,737
Other gains and losses	6	2,300	(2,139)
Selling and distribution expenses		(74,877)	(125,812)
Administrative expenses		(9,370)	(17,016)
Finance costs	7	(2,474)	(4,127)
LOSS BEFORE TAX		(18,209)	(28,388)
Income tax expense	8	(44)	(1,015)
LOSS FOR THE PERIOD	9	(18,253)	(29,403)
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		205	(1,594)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		(18,048)	(30,997)
(Loss) profit for the period attributable to:			
Owners of the Company		(18,248)	(29,438)
Non-controlling interests		(5)	35
		(18,253)	(29,403)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(18,045)	(31,025)
Non-controlling interests		(3)	28
		(18,048)	(30,997)
LOSS PER SHARE	11		
Basic and diluted		RMB(0.80) cents	RMB(1.35) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Notes	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
NON-CURRENT ASSETS			
Property and equipment	12	14,125	17,215
Right-of-use assets	12	40,679	50,871
Intangible assets		860	965
Long-term rental deposits		17,284	18,586
Deferred tax assets		11,009	11,009
		83,957	98,646
CURRENT ASSETS			
Inventories		2,382	5,478
Trade receivables	13	2,329	3,453
Prepayments, deposits and other receivables		18,565	16,448
Amounts due from related parties		157	3,809
Restricted bank deposits		3,638	6,224
Cash and cash equivalents		1,061	3,689
		28,132	39,101
CURRENT LIABILITIES			
Trade payables	14	76,333	65,100
Other payables and accruals		92,775	88,832
Borrowings	15	10,000	21,400
Financial liabilities at fair value through profit or loss ("FVTPL")		9,453	11,898
Amounts due to related parties		23,258	23,696
Contract liabilities		8,320	8,952
Lease liabilities		26,636	28,479
		246,775	248,357
NET CURRENT LIABILITIES		(218,643)	(209,256)
TOTAL ASSETS LESS CURRENT LIABILITIES		(134,686)	(110,610)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Notes	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Lease liabilities		31,225	45,324
Restoration provisions		3,693	3,693
		34,918	49,017
NET LIABILITIES		(169,604)	(159,627)
CAPITAL AND DEFICITS			
Share capital	16	22,511	18,393
Other deficits		(193,716)	(179,624)
Deficits attributable to owners of the Company		(171,205)	(161,231)
Non-controlling interests		1,601	1,604
TOTAL DEFICITS		(169,604)	(159,627)

Gu Dorson

Director

Gu Lina

Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company														
	Share capital	Treasury shares	Share premium	Capital redemption reserves	Capital reserve	Merger reserve	Statutory reserve	Translation reserve	Share option reserve	Share Award reserve	Revaluation reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025 (audited)	18,393	-	723,723	27	59,728	(69,246)	14,377	(35,469)	1,482	-	(4,336)	(869,910)	(161,231)	1,604	(159,627)
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(18,248)	(18,248)	(5)	(18,253)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	203	-	-	-	-	203	2	205
Total comprehensive income (expense) for the period	-	-	-	-	-	-	-	203	-	-	-	(18,248)	(18,045)	(3)	(18,048)
Issue of shares upon placing (Note 16)	4,118	-	3,953	-	-	-	-	-	-	-	-	-	8,071	-	8,071
Lapse of share options	-	-	-	-	-	-	-	-	(1,482)	-	-	1,482	-	-	-
At 30 June 2025 (unaudited)	22,511	-	727,676	27	59,728	(69,246)	14,377	(35,266)	-	-	(4,336)	(886,676)	(171,205)	1,601	(169,604)
At 1 January 2024 (audited)	18,393	(2,274)	723,723	27	59,728	(69,246)	15,007	(35,093)	9,985	1,334	(4,336)	(792,593)	(75,345)	1,593	(73,752)
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(29,438)	(29,438)	35	(29,403)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	(1,587)	-	-	-	-	(1,587)	(7)	(1,594)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	-	(1,587)	-	-	-	(29,438)	(31,025)	28	(30,997)
Transfer upon deregistration of subsidiaries	-	-	-	-	-	-	(250)	-	-	-	-	250	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	(250)	-	-	-	-	250	-	-	-
Transfer of treasury shares to Share Award Scheme reserve	-	2,201	-	-	-	-	-	-	-	(1,334)	-	(867)	-	-	-
Repurchase of shares	-	(232)	-	-	-	-	-	-	-	-	-	-	(232)	-	(232)
Lapse of share options	-	-	-	-	-	-	-	-	(1,764)	-	-	1,764	-	-	-
At 30 June 2024 (unaudited)	18,393	(305)	723,723	27	59,728	(69,246)	14,507	(36,680)	8,221	-	(4,336)	(820,634)	(106,602)	1,621	(104,981)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
OPERATING ACTIVITIES			
Loss before tax		(18,209)	(28,388)
Adjustments for:			
Finance costs		2,474	4,127
Interest income		(25)	(53)
Depreciation of property and equipment		2,934	7,032
Depreciation of right-of-use assets		14,620	25,775
Amortisation of intangible assets		105	413
(Gain) loss on disposal of property and equipment	6	(452)	127
Gain on early termination of leases	6	(2,821)	(4,780)
Gain on disposal of a subsidiary	18	–	(458)
Impairment losses, net of reversal			
– property and equipment		–	2,271
Fair value loss of financial liabilities at FVTPL		915	5,165
Operating cash flows before movements in working capital			
Decrease (increase) in inventories		(459)	11,231
Decrease in trade receivables		3,097	(661)
(Increase) decrease in prepayments, deposits and other receivables		1,129	2,137
Decrease in long-term rental deposits		(2,111)	8,988
Increase in trade payables		1,304	2,203
Increase in other payables and accruals		1,194	277
Increase in restoration provisions		3,819	1,376
Decrease in contract liabilities		–	47
Cash generated from operations			
Income tax paid		(632)	1,376
Net cash from operating activities			
INVESTING ACTIVITIES			
Repayment from related parties		17,341	23,606
Withdrawal of restricted bank deposits		–	(969)
Net cash from operating activities			
INVESTING ACTIVITIES			
Repayment from related parties		17,341	22,637
Withdrawal of restricted bank deposits		3,652	–
Proceeds from disposal of property and equipment		2,586	–
Interest received		999	–
Purchase of property and equipment		25	53
Placement of restricted bank deposits		–	(4,295)
Advance to related parties		–	(2,193)
Net cash from (used in) investing activities			
7,262			
(7,877)			

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
FINANCING ACTIVITIES		
Repayment of lease liabilities	(17,754)	(36,492)
Repayment of bank loans	(11,400)	(15,000)
Repayment of financial liabilities at FVTPL	(4,544)	(5,067)
Interest paid	(2,474)	(4,127)
Repayment to related parties	(438)	–
Proceeds from issue of shares	8,071	–
Proceeds from financial liabilities at FVTPL	1,184	17,380
Proceeds from new bank loans	–	9,000
Advance from related parties	–	8,401
Repurchase of shares	–	(232)
Net cash used in financing activities	(27,355)	(26,137)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,752)	(11,377)
Cash and cash equivalent at 1 January	3,689	20,658
Effect of foreign exchange rate changes	124	(839)
CASH AND CASH EQUIVALENTS AT 30 JUNE	1,061	8,442

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

1. BASIS OF PREPARATION

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

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

The condensed consolidated financial statements have been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Management continues to closely monitor the liquidity position of the Group, which includes the sensitivity analysis of forecast bank and cash balances for various factors over the short and medium term to ensure adequate liquidity is maintained.

The Group incurred a loss of approximately RMB18,253,000 for the six months ended 30 June 2025 and, as at 30 June 2025, the Group’s current liabilities exceeded its current assets by approximately RMB218,643,000 and the Group’s total liabilities exceeded its total assets by approximately RMB169,604,000, while the Group had cash and cash equivalents of approximately RMB1,061,000.

These conditions indicate that the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the directors of the Company have reviewed the Group’s cash flow forecasts which cover a period of not less than twelve months from the date of the end of the reporting period.

Cash flow forecasts, which assume the continuity of normal business activity, indicate that the Group will have sufficient liquidity to meet its operation, existing contractual debt obligation and capital expenditure requirements for at least twelve-month period from the date of the end of the reporting period. Such cash flow forecasts include the following assumptions:

- (i) The Group has been actively negotiating with certain banks on new source of borrowings;
- (ii) the Group has been actively negotiating with certain banks to refinance the existing loan facilities from banks;
- (iii) the Group has been actively negotiating with investors on new source of funding;
- (iv) the Group has been actively negotiating with the lessors for extension of repayment of the outstanding lease payments included in other payables and accruals and lease liabilities; and
- (v) the Group will implement effective control on administrative and operating costs to improve the Group’s financial performance and position, to finance the Group’s operations and to meet the Group’s financial obligations as and when they fall due.

Taking into account all assumptions and plans as described above, the directors of the Company are of the opinion that the Group will have sufficient working capital to maintain its operations and to pay its financial obligations as and when they fall due for at least twelve-months from the end of the reporting period. The directors of the Company are satisfied that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

1. BASIS OF PREPARATION *(continued)*

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) successful negotiation with banks on new source of borrowings;
- (ii) successfully completing the refinancing of existing loan facilities from banks;
- (iii) successful negotiation with investors on new source of funding;
- (iv) successful negotiation with the lessors for extension of repayment of the outstanding lease payments included in other payables and accruals and lease liabilities; and
- (v) successfully implementing effective control on administrative and operating costs to improve the Group's financial performance and position, to finance the Group's operations and to meet the Group's financial obligations as and when they fall due.

Should the Group fail to achieve a combination of the abovementioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their realisation amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, if applicable. The effects of these adjustments have not been reflected in the condensed consolidated financial statements.

2. 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 change in accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

3. REVENUE

Disaggregated of revenue from contracts with customers

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Types of goods or services		
Restaurant operations	101,784	179,637
Sale of packed foods	17	2,742
Total	101,801	182,379
Timing of revenue recognition		
A point in time	101,801	182,379

4. OPERATING SEGMENTS

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

(a) Shanghai XNG Holding Business (including main brands: Shanghai Min, The Dining Room and Wolfgang Puck)

Geographical information

The Group's operations are located on the Mainland PRC and Hong Kong.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the restaurants. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	Six months ended 30 June		30 June	31 December
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
The People's Republic of China	98,628	157,094	55,311	66,939
Hong Kong	3,173	25,285	353	2,112
	101,801	182,379	55,664	69,051

Note: Non-current assets excluded financial instruments and deferred tax assets

Information about major customers

No revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the six months ended 30 June 2025 and 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

5. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Management fee income	–	683
Interest income	25	53
Others	446	1,001
	471	1,737

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Foreign exchange differences, net	(58)	(3)
Fair value loss of financial liabilities at FVTPL	(915)	(5,165)
Gain on early termination of leases	2,821	4,780
Gain (loss) on disposal of property and equipment	452	(127)
Impairment losses recognised in respect of		
– property and equipment	–	(2,271)
Gain on deregistration of subsidiaries and branches	–	189
Gain on disposal of a subsidiary	–	458
	2,300	(2,139)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Interest on bank loans	412	412
Interest on lease liabilities	2,062	3,715
	2,474	4,127

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Current tax:		
PRC Enterprise Income tax	44	933
Deferred tax	–	82
	44	1,015

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods.

No provision for taxation in Hong Kong has been made as the Group’s income neither arises in, nor is derived from, Hong Kong.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Cost of inventories recognised as an expense	36,060	63,410
Depreciation of property and equipment	2,934	7,032
Depreciation of right-of-use assets	14,620	25,775
Amortisation of intangible assets	105	413
Employee benefit expense (including directors' emoluments):		
Wages and salaries	41,882	67,804
Defined contribution pension scheme	2,953	4,253
	44,835	72,057

10. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

11. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	(18,248)	(29,438)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,271,719,000	2,183,355,000

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the treasury shares held by the Group.

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for both 2025 and 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

12. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group disposed of certain property and equipment with an aggregate carrying amount of RMB452,000 (six months ended 30 June 2024: RMB127,000), resulting in a gain on disposal of RMB452,000 (six months ended 30 June 2024: loss on disposal of RMB127,000).

During the current interim period, the Group acquired property and equipment at a cash consideration of Nil (six months ended 30 June 2024: RMB4,295,000).

During the current interim period, the Group renewed several lease agreements and entered into several new lease agreements with lease terms ranged from 1 to 2 years (six months ended 30 June 2024: 1 to 2 years). On date of lease modification or lease commencement, the Group recognised right-of-use assets of RMB7,287,000 (six months ended 30 June 2024: RMB8,924,000) and lease liabilities of RMB7,287,000 (six months ended 30 June 2024: RMB8,924,000).

13. TRADE RECEIVABLES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Trade receivables	3,309	4,434
Less: Allowance for credit losses	(980)	(981)
	2,329	3,453

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

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the invoice dates, which approximate the revenue recognition date:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 – 30 days	608	921
31 – 60 days	584	52
61 – 90 days	50	12
Over 90 days	1,087	2,468
	2,329	3,453

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

14. TRADE PAYABLES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Trade payables	76,333	65,100

The following is an analysis of trade payables by age, presented based on the invoice date.

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 – 90 days	30,300	34,254
91 – 365 days	35,970	24,111
Over 1 year	10,063	6,735
	76,333	65,100

The average credit period on purchases of goods is 90 days.

15. BORROWINGS

During the current interim period, the Group repaid bank loans amounting to RMB11,400,000 (six months ended 30 June 2024: RMB15,000,000), drew new loans amounting to Nil (six months ended 30 June 2024: RMB9,000,000) and renewed existing bank facilities in the principal amount of RMB5,000,000 (six months ended 30 June 2024: Nil). Of the new loans drawn down during the six months ended 30 June 2024, RMB9,000,000 are unsecured, carry interest at fixed market rate ranging from 3.90% to 4.20% per annum and are repayable within 1 year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

16. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2025 '000 (unaudited)	31 December 2024 '000 (audited)	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Authorised:				
At beginning and end of the period/year	10,000,000	10,000,000	83,112	83,112
Issued and fully paid:				
At beginning of the period/year	2,213,031	2,213,031	18,393	18,393
Shares issued under placing (Note(ii))	442,606	–	4,118	–
At end of the period/year	2,655,637	2,213,031	22,511	18,393
Treasury shares:				
At beginning of the period/year	–	36,667	–	2,274
Repurchase of shares	–	12,983	–	432
Transfer of treasury shares to Share Award Scheme reserve	–	(49,650)	–	(2,706)
At end of the period/year	–	–	–	–

Note (i): On 6 June 2025, the Company allotted and issued 442,606,000 ordinary shares by way of placing, at a placing price of HK\$0.02 per ordinary share for cash. The gross proceeds from the placing amounted to RMB8,248,000, among which, RMB4,118,000 were credited to the share capital of the Company and RMB4,130,000 (before issuing expenses) were credited to share premium of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

17. SHARE-BASED PAYMENTS/SHARE OPTIONS

The rights issue of shares on the basis of one share for every two existing shares (“**Rights Issue**”) was completed on 18 July 2016. As a result of the completion of the Rights Issue, the Company made adjustments to the exercise price and the number of outstanding share options granted by the Company pursuant to the terms of the share option scheme adopted by the Company on 4 July 2012 (the “**Share Option Scheme**”).

(1) Share Option Scheme

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

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

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

There were no share options granted during the six months ended 30 June 2025 and 2024.

The following share options were outstanding under the Share Option Scheme during the six months ended 30 June 2025 and 2024:

	Six months ended 30 June 2025		Six months ended 30 June 2024	
	Weighted average exercise price per share RMB	Number of options '000	Weighted average exercise price per share RMB	Number of options '000
At the beginning of the period		1,683		7,688
Forfeited during the period	1.032	(1,683)	1.355	(3,189)
At the end of the period		–		4,499

No share options under the Share Option Scheme were exercised during the six months ended 30 June 2025 and 2024.

The exercise period of the share options granted commences after a vesting period of four years and ends on a date which is 9 years from the date of offer of the share options or the expiry dates of the Share Option Scheme, if earlier.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

17. SHARE-BASED PAYMENTS/SHARE OPTIONS *(continued)*

(1) Share Option Scheme *(continued)*

The Group didn't recognise share option expense for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil). The Group transferred RMB1,482,000 from share option reserve to accumulated losses for the shares forfeited during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB1,764,000).

As at 30 June 2025, the Company did not have any share option outstanding under the Share Option Scheme.

18. DISPOSAL OF A SUBSIDIARY

During the six months ended 30 June 2024, the Group had entered into a sales and purchase agreement with an independent third party to dispose of its entire equity interests in 上海新區小南國餐飲管理有限公司 Shanghai Xinqu Xiao Nan Guo Restaurant Management Co., Ltd.* ("Xinqu XNG") at a consideration of RMB1. The disposal was completed in April 2024, on which date control of Xinqu XNG passed to the acquirer. The net liabilities of Xinqu XNG at the date of disposal were as follows:

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property and equipment	186
Right-of-use assets	2,567
Deferred tax assets	521
Prepayments, deposits and other receivables	287
Lease liabilities	(4,019)
Net liabilities disposed of	(458)
Gain on disposal of a subsidiary:	
Consideration received	–
Net liabilities disposed of	458
Gain on disposal	458
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	–

* The English name is for identification purpose only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

19. COMMITMENTS

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

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Capital expenditure in respect of the additions of leasehold improvements contracted for but not provided in the consolidated financial statements	2,978	4,169

20. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Group has following transactions and balances with related parties:

Relationships	Nature of balances	Six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Related companies	Actual Spending of Pre-paid Cards (Note (i))	751	1,263
	Commission paid for Pre-paid Cards (Note (i))	5	8

Note:

- i. The Group entered into a pre-paid card agreement in 2014 with Shanghai Hui Feng Restaurant Management Co., Ltd. ("Hui Feng") a company indirectly owned by Wang Bai Xuan Tiffany, who is the daughter of the Controlling Shareholder of the Company. Pursuant to the agreement, the pre-paid cards can be used at the Shanghai Min Restaurants, the WH Ming Hotel as well as other businesses operated by the Controlling Shareholder. The actual spending is the amount which the pre-paid card holders have actually spent at the Shanghai Min Restaurants (including Shanghai Min, the Dining Room and Shanghai Min's family restaurants) via the pre-paid cards.

The commission rate payable to Hui Feng is 1% of the actual dining expenses, spent by pre-paid card holders for every bill (before discount (if any)) at the Shanghai Min Restaurants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

20. RELATED PARTY TRANSACTIONS *(continued)*

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Short-term employee benefits	1,216	1,267

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

The directors of the Company have set up a valuation committee, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group instructs its internal investment team to perform the valuation. The valuation committee works closely with the investment team to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the directors of the Company every quarter to explain the cause of fluctuations in the fair value.

The fair values of these financial assets and financial liabilities 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 based on 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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Relationship of key inputs to fair value
	30 June 2025 RMB'000	31 December 2024 RMB'000			
Liabilities					
Financial liabilities at FVTPL – Daily revenue contract	9,453	11,898	Level 3	Income approach with key inputs of projected cash flow, expected life span of daily revenue contract and discount rate	A significant increase in the projected cash flow would result in a significant increase in fair value, and vice versa. A significant decrease in the discount rate would result in a significant increase in fair value, and vice versa.

There were no transfers in different levels of the fair value hierarchy between Level 1, 2 and 3 during the reporting period.

Reconciliation of Level 3 fair value measurements of financial liabilities

	Financial liabilities at FVTPL RMB'000	Unlisted equity securities RMB'000
At 1 January 2025 (audited)	11,898	–
Proceeds from financial liabilities at FVTPL	1,184	–
Repayment of financial liabilities at FVTPL	(4,544)	–
Net fair value change	915	–
At 30 June 2025 (unaudited)	9,453	–
	Financial liabilities at FVTPL RMB'000	Unlisted equity securities RMB'000
At 1 January 2024 (audited)	–	–
Proceeds from financial liabilities of FVTPL	17,380	–
Repayment of financial liabilities of FVTPL	(5,067)	–
Net fair value change	5,165	–
At 30 June 2024 (unaudited)	17,478	–

Of the total gains or losses for the period included in profit or loss, RMB915,000 relates to financial liabilities at FVTPL held at the end of current reporting period (six months ended 30 June 2024: RMB5,165,000). Fair value gains or losses on financial liabilities at FVTPL are included in 'other gains and losses'.

Included in other comprehensive income is an amount of Nil gain (six months ended 30 June 2024: Nil) relating to unlisted equity securities classified as equity instruments at FVTOCI held at the end of the current reporting period and is reported as changes of revaluation reserve.

Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

OTHER INFORMATION

SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to 30 June 2025, the Group did not have any significant events.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

CHANGES OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the change in information of the Directors during the six months ended 30 June 2025 and up to the date of this interim report is set out below:

Ms. Wang Huili has resigned as an executive Director and has ceased to be the chairlady of the Board, the chairlady of the Nomination Committee and the risk management committee of the Company and a member of the Remuneration Committee with effect from 21 January 2025.

Ms. Wu Wen has resigned as a non-executive Director with effect from 21 January 2025.

Mr. Gu Dorson has been appointed as an executive Director, the chairman of the Board, the chairman of the Nomination Committee and the risk management committee of the Company and a member of the Remuneration Committee with effect from 21 January 2025.

Ms. Gu Lina has been appointed as a non-executive Director with effect from 21 January 2025.

OTHER INFORMATION

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

As at 30 June 2025, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or its any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to notify to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules, are set out as follows:

Name of Directors	Nature of Interest	Number of Shares/ Underlying Shares ⁽¹⁾	Approximate percentage of shareholding
Mr. GU Dorson	Beneficial owner	221,257,550 (L) ⁽²⁾	8.33%

Notes:

- (1) "L" denotes long position in the Shares held by the Directors.
- (2) On 25 November 2021, 110,651,550 awarded shares were granted to Mr. Gu Dorson pursuant to the 2019 Share Award Scheme.
- (3) The percentage of shareholding was calculated based on the Company's total number of issued shares as at 30 June 2025 (i.e. 2,655,637,000 Shares).

Save as disclosed above, as at 30 June 2025, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of 30 June 2025, the following persons (other than Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding
Alpadis Group Holding AG (formerly known as Alpadis Group Holding SA)	Interest in controlled corporation	655,087,500 (L) ⁽²⁾	24.67%
Alpadis Trust (HK) Limited	Interest in controlled corporation	655,087,500 (L) ⁽²⁾	24.67%
ESSEIVA Alain	Interest in controlled corporation	655,087,500 (L) ⁽³⁾	24.67%
HEER Dominik Philipp	Interest in controlled corporation	655,087,500 (L) ⁽³⁾	24.67%
HEER Krinya	Interest of spouse	655,087,500 (L) ⁽⁴⁾	24.67%
TEO Wei Lee	Interest of spouse	655,087,500 (L) ⁽⁵⁾	24.67%
Shen Xia	Interest in controlled corporation	167,887,000 (L)	6.32%
		167,887,000 (S) ⁽⁶⁾	6.32%
Elite Converge Limited	Interest in controlled corporation	167,887,000 (L)	6.32%
		167,887,000 (S) ⁽⁶⁾	6.32%
Sunshine Property I Limited	Beneficial owner	167,887,000 (L)	6.32%
		167,887,000 (S) ⁽⁶⁾	6.32%
Shining Capital Holdings L.P.	Interest in controlled corporation	167,887,000 (L)	6.32%
		167,887,000 (S) ⁽⁶⁾	6.32%
Shining Capital Management Limited	Interest in controlled corporation	167,887,000 (L)	6.32%
		167,887,000 (S) ⁽⁶⁾	6.32%
Shining (BVI) Limited	Interest in controlled corporation	167,887,000 (L)	6.32%
		167,887,000 (S) ⁽⁶⁾	6.32%
Li Shuming	Beneficial owner	164,763,575 (L)	6.20%
Ms. Wang Huili	Interest in controlled corporation	12,260,625 (L) ⁽⁷⁾	0.46%
	Beneficial owner	126,150,000 (L)	4.75%

Notes:

- (1) The letter "L" denotes long position in the shares and the letter "S" denotes short position in the shares.
- (2) The underlying shares were held by Alpadis Trust (HK) Limited as a professional trustee.
- (3) Mr. ESSEIVA Alain and Mr. HEER Dominik Philipp indirectly held 53.34% and 40.60% of the shares of Alpadis Trust (HK) Limited respectively.
- (4) Mrs. HEER Krinya is the spouse of Mr. HEER Dominik Philipp. Under the SFO, Mrs. HEER is deemed to be interested in the same number of shares of the Company which Mr. HEER Dominik Philipp is interested in.
- (5) Ms. TEO Wei Lee is the spouse of Mr. ESSEIVA Alain. Under the SFO, Ms. TEO is deemed to be interested in the same number of shares of the Company which Mr. ESSEIVA Alain is interested in.
- (6) The 167,887,000 Shares were held by Sunshine Property I Limited. Mr. Weng Xiangwei owned the entire issued share capital of Shining (BVI) Limited, which beneficially owned 50% of the issued share capital of Shining Capital Management Limited. The remaining of 50% equity interest held by Elite Converge Limited, of which Mr. Shen Xia owned 100% of the issued share capital. Shining Capital Management Limited in turn beneficially owned the entire issued share capital of Shining Capital Holdings L.P., which in turn beneficially owned the entire issued share capital of Sunshine Property I Limited. Therefore, Mr. Weng Xiangwei, Mr. Shen Xia, Elite Converge Limited, Shining (BVI) Limited, Shining Capital Management Limited and Shining Capital Holdings L.P. were deemed to be interested in the Shares held by Sunshine Property I Limited under the SFO.
- (7) The relevant Shares were held by Fast Thinker Limited. Ms. Wang Huili owned the entire issued share capital of Ever Project Investments Limited, which beneficially owned 100% of the issued share capital in Fast Thinker Limited. Therefore, Ms. Wang Huili was deemed to be interested in the Shares held by Fast Thinker Limited under the SFO.
- (8) The percentage of shareholding was calculated based on the Company's total number of issued shares as at 30 June 2025 (i.e. 2,655,637,000 Shares).

OTHER INFORMATION

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

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

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

Subject to the restrictions under the Listing Rules, the total number of Shares issued and to be issued upon the exercise of the options granted or to be granted to each eligible participant under the Share Option Scheme and any other schemes of the Group (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue. The Share Option Scheme was in force for a period of 10 years from 4 July 2012 and has expired on 4 July 2022, provided that all outstanding options granted shall still be subject to the terms of the scheme. Therefore, no further option was available for grant under the Share Option Scheme as at 1 January 2025 and 30 June 2025.

The summary of the share options granted under the Share Option Scheme that were still outstanding as at 1 January 2025 and 30 June 2025 are as follows:

	As at 1 January 2025	During the period ended 30 June 2025	During the period ended 30 June 2025	During the period ended 30 June 2025	During the period ended 30 June 2025	As at 30 June 2025
Name of the grantee	No. of share options outstanding	No. of share options granted	No. of share options exercised	No. of share options cancelled	No. of share options lapsed	No. of share options outstanding
Employees (in aggregate)	1,683,360	–	–	–	(1,683,360)	–

As at 30 June 2025, there was no outstanding share option under the Share Option Scheme.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE “CG CODE”)

The Company is dedicated to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The principle of the Company’s corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with the applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders.

The Board has established and has continued strengthening the Group’s objectives, values and strategies, and ensure alignment with the Group’s culture. Such culture should instill and continually reinforce across the organization values of acting lawfully, ethically and responsibly.

Optimizing value for its shareholders is the Company’s priority. The Group strives to become the leading pioneer in the industry of restaurant chain stores in Mainland China and Hong Kong. The mission of the Group is to lead the development of the industry and set the industry benchmarks. In this connection, the Group has been endeavoring to offer to its employees, customers, shareholders, the society, and the environment an enterprise operating in a lawful, ethical and responsible way. These purpose and values shape the Group’s strategies.

The Group’s purpose, values and strategies form the foundations of the Group’s corporate culture. The Group’s corporate culture is centered on adherence to high ethical standards and practices, and striving for sustainable development.

The Company has adopted the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance. For the six months ended 30 June 2025, the Company has complied with the applicable code provisions as set out in the CG Code.

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 C3 to the Listing Rules as the code of conduct of the Company regarding directors’ transactions of securities. After specific enquiries to all Directors, all the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code for the six months ended 30 June 2025.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2025.

PUBLIC FLOAT

Based on the information that is available to the Company and to the knowledge of the Directors, the Company has maintained at least 25% of the Company’s total issued share capital held by the public for the six months ended 30 June 2025 and as at the date of this interim report.

INDEPENDENT ADVICES

The Directors and their committees shall have access to independent professional advices if considered necessary. The Directors may also seek independent professional advices on matters related to the Company to fulfill their responsibilities at the Company’s expense after obtaining the approval of the Board.

OTHER INFORMATION

INTERIM RESULTS REVIEW

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

The members of the Audit Committee include Mr. Leung Yiu Cho, Mr. Zhang Zhenyu and Ms. Hu Xiaoqi. Mr. Leung Yiu Cho is the chairman of the Audit Committee.

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 and this interim report have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with in the preparation of relevant results, and sufficient disclosure have been made.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees and business partners for their support and contribution to the Group.