



味千(中國)控股有限公司 AJISEN (CHINA) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with Limited Liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 538

大骨熬湯五十年



2021 中期報告
INTERIM REPORT

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Corporate Profile

Ajisen (China) Holdings Limited (stock code: 538) (“Ajisen (China)” or the “Company”; together with its subsidiaries, the “Group”) is one of the leading fast casual restaurant (“FCR”) chain operators in the People’s Republic of China (“PRC”) and the Hong Kong Special Administrative Region (“Hong Kong”). Since its establishment in 1996, the Group has been selling Japanese ramen and Japanese-style dishes under the Ajisen brand in the PRC and Hong Kong by incorporating Chinese people’s culinary preferences and the essence of the Chinese cuisine, and have developed over one hundred types of Japanese-style ramen and dishes that cater for the Chinese people’s palate. Combining the elements of fast food shops and traditional restaurant elements, the Group has become a fast-growing FCR chain operator.

After our listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 30 March 2007, the strong capital support has injected new vitality into the Group’s rapid expansion. As a renowned brand in the Food and Beverage (“F&B”) industry, Ajisen’s fast casual chain restaurants are very popular among consumers with its outlets widely scattered in prime locations of major cities in the PRC and Hong Kong. As at 30 June 2021, the Group’s nationwide retail network comprises 707 restaurants, Ajisen restaurants have entered over 167 cities and 30 provinces and municipalities of the PRC. Among the major cities, the international metropolis Shanghai boasts the largest number of Ajisen restaurants, being 111, followed by 86 in Jiangsu and 81 in Zhejiang, together with the remaining 429 restaurants spanning across other major cities from the southern to the northern region of the PRC. In Hong Kong, Ajisen (China) operates 22 chain restaurants with its chain network covering all major business areas of the city. The Group also operates 2 restaurants in Europe. Moreover, the restaurant network is supported by the Group’s Shanghai, Chengdu, Tianjin, Wuhan and Dongguan production bases.

On 30 March 2007, Ajisen (China) was successfully listed on the Main Board of the Stock Exchange, which made it the first domestic catering chain company listed overseas. In 2007, the Group was ranked first among the top 50 fastest-growing Asian enterprises of the year awarded by the influential international financial magazine Business Week.

Ajisen (China)’s initial public offering was also named “2007 Best Mid-Cap Equity Deal” by Finance Asia, a renowned Asian business publication.

In September 2008, the Group acquired a place in “Asia’s 200 Best Under A Billion” list made by Forbes, and was selected again as one of the “Chinese Enterprises With Best Potential 2008”. Besides, Ms. Poon Wai, Chairman and Chief Executive Officer of the Group, was also enlisted into “Chinese Celebrities” by Forbes.

Ajisen (China) strives to become the No. 1 FCR chain operator in the PRC.

CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. Poon Wai

(Chairman and Chief Executive Officer)

Mr. Poon Ka Man, Jason

Ms. Minna Ng

Non-executive Director

Mr. Katsuaki Shigemitsu

Independent Non-executive Directors

Mr. Lo Peter

Mr. Jen Shek Voon

Mr. Wang Jincheng

Audit Committee

Mr. Jen Shek Voon *(Chairman)*

Mr. Lo Peter

Mr. Wang Jincheng

Remuneration Committee

Mr. Lo Peter *(Chairman)*

Mr. Jen Shek Voon

Mr. Wang Jincheng

Nomination Committee

Mr. Wang Jincheng *(Chairman)*

Mr. Lo Peter

Mr. Jen Shek Voon

Authorised Representatives

Ms. Poon Wai

Ms. Leung Wai Han

Company Secretary

Ms. Leung Wai Han

Head Office and Principal Place of Business in Hong Kong

6th Floor, Ajisen Group Tower

Block B

24-26 Sze Shan Street

Yau Tong, Kowloon

Hong Kong

Registered Office

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY-1108

Cayman Islands

Principal Share Registrar and Transfer Office

Ocorian Trust (Cayman) Limited

Windward 3

Regatta Office Park

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Grand Cayman KY1-1108

Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Chong Hing Bank Limited
Bank of Shanghai Co., Ltd
OCBC Wing Hang Bank Limited

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Hong Kong Legal Adviser

Fairbairn Catley Low & Kong

Investor and Media Relations Consultant

Wonderful Sky Financial Group
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Investor Relations Contact

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Stock Code

538

FINANCIAL HIGHLIGHTS

For the six months ended 30 June (unaudited)	2021	2020	+/- %
Turnover (RMB million)	1,012.5	691.8	+46.4%
Gross profit (RMB million)	738.0	488.6	+51.0%
Profit (loss) before taxation (RMB million)	86.2	(149.8)	N/A
Profit (loss) attributable to owners of the Company (RMB million)	49.7	(109.4)	N/A
Earnings (loss) per share – basic (RMB)	0.05	(0.10)	N/A

Industry Review

During the six months ended 30 June 2021 (the “**Period**”), facing the complex and changing environment at home and abroad, all regions and departments in China adhered to the general principle of making progress while maintaining stability, continued to consolidate and expand the achievements in pandemic prevention and control and economic and social development, and accurately implemented macro policies, resulting in sustained and stable economic recovery in China. According to the National Bureau of Statistics of China, during the Period, China’s gross domestic product (GDP) amounted to RMB53,216.7 billion, representing an increase of 12.7% year-on-year (same period in 2020: a decrease of 1.6%), and an average growth rate of 5.3% for two years; the total retail sales of social consumer goods amounted to RMB21,190.4 billion, representing an increase of 23.0% year-on-year, and an average growth rate of 4.4% for two years, indicating that the market and sales have gradually improved; the national per capita disposable income amounted to RMB17,642, representing a real growth of 12.0% over the same period last year, and an average growth rate of 5.2% for two years; and the national consumer price index (CPI) increased by 0.5% year-on-year.

In the first half of 2021, the catering market continued to recover steadily. According to the National Bureau of Statistics of China, during the Period, the national revenue of the catering industry was RMB2,171.2 billion, representing an increase of 48.6% year-on-year, and the scale was basically the same as that in the first half of 2019. According to iiMedia Research, as of 2020, China’s takeaway market size has reached RMB664.6 billion, representing an increase of 15.0% year-on-year. At the same time, driven by delivery platforms, the number of takeaway users in China also increased significantly, and the takeaway users in China reached 456 million in 2020. The novel coronavirus pneumonia (COVID-19) pandemic accelerated the digitalization process of the catering industry, takeaway has become an important way to industrial transformation, and online and offline omni-channel operations will become a trend.

According to the China Catering Report 2020 (《2020年中國餐飲業年度報告》), the catering industry has always been a traditional industry, and the degree of digitalization is generally low. However, under the COVID-19 pandemic, some catering companies that had realized the “Internet+” and digital layout in advance showed good anti-risk capability and market resilience. The integrative development of “Internet+” and the industry, as well as the digital and intelligent development, will become a new driving force for the development of the industry.

In 2021, facing the instability and uncertainties in global economic recovery and pandemic prevention and control, the Group will continue to conduct lean management, strictly control the quality and safety of food, and strategically expand its restaurant network. Meanwhile, the Group will continue to optimize the membership system, increase the members’ repurchase rate, speed up digital transformation, and continue to optimize brand strategy upgrading and strive to promote internal organizational reform, with a view to grasping the development opportunities arising from industry reform and bringing better return on investment for the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2021, the Group's turnover was approximately RMB1,013 million, representing an increase of approximately 46.4% from approximately RMB692 million for the corresponding period in 2020; and the gross profit was approximately RMB738 million, representing an increase of approximately 51.0% as compared with the corresponding period last year.

The Company achieved a turnaround from loss to profit during the Period, and recorded a profit attributable to owners of the Company of approximately RMB49.7 million for the Period, as compared with a loss attributable to owners of the Company of approximately RMB109.4 million for the corresponding period in 2020. Accordingly, the basic earnings per share of the Company was approximately RMB0.05 per ordinary share, as compared with a loss of RMB0.10 per ordinary share for the corresponding period in 2020.

The Group achieved a turnaround from loss to profit mainly due to the increase in the revenue of the Group as compared with the corresponding period in 2020. Majority of the restaurants of the Group have gradually recovered from the COVID-19 pandemic, and the number of restaurant operation days has increased. However, due to the recurring COVID-19 pandemic, some of the stores have not been fully put into operation, affecting the recovery of the Group's revenue.

Since the impact of the COVID-19 pandemic on the catering industry is expected to continue, the Group streamlined the existing stores during the Period and closed those stores with unsatisfactory operating performance. As at 30 June 2021, the Group had a total of 707 fast casual chain restaurants, a decrease of 27 from 734 for the corresponding period in 2020; and the Group's restaurant network reached 167 cities in 30 provinces and municipalities nationwide.

The Group's cost of inventories consumed as a proportion to turnover was approximately 27.1%, representing a decrease of approximately 2.3 percentage points as compared with the corresponding period last year. Accordingly, the gross profit margin increased to 72.9% for the Period from approximately 70.6% for the corresponding period in 2020. In addition, the Group's labour costs accounted for approximately 26.2% of the turnover, representing a decrease of 4.6 percentage points as compared with 30.8% for the corresponding period in 2020. The decrease in the proportion of costs was mainly due to the increase in turnover, resulting in the reduction of ingredients waste and the improvement in staff efficiency.

The effective operation of 707 restaurants under the Group would not be achieved without our efficient management and intensive staff training. The Group also strengthened the guidance and training of restaurant managers and regional supervisors, and enhanced the operational efficiency of each restaurant through constant improvement of the management ability of frontline employees. In addition, the Group has six major production bases in China, including those in Shanghai, Chengdu, Tianjin, Wuhan, Qingdao and Dongguan, which guaranteed the food quality, food safety and stable supply of the Group's restaurants during the pandemic.

The Group will closely monitor market conditions, respond quickly to market changes and actively control operating costs to reduce the impact of various negative factors.

MANAGEMENT DISCUSSION AND ANALYSIS

Retail Chain Restaurants

During the Period, the Group's major business and primary source of income continued to stem from the retail chain restaurant business. During the Period, the Group's restaurant business income recorded approximately RMB951,011,000 (corresponding period in 2020: approximately RMB637,697,000), accounted for approximately 93.9% (corresponding period in 2020: approximately 92.2%) of the Group's total revenue, an increase of approximately 49.1% from the corresponding period last year.

As at 30 June 2021, the Group's restaurant portfolio consisted of 707 chain restaurants, comprising the following:

By provinces	30 June 2021	30 June 2020	+/-
Shanghai	111	123	-12
Beijing	43	41	+2
Tianjin	6	7	-1
Guangdong (excluding Shenzhen)	56	55	+1
Shenzhen	16	17	-1
Jiangsu	86	84	+2
Zhejiang	81	83	-2
Sichuan	15	14	+1
Chongqing	12	12	-
Fujian	14	17	-3
Hunan	12	13	-1
Hubei	16	13	+3
Liaoning	18	23	-5
Shandong	46	48	-2
Guangxi	17	16	+1
Guizhou	4	4	-
Jiangxi	18	18	-
Shaanxi	11	13	-2
Yunnan	10	9	+1
Henan	16	15	+1
Hebei	14	16	-2
Anhui	16	15	+1
Xinjiang	2	2	-
Hainan	6	8	-2
Shanxi	2	4	-2
Neimenggu	6	5	+1
Heilongjiang	12	16	-4
Ningxia, Qinghai	3	3	-
Jilin	12	15	-3
Tibet	1	1	-
Gansu	1	1	-
Hong Kong	22	21	+1
Rome	1	1	-
Finland	1	1	-
Total	707	734	-27

MANAGEMENT DISCUSSION AND ANALYSIS

By geographical region:	30 June 2021	30 June 2020	+/-
Northern China	162	170	-8
Eastern China	291	305	-14
Southern China	146	152	-6
Central China	106	105	+1
Europe	2	2	-
Total	707	734	-27

Financial Review

Turnover

For the six months ended 30 June 2021, the Group's turnover increased by approximately 46.4%, or approximately RMB320,757,000 to approximately RMB1,012,542,000 from approximately RMB691,785,000 for the corresponding period in 2020. Stores were temporarily shut down in the corresponding period in 2020 due to the outbreak of the COVID-19, while majority of these stores have returned to normal operation since the second half of 2020.

Cost of inventories consumed

For the six months ended 30 June 2021, the Group's cost of inventories increased by approximately 35.1%, or approximately RMB71,386,000 to approximately RMB274,547,000 from approximately RMB203,161,000 for the corresponding period in 2020. During the current reporting period, the ratio of inventories cost to turnover was approximately 27.1%, which decreased by 2.3 percentage point from 29.4% for the corresponding period in 2020, such decrease was mainly achieved by the reduction in wastage as stores have returned to normal operation with revenue growth.

Gross profit and gross profit margin

Driven by the above factors, gross profit for the six months ended 30 June 2021 increased by approximately 51.0%, or approximately RMB249,371,000 to approximately RMB737,995,000 from approximately RMB488,624,000 for the corresponding period in 2020.

Gross profit margin of the Group also increased to 72.9% from approximately 70.6% for the corresponding period in 2020.

Staff costs

For the six months ended 30 June 2021, staff costs of the Group increased by approximately 24.4% to approximately RMB265,160,000 from approximately RMB213,202,000 for the corresponding period in 2020. Staff costs as a proportion to turnover decreased to 26.2% from 30.8% in the corresponding period in 2020, the Group is able to achieve a higher labour efficiency as a result of the revenue growth.

Depreciation

For the six months ended 30 June 2021, depreciation of the Group decreased by approximately 14.3% or approximately RMB32,556,000 to approximately RMB195,716,000 from approximately RMB228,272,000 for the corresponding period in 2020. As a result of the decrease in the number of shops, the lease depreciation and fixed asset depreciation decreased.

MANAGEMENT DISCUSSION AND ANALYSIS

Other operating expenses

Other operating expenses mainly included expenses for fuel and utility, consumables, advertising and promotion and franchise fee. For the six months ended 30 June 2021, other operating expenses increased by approximately 38.9%, or approximately RMB66,368,000, to approximately RMB236,939,000 from approximately RMB170,571,000 for the corresponding period in 2020. Its proportion to turnover remained relatively stable at 23.4% (2020: 24.7%).

Set out below is the breakdown of the main operating expenses for the period ended 30 June 2021 and 2020.

	30 June 2021	30 June 2020	%
	RMB million	RMB million	+/-
Utilities	46.1	33.9	+36.0%
Store and factory management fee	29.2	28.6	+2.1%
Consumables & utensils	24.9	18.1	+37.6%
Service charges for delivery platforms	21.9	15.9	+37.7%
Rental expenses under variable lease payment	19.0	13.0	+46.2%
Logistics expenses	14.9	11.1	+34.2%
Franchise expenses	13.4	7.3	+83.6%
Advertising and promotions	7.6	4.4	+72.7%
Travelling expenses	3.3	1.8	+83.3%
Repairment and maintenance expenses	2.6	2.1	+23.8%
Bank charges on credit card payment	2.3	1.2	+91.7%
Cleaning expenses	1.5	1.7	-11.8%
Rental expenses under short-term lease	1.3	5.3	-75.5%
Consultancy fee	0.4	6.4	-93.8%

Other income

For the six months ended 30 June 2021, other income of the Group increased by approximately 18.0%, or approximately RMB7,341,000, to approximately RMB48,187,000 from approximately RMB40,846,000 for the corresponding period in 2020. This is mainly because the property rental income surged by approximately RMB5,241,000.

Other gains and losses

For the six months ended 30 June 2021, other gains and losses of the Group recorded a net gain of approximately RMB13,919,000, while the corresponding period in 2020 recorded a net loss of approximately RMB35,088,000. The net gain arose mainly from the fair value gain on investment properties of RMB8,213,000 and impairment loss reversal on interest in associate of RMB9,152,000, which net off by the net fair value loss on financial assets on FVTPL of RMB5,367,000.

Finance costs

For the six months ended 30 June 2021, finance costs decreased by approximately 16.1%, or approximately RMB3,053,000 to approximately RMB15,933,000 from approximately RMB18,986,000 for the corresponding period in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the breakdown of the finances costs:

	30 June 2021 RMB'000 (Unaudited)	30 June 2020 RMB'000 (Unaudited)
Interest on bank borrowings	1,277	2,533
Interest on lease liabilities	14,656	16,453
	15,933	18,986

The finance costs decreased as a result of the reduction on the bank borrowing rate, as well as the decrease in interest on lease liabilities due to the decline in number of shops and future lease payments.

Profit before tax

Being affected by the factors referred to above, the Group recorded a profit before tax of approximately RMB86,228,000 for the six months ended 30 June 2021 (30 June 2020: loss of RMB149,754,000).

Profit attributable to owners of the Company

Being affected by the factors referred to above, profit attributable to owners of the Company for the six months ended 30 June 2021 amounted to RMB49,658,000. (30 June 2020: loss of RMB109,393,000).

RISK MANAGEMENT

Liquidity and financial resources

The liquidity and financial position of the Group as at 30 June 2021 remained healthy and strong, with bank balances amounting to RMB1,724,963,000 (31 December 2020: RMB1,738,380,000) and a current ratio of 2.7 (31 December 2020: 2.8).

As at 30 June 2021, the Group had bank borrowings of RMB182,329,000 (31 December 2020: RMB186,044,000) and therefore the gearing ratio (expressed as a percentage of total borrowings over total assets) was 4.0% (31 December 2020: 4.0%).

Exposure to exchange rates

At present, most of the Group's business transactions, assets and liabilities are denominated in RMB and settled in RMB. The Group's exposure to currency risk is minimal as the Group's assets and liabilities as at 30 June 2021 and 31 December 2020 were denominated in the respective Group companies' functional currencies. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Interest rate risk

As the Group has no significant interest-bearing assets (other than pledged bank deposits and bank balances and cash), the Group's income and operating cash flows are substantially independent of changes in market interest rates.

MANAGEMENT DISCUSSION AND ANALYSIS

Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of trade receivables, deposits and other receivables, bank balances and cash and pledged bank deposits included in the condensed consolidated statement of financial position represent, the maximum exposure to credit risk in relation to the Group's financial assets. The Group typically does not require collaterals from customers. Provisions are made for the balance that is past due when the management considers the loss from non-performance by the customers is likely. Sales to retail customers are settled in cash or by major credit cards. The Group also makes deposits to the relevant landlords for lease of certain of the self-managed outlets. The management does not expect to incur any loss from non-performance by these counterparties. As of 30 June 2021 and 31 December 2020 all of the bank balances and pledged bank deposits were deposited with highly reputable and sizable banks and financial institutions without significant credit risk in Mainland China and Hong Kong. The management does not expect to incur any loss from non-performance by these banks and financial institutions.

Contingent liabilities

As of 30 June 2021, the Group did not have any significant contingent liabilities.

Assets and liabilities

The Group's net current assets were approximately RMB1,266,901,000 and the current ratio was 2.7 as at 30 June 2021 (31 December 2020: 2.8). As the Group is primarily engaged in the restaurant business, most of the sales are settled in cash. As a result, the Group was able to maintain a relatively high current ratio.

Cash flows

Net cash inflow from operations of the Group for the six months ended 30 June 2021 was approximately RMB212,225,000 while the Group recorded profit before tax for the same period of RMB86,228,000. The difference was primarily due to depreciation of property, plant and equipment and right-of-use assets.

Capital expenditure

For the six months ended 30 June 2021, the Group's capital expenditure was approximately RMB52,969,000 (corresponding period in 2020: RMB49,300,000), the amounts in two periods are comparable.

Subsequent events

Subsequent to 30 June 2021, no material events affecting the Company and its subsidiaries have occurred.

Significant investments held, material acquisitions and disposals of subsidiaries, and future plans for material investments or capital assets

Save for those disclosed in this announcement, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the period under review. Apart from those disclosed in this announcement, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

Key operating ratios for restaurant operations

	Hong Kong			Mainland China		
	1-6/2021	1-12/2020	1-6/2020	1-6/2021	1-12/2020	1-6/2020
Comparable restaurant sales growth	-1.0%	-21.6%	-24.0%	+30.7%	-29.7%	-49.9%
Per Capita spending	HK\$94.0	HK\$78.0	HK\$71.9	RMB47.0	RMB46.5	RMB48.5
Table turnover per day (times per day)	3.87	4.0	3.85	3.2	3.0	3.4

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF AJISEN (CHINA) HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Ajisen (China) Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 13 to 45, which comprise the condensed consolidated statement of financial position as of 30 June 2021 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 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.

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 HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

23 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	3	1,012,542	691,785
Cost of inventories consumed		(274,547)	(203,161)
Staff costs		(265,160)	(213,202)
Depreciation		(195,716)	(228,272)
Other operating expenses		(236,939)	(170,571)
Profit (loss) from operation		40,180	(123,421)
Other income	5	48,187	40,846
Impairment losses under expected credit loss model, net of reversal	16	49	(9,140)
Other gains and losses	6	13,919	(35,088)
Share of loss of associates		(17)	(1,268)
Share of loss of a joint venture		(157)	(2,697)
Finance costs	7	(15,933)	(18,986)
Profit (loss) before tax	8	86,228	(149,754)
Income tax (expense) credit	9	(35,156)	30,833
Profit (loss) for the period		51,072	(118,921)
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		(10,733)	9,268
Other comprehensive (expense) income for the period, net of income tax		(10,733)	9,268
Total comprehensive income (expense) for the period		40,339	(109,653)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		49,658	(109,393)
Non-controlling interests		1,414	(9,528)
		51,072	(118,921)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		39,363	(100,778)
Non-controlling interests		976	(8,875)
		40,339	(109,653)
		RMB	RMB
Earnings (loss) per share	11		
– Basic		0.05	(0.10)
– Diluted		0.05	(0.10)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current Assets			
Investment properties	12	1,001,964	997,956
Property, plant and equipment	12	509,541	532,083
Right-of-use assets	12	589,386	616,312
Intangible assets		363	519
Interests in associates	13	65,220	56,099
Interest in a joint venture		9,558	9,715
Rental deposits		98,269	97,980
Goodwill		1,279	1,289
Deferred tax assets		30,274	27,568
Financial assets at fair value through profit or loss ("FVTPL")	14	213,935	236,671
		2,519,789	2,576,192
Current Assets			
Inventories		129,808	137,202
Trade and other receivables	15	155,690	158,034
Taxation recoverable		345	586
Bank balances and cash	17	1,724,963	1,738,380
		2,010,806	2,034,202
Current Liabilities			
Trade and other payables	18	250,922	275,897
Lease liabilities		214,041	247,766
Contract liabilities		7,822	7,828
Amounts due to related companies	19	5,769	5,162
Amounts due to directors	19	162	460
Amounts due to non-controlling interests	19	13,515	13,518
Amounts due to associates	19	2,063	2,087
Amount due to a joint venture	19	–	576
Dividend payable		86,286	–
Taxation payable		18,552	39,812
Bank borrowings	20	144,773	146,469
		743,905	739,575
Net Current Assets		1,266,901	1,294,627
Total Assets less Current Liabilities		3,786,690	3,870,819

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current Liabilities			
Bank borrowings	20	37,556	39,575
Deferred tax liabilities		163,794	156,338
Financial liabilities at FVTPL		43,112	61,067
Lease liabilities		368,027	384,985
		612,489	641,965
Net Assets			
		3,174,201	3,228,854
Capital and Reserves			
Share capital	21	108,404	108,404
Reserves		3,002,735	3,049,364
Equity attributable to owners of the Company		3,111,139	3,157,768
Non-controlling interests		63,062	71,086
Total Equity		3,174,201	3,228,854

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Share options reserve RMB'000	Capital reserve RMB'000	Properties revaluation reserve RMB'000	Translation reserve RMB'000	Statutory Surplus Reserve fund RMB'000	Other reserve RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021 (audited)	108,404	1,887,197	(234,729)	38,155	1,159	173,305	(207,223)	161,248	(10,005)	1,240,257	3,157,768	71,086	3,228,854
Profit for the period	-	-	-	-	-	-	-	-	-	49,658	49,658	1,414	51,072
Other comprehensive expense for the period	-	-	-	-	-	-	(10,295)	-	-	-	(10,295)	(438)	(10,733)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(10,295)	-	-	49,658	39,363	976	40,339
Dividends paid to a non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(9,000)	(9,000)
Dividends recognised as distribution (Note 10)	-	-	-	-	-	-	-	-	-	(86,286)	(86,286)	-	(86,286)
Recognition of equity-settled share based payments	-	-	-	294	-	-	-	-	-	-	294	-	294
Transfer on forfeiture of share options	-	-	-	(236)	-	-	-	-	-	236	-	-	-
At 30 June 2021 (unaudited)	108,404	1,887,197	(234,729)	38,213	1,159	173,305	(217,518)	161,248	(10,005)	1,203,865	3,111,139	63,062	3,174,201
At 1 January 2020 (audited)	108,404	1,887,197	(234,729)	40,519	1,159	173,305	(188,293)	160,942	(10,005)	1,390,575	3,329,074	79,365	3,408,439
Loss for the period	-	-	-	-	-	-	-	-	-	(109,393)	(109,393)	(9,528)	(118,921)
Other comprehensive income for the period	-	-	-	-	-	-	8,615	-	-	-	8,615	653	9,268
Total comprehensive income (expense) for the period	-	-	-	-	-	-	8,615	-	-	(109,393)	(100,778)	(8,875)	(109,653)
Dividends recognised as distribution (Note 10)	-	-	-	-	-	-	-	-	-	(53,485)	(53,485)	-	(53,485)
Recognition of equity-settled share based payments	-	-	-	498	-	-	-	-	-	-	498	-	498
Transfer on forfeiture of share options	-	-	-	(422)	-	-	-	-	-	422	-	-	-
At 30 June 2020 (unaudited)	108,404	1,887,197	(234,729)	40,595	1,159	173,305	(179,678)	160,942	(10,005)	1,228,119	3,175,309	70,490	3,245,799

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net cash generated from operating activities	212,225	54,435
Investing activities		
Interest received	12,017	10,260
Compensation received in relation to a prior year financial asset at FVTPL	–	36,135
Payments of rental deposits	(1,183)	(1,069)
Purchase of property, plant and equipment	(52,969)	(49,300)
Proceeds on disposal of property, plant and equipment	360	1,817
Remaining proceeds on prior year disposal of an investment property	–	47,064
Net cash (used in) from investing activities	(41,775)	44,907
Financing activities		
Repayment of bank borrowings	(1,605)	(8,115)
Repayment of lease liabilities	(148,085)	(62,215)
Interest paid	(15,959)	(19,066)
Dividends paid to a non-controlling interest	(9,000)	–
Advance from related companies	607	294
Repayment to a joint venture	(576)	(1,500)
Repayment to directors	(298)	(281)
Repayment to a shareholder	–	(17,525)
Advance from associates	–	45
Repayment to associates	(24)	–
Net cash used in financing activities	(174,940)	(108,363)
Net decrease in cash and cash equivalents	(4,490)	(9,021)
Cash and cash equivalents at 1 January	1,738,380	1,705,399
Effect of foreign exchange rate changes	(8,927)	4,518
Cash and cash equivalents at 30 June, representing bank balances and cash	1,724,963	1,700,896

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) 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 (the “Listing Rules”).

2. Principal Accounting Policies

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

In addition, the Group has early applied the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”.

The application of the amendments to HKFRSs 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.

2.1 Impacts on early application of Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”

The Group has early applied the amendment in the current interim period. The application of this amendment has had no material impact on the Group’s financial positions and performance for the current and prior periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

2. Principal Accounting Policies - (Continued)

2.2 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform - Phase 2”

2.2.1 Accounting policies

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie: the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in HKFRS 9 Financial Instrument on modification of a financial asset or a financial liability to the additional changes to which the practical expedient does not apply.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

2. Principal Accounting Policies - (Continued)

2.2 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform - Phase 2" (Continued)

2.2.2 Transition and summary of effects

As at 1 January 2021, the Group has financial liability, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The following table shows the total amounts of outstanding contracts as at 1 January 2021. The amounts of financial liability are shown at their carrying amounts.

	HKD Hong Kong Interbank Offered Rate ("HIBOR") RMB'000 (audited)
Financial liability	
Bank loans	141,395

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending 31 December 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. Revenue from Contracts with Customers

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Operation of restaurants	951,011	637,697
Manufacture and sales of noodles and related products	61,531	54,088
	1,012,542	691,785
Timing of revenue recognition		
A point in time	1,012,542	691,785

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. Operating Segments

Information reported to Ms. Poon Wai ("Ms. Poon"), the Group's chief operating decision maker, for the purposes of resource allocation and assessment of performance, is analysed by different operating divisions and geographical locations. This is also the basis upon which the Group is organised and specifically focuses on the Group's three operating divisions, namely operation of restaurants, manufacture and sales of noodles and related products and investment holding. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The following is an analysis of the Group's revenue and results by reportable and operating segments.

Six months ended 30 June 2021 (unaudited)

	Operation of restaurants			Manufacture and sales of noodles and related products RMB'000	Investment holding RMB'000	Segment total RMB'000	Elimination RMB'000	Total RMB'000
	Mainland	Hong Kong	Total					
	China RMB'000	RMB'000	RMB'000					
Revenue								
– external sales	878,421	72,590	951,011	61,531	–	1,012,542	–	1,012,542
– inter-segment sales	–	–	–	357,981	–	357,981	(357,981)	–
	878,421	72,590	951,011	419,512	–	1,370,523	(357,981)	1,012,542
Segment profit	39,724	6,913	46,637	2,979	28,611	78,227	–	78,227
Interest income								12,073
Central administrative expenses								(2,795)
Unallocated finance costs								(1,277)
Profit before taxation								86,228
Income tax expense								(35,156)
Profit for the period								51,072

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. Operating Segments - (Continued)

Six months ended 30 June 2020 (unaudited)

	Operation of restaurants			Manufacture and sales of noodles and related products RMB'000	Investment holding RMB'000	Segment total RMB'000	Elimination RMB'000	Total RMB'000
	Mainland China RMB'000	Hong Kong RMB'000	Total RMB'000					
	Revenue							
– external sales	570,528	67,169	637,697	54,088	–	691,785	–	691,785
– inter-segment sales	–	–	–	257,682	–	257,682	(257,682)	–
	570,528	67,169	637,697	311,770	–	949,467	(257,682)	691,785
Segment (loss) profit	(131,919)	(11,621)	(143,540)	2,030	(4,597)	(146,107)	–	(146,107)
Interest income								9,240
Central administrative expenses								(10,354)
Unallocated finance costs								(2,533)
Loss before taxation								(149,754)
Income tax credit								30,833
Loss for the period								(118,921)

Segment profit (loss) represents the profit/loss earned/incurred by each segment without allocation of interest income, central administrative expenses, unallocated finance costs and income tax (expense) credit. This is the measure reported to the chief operating decision maker, Ms. Poon, for the purposes of resource allocation and assessment of segment performance.

Measures of total assets and total liabilities are not reported as these financial information is not reviewed by the Group's chief operating decision maker for the assessment of performance and resources allocation of the Group's business activities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. Operating Segments - (Continued)

All of the Group's non-current assets (other than loan to an associate, rental deposits, deferred tax assets, goodwill and financial assets at FVTPL), including investment properties, property, plant and equipment, right-of-use assets, intangible assets, interests in associates and interest in a joint venture are located in Mainland China and Hong Kong at the end of each interim period.

All of the Group's revenue from external customers are attributed to the location of the relevant group entities, which are Mainland China and Hong Kong, for the current and preceding interim periods.

None of the customers accounted for 10% or more of the total revenue of the Group in each of the current and preceding interim period.

5. Other Income

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Royalty and other income from sub-franchisees	3,918	3,646
Property rental income, net of direct outgoings	16,787	11,546
Bank interest income	12,073	9,240
Government grants (Note)	7,730	9,508
Others	7,679	6,906
	48,187	40,846

Note: During the current interim period, under the Covid-19-related subsidies provided by the Hong Kong government, the Group recognised government grants of RMB3,250,000 (six months ended 30 June 2020: RMB6,549,000), of which RMB3,250,000 (six months ended 30 June 2020: RMB4,428,000) relate to Subsidy Schemes under Anti-epidemic Fund. For the six months ended 30 June 2020, RMB2,121,000 government grant was related to Employment Support Scheme. The remaining amounts of government grants represent the incentive subsidies received from the Mainland China local district authorities for the business activities carried out by the Group. There are no specific conditions attached to the grants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6. Other Gains and Losses

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Loss on disposal of property, plant and equipment	(3,627)	(6,533)
Fair value gain (loss) on investment properties	8,213	(8,499)
Fair value loss on financial assets at FVTPL	(22,736)	(14,205)
Fair value gain (loss) on financial liabilities at FVTPL	17,369	(3,415)
Net foreign exchange gain (loss)	2,655	(1,300)
Gain on termination of leases, net	4,072	1,606
Compensation in relation to a prior year financial asset at FVTPL	–	32,545
Impairment loss (recognised) reversed in respect of		
– intangible assets	–	(4,616)
– right-of-use assets (Note 12)	(814)	(10,183)
– property, plant and equipment (Note 12)	(365)	(5,119)
– interest in an associate (Note 13)	9,152	(15,369)
	13,919	(35,088)

7. Finance Costs

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest on bank borrowings	1,277	2,533
Interest on lease liabilities	14,656	16,453
	15,933	18,986

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

8. Profit (Loss) Before Tax

Profit (loss) before tax has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cost of inventories consumed	274,547	203,161
Depreciation of property, plant and equipment	68,599	81,545
Depreciation of right-of-use assets	127,117	146,727
Total depreciation	195,716	228,272
Covid-19-related rent concessions (Note 12)	–	(23,628)
Fuel and utility expenses	46,060	33,869
Property rentals in respect of		
– Variable lease payment	18,968	13,039
– Short-term lease payment	1,259	5,257

9. Income Tax Expense (Credit)

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Hong Kong Profits Tax		
– current period	1,744	1,507
– under provision in prior periods	–	297
	1,744	1,804
Mainland China Enterprise Income Tax ("EIT")		
– current period	14,754	1,032
– over provision in prior periods	(1,331)	(4,707)
	13,423	(3,675)
Withholding tax	15,238	–
Deferred taxation	4,751	(28,962)
	35,156	(30,833)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

9. Income Tax Expense (Credit) (Continued)

The income tax expense in Hong Kong and Mainland China is recognised based on management's best estimate of the annual income tax rate expected for the full financial year. During the current period, the tax rates for Hong Kong Profits Tax and Mainland China EIT are 16.5% and 25% (six months ended 30 June 2020: 16.5% and 25%), respectively, for the period under review.

Pursuant to the relevant provincial policy in 2020, Chongqing Weiqian Food & Restaurant Management Co., Ltd. 重慶味千餐飲管理有限公司 ("Chongqing Weiqian"), which is located in Chongqing, the PRC, applied a preferential tax rate of 15% from 2021 to 2030.

Under relevant tax law and implementation regulations in Mainland China, dividends paid out of the net profits derived by the Mainland China operating subsidiaries after 1 January 2008 are subject to the withholding tax at a rate of 10% or a lower treaty rate in accordance with relevant tax laws in Mainland China. Under the relevant tax treaty, withholding tax rate on distributions to Hong Kong resident companies is 5%. The Group's withholding tax has been provided based on the anticipated level of dividend payout ratio of the Mainland China entities at applicable tax rates of 10% and 5%.

10. Dividends

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the period:		
Final, declared – RMB0.08 (HK9.5 cents) per share for 2020 (six months ended 30 June 2020: declared – RMB0.049 (HK5.3 cents) per share for 2019)	86,286	53,485

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of RMB0.02 (HK 2.40 cents) per share (subsequent to six months ended 30 June 2020: an interim dividend of RMB0.02 (HK2.20 cents) per share and a special dividend of RMB0.023 (HK2.50 cents) per share) will be paid to the owners of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

11. Earnings (Loss) Per Share

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

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Earnings (loss) for the purposes of basic and diluted earnings per share, being profit (loss) for the period attributable to owners of the Company	49,658	(109,393)
	Number of shares	
Number of ordinary shares for the purpose of calculating basic earnings per share	1,091,538,820	1,091,538,820
Effect of dilutive potential ordinary shares relating to: – outstanding share options	74,412	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,091,613,232	1,091,538,820

During the six months ended 30 June 2021, certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have a dilutive effect to the Group's earnings per share because the exercise prices of these share options were higher than the average market prices of the Company's shares during the current interim period.

During the six months ended 30 June 2020, the computation of diluted loss per share does not assume the exercise of outstanding share options of the Company as this would result in the decrease in the loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

12. Right-Of-Use Assets, Investment Properties and Property, Plant and Equipment

Right-Of-Use Assets

During the current period, the Group renewed/entered into certain new lease agreements periods ranging from 2 to 7 years, which are mainly for chain restaurants operation. The Group is required to make minimum fixed payments and additional variable payments based on certain percentages of sales whenever the Group's sales achieved the prescribed amounts as specified in relevant lease agreements. On lease commencement, the Group recognised right-of-use asset of approximately RMB113,559,000 and lease liabilities of approximately RMB113,559,000.

Regarding rent concessions occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the current interim period, no effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases were recognised as negative variable lease payments (six months ended 30 June 2020: effects of RMB23,628,000 recognised).

Investment Properties

The fair values of the Group's investment properties as at 30 June 2021 were determined by the directors of the Company with reference to recent transaction prices of similar properties. Based on such assessment, the directors of the Company recognised a fair value gain of approximately RMB8,213,000 of the investment properties for the current period (six months ended 30 June 2020: fair value loss of RMB8,499,000).

Property, Plant and Equipment

During the current period, the Group acquired property, plant and equipment of approximately RMB50,646,000 (six months ended 30 June 2020: RMB35,324,000) for business operating of the Group.

During the current period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB3,987,000 (six months ended 30 June 2020: RMB8,350,000) for cash proceeds of RMB360,000 (six months ended 30 June 2020: RMB1,817,000), resulting in a loss on disposal of RMB3,627,000 (six months ended 30 June 2020: a loss on disposal of RMB6,533,000).

Impairment assessment

Although affected by the outbreak of COVID-19, the operating performance of the Group's restaurants is gradually improving following the Mainland government eased its restrictions on the lockdown measures since mid-March 2020.

Nevertheless, the performance of the Group's restaurants operated in Mainland China and Hong Kong are still disrupted by the pandemic in the current interim period, which indicate that the relevant property, plant and equipment, right-of-use and intangible assets may be impaired. During the current interim period, the Group performed impairment testing and recognised impairment losses of RMB365,000, RMB814,000 and nil related to property, plant and equipment, right-of-use assets and intangible assets (six months ended 30 June 2020: RMB5,119,000, RMB10,183,000 and RMB4,616,000), respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

13. Interests in Associates

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Cost of investment in associates	151,341	151,341
Share of post-acquisition results and other comprehensive expense	(2,436)	(2,419)
	148,905	148,922
Less: impairment loss reversed (<i>Note</i>)	(84,929)	(94,081)
Loan to an associate	1,244	1,258
	65,220	56,099

Note: The management of the Group, by reference to the valuation model formulated by the external independent qualified valuer engaged by the Group for the year ended 31 December 2020, revisited and determined the appropriate assumptions and inputs in performing impairment review for an associate of the Group. Based on the valuation, an impairment loss of RMB9,152,000 has been reversed during the period ended 30 June 2021 (six months ended 30 June 2020: an impairment loss of RMB15,369,000 recognised).

14. Financial Assets at FVTPL

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Unlisted equity investments and fund investments (<i>Note</i>)	213,935	236,671

Note: The above unlisted equity investments and fund investments represent the Group's investments in certain private entities and funds established in Mainland China.

The management of the Group, by reference to the valuation model formulated by the external independent qualified valuer engaged by the Group for the year ended 31 December 2020, revisited and determined the appropriate assumptions and inputs for fair value measurement for these unlisted equity investments and fund investments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15. Trade and Other Receivables

	30 June 2021	31 December 2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables		
– third parties	26,025	31,739
Less: allowance for credit losses	(3,236)	(3,306)
	22,789	28,433
Other receivables		
Rental and utility deposits	16,385	14,323
Prepaid management fee	5,728	4,994
Advance to suppliers	27,859	35,874
Value-added tax recoverable	44,852	45,411
Lease receivables	19,989	11,833
Others	27,537	26,594
Less: allowance for doubtful debts on other receivables	(9,449)	(9,428)
	132,901	129,601
	155,690	158,034

Customers relating to manufacture and sales of noodles and related products are either having no credit period or granted up to 90 days (year ended 31 December 2020: nil to 90 days) credit period upon issuance of invoices, except for certain well established customers for which the credit terms are up to 180 days (year ended 31 December 2020: 180 days), while there is no credit period for customers relating to sales from operation of restaurants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15. Trade and Other Receivables (Continued)

The following is an analysis of trade receivables by age, net of expected credit losses, presented based on the invoice date which approximated the revenue recognition date.

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
0 to 30 days	18,425	24,248
31 to 60 days	1,755	1,447
61 to 90 days	1,331	1,472
91 to 180 days	1,278	1,266
	22,789	28,433

16. Impairment Assessment on Financial Assets Subject to Expected Credit Loss ("ECL") Model

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

As at 30 June 2021, the impairment allowance of trade and other receivables is RMB12,685,000 (31 December 2020: RMB12,734,000). Impairment allowance was provided on trade and other receivables by the Group based on the provision matrix and individual assessment during the six months ended 30 June 2021. The directors of the Company consider that the expected credit loss for other financial assets are insignificant to the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17. Bank Balances and Cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less which carry interest at market rates ranging from 0.3% to 1.4% (31 December 2020: 0.001% to 2.9%) per annum.

18. Trade and Other Payables

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade payables		
– related parties (<i>Note</i>)	24,667	34,177
– third parties	67,858	85,656
	92,525	119,833
Payroll and welfare payables	37,514	49,238
Customers' deposits received	20,473	19,638
Payable for acquisition of property, plant and equipment	24,068	26,392
Payable for variable lease payments	21,399	6,196
Other taxes payable	9,028	8,856
Others	45,915	45,744
	250,922	275,897

Note: The related parties are the companies in which Mr. Katsuaki Shigemitsu, who is a director and shareholder of the Company, or Ms. Poon has controlling interests.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

18. Trade and Other Payables (Continued)

The average credit period for the purchase of goods is 60 days (year ended 31 December 2020: 60 days). The following is an analysis of trade payables by age, presented based on the invoice date.

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
0 to 30 days	67,070	84,611
31 to 60 days	21,603	23,624
61 to 90 days	553	3,296
91 to 180 days	1,606	2,018
Over 180 days	1,693	6,284
	92,525	119,833

19. Amount(s) Due to Related Companies/Directors/Non-Controlling Interests/Associates/A Joint Venture

The amount(s) due to related companies/directors/non-controlling interests/associates/a joint venture are unsecured, non-trade related, interest-free and repayable on demand.

Either Ms. Poon or Mr. Katsuaki Shigemitsu has controlling interests in these related companies.

20. Bank Borrowings

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Secured bank borrowings with carrying amounts repayable:		
Within one year or repayable on demand	144,773	146,469
In more than one year but not more than two years	5,085	5,177
In more than two years but not more than five years	15,886	16,174
In more than five years	16,585	18,224
	182,329	186,044
Less: amounts shown as non-current liabilities	(37,556)	(39,575)
Amounts shown as current liabilities	144,773	146,469

The amounts due are based on scheduled repayment dates set out in the loan agreements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

20. Bank Borrowings (Continued)

The carrying amounts of the Group's bank borrowings are analysed as follows:

Denominated in	Interest rate	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
HK\$	Prime rate of the counterparty bank minus 3.25% (2020: prime rate of the counterparty bank minus 3.25%)	38,365	40,276
HK\$	Prime rate of the counterparty bank minus 2.80% (2020: prime rate of the counterparty bank minus 2.80%)	4,174	4,373
HK\$	Hong Kong InterBank Offered Rate ("HIBOR") plus 1.05% (2020: 1.20%)	139,790	141,395
		182,329	186,044

All these bank borrowings are denominated in HK\$. As at 30 June 2021, the weighted average effective interest rate on the bank borrowings was 1.23% (31 December 2020: 1.97%).

Detail of the assets of the Group as at 30 June 2021 and 31 December 2020 that have been pledged as collateral to secure the general bank facilities of the Group are set out in note 25.

21. Share Capital

	Number of shares	Share capital RMB'000
Ordinary shares of HK\$0.10 each:		
Authorised:		
At 1 January 2020, 31 December 2020 and 30 June 2021	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2020, 31 December 2020 and 30 June 2021	1,091,538,820	108,404

All the shares issued by the Company ranked pari passu in all respects.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

22. Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme"). The following table disclosed movements of the Company's share options under the Share Option Scheme during the six months ended 30 June 2021 and 30 June 2020.

Grant date	Exercise price HK\$	Outstanding at 1 January 2021	Granted during the period	Forfeited during the period	Outstanding at 30 June 2021
<i>Employees</i>					
26 August 2011	5.530	5,536,000	–	(45,000)	5,491,000
15 October 2012	5.530	400,000	–	–	400,000
2 July 2013	6.310	300,000	–	–	300,000
27 August 2013	8.740	530,000	–	–	530,000
25 September 2014	6.450	100,000	–	–	100,000
8 January 2015	5.900	150,000	–	–	150,000
17 April 2015	5.060	2,200,000	–	–	2,200,000
2 July 2015	4.104	1,700,000	–	–	1,700,000
19 July 2017	3.504	2,500,000	–	–	2,500,000
1 June 2018	3.256	1,900,000	–	–	1,900,000
14 January 2019	2.214	55,000	–	–	55,000
3 June 2019	3.322	200,000	–	–	200,000
27 August 2020	1.250	700,000	–	–	700,000
8 April 2021 (Note)	1.300	–	500,000	–	500,000
		16,271,000	500,000	(45,000)	16,726,000
<i>Directors</i>					
15 October 2012	5.530	400,000	–	–	400,000
		16,671,000	500,000	(45,000)	17,126,000
Exercisable at the end of the period		13,627,000			14,013,000
Weighted average exercise price (HK\$)		4.67	1.30	5.53	4.57

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

22. Share Option Scheme (Continued)

Grant date	Exercise price HK\$	Outstanding at 1 January 2020	Granted during the period	Forfeited during the period	Outstanding at 30 June 2020
<i>Employees</i>					
2 July 2010	8.884	318,000	–	–	318,000
26 August 2011	5.530	5,879,000	–	(74,000)	5,805,000
15 October 2012	5.530	400,000	–	–	400,000
2 July 2013	6.310	300,000	–	–	300,000
27 August 2013	8.740	530,000	–	–	530,000
25 September 2014	6.450	100,000	–	–	100,000
8 January 2015	5.900	150,000	–	–	150,000
17 April 2015	5.060	2,200,000	–	–	2,200,000
2 July 2015	4.104	1,800,000	–	–	1,800,000
19 July 2017	3.504	2,500,000	–	–	2,500,000
1 June 2018	3.256	2,100,000	–	–	2,100,000
14 January 2019	2.214	55,000	–	–	55,000
3 June 2019	3.322	200,000	–	–	200,000
		16,532,000	–	(74,000)	16,458,000
<i>Directors</i>					
15 October 2012	5.530	400,000	–	–	400,000
		16,932,000	–	(74,000)	16,858,000
Exercisable at the end of the period		11,887,000			13,534,000
Weighted average exercise price (HK\$)		4.89	–	5.53	4.88

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

22. Share Option Scheme (Continued)

Note: The share options granted under the Share Option Scheme on 8 April 2021 were at an exercise price of HK\$1.300 per share with exercise period from 8 April 2021 to 7 April 2031. The options will be vested in 5 tranches, i.e. the first 20% on 8 April 2022, the second 20% on 8 April 2023, the third 20% on 8 April 2024, the fourth 20% on 8 April 2025 and the remaining 20% on 8 April 2026. The fair values of the share options of the Company at the grant date were calculated using the Binomial option pricing model. The inputs into the model were as follows:

	Granted on 8 April 2021
Share price	HK\$1.288
Exercise price	HK\$1.300
Expected volatility	43.046%
Expected life (years)	10 years
Risk-free interest rates	1.285%
Expected dividend yield	3.13%
Exercise multiple	2.2

The Group recognised an expense of approximately RMB294,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB498,000) in relation to share options granted by the Company under the Share Option Scheme. The Group transferred the expense of RMB236,000 (six months ended 30 June 2020: RMB422,000) which was previously recognised to retained earnings because the share options were forfeited after the vesting date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

23. Fair Value Measurements of Financial Instruments

Fair value measurements and valuation processes

The board of directors of the Company has set up a valuation team 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. Where Level 1 inputs are not available, the valuation team performs the valuation and establishes the appropriate valuation techniques and inputs to the model. The management will also engage external professional valuer when the management considers necessary and appropriate. The valuation team report the valuation findings to the board of directors of the Company regularly to explain the cause of fluctuations in the fair value of the assets and liabilities.

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 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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

23. 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 input(s)	Significant unobservable input(s)
	30/06/2021 (Unaudited) RMB'000	31/12/2020 (Audited) RMB'000			
Financial assets at FVTPL – unlisted equity investments	187,770	196,475	Level 3	Market approach The key inputs include equity value of investees, risk free rate, volatility, expected option life and probability of conversion, redemption and liquidation	Equity value Expected option life. Probability of conversion, redemption and liquidation.
Financial assets at FVTPL – fund investments	21,923	35,954	Level 2	Net asset value determined based on the fair value of underlying assets which are observable and adjustments of related expenses Key inputs is the comparable interest rates.	N/A
Financial assets at FVTPL – unlisted equity investments	4,242	4,242	Level 3	Income approach-in this approach the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investee based on an appropriate discount rate.	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries (Note 1). Discount rate, taking into account of weighted average cost of capital (WACC) determined using a Capital Asset Pricing Model (Note 2).
Financial liabilities at FVTPL	(133)	61,067	Level 3	Based on the net asset values/ fair value of the underlying investments, which are determined by market approach and adjustments of related expenses.	The significant unobservable inputs are the same as the underlying investments, which are determined by market approach.

Note 1: Any increases (decreases) in long-term revenue growth rate would result in an increase (decrease) in fair value.

Note 2: Any increases (decreases) in discount rate would result in a decrease (increase) in fair value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

23. Fair Value Measurements of Financial Instruments (Continued)

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

	Financial assets at FVTPL RMB'000	Financial liabilities at FVTPL RMB'000	Total RMB'000
At 1 January 2021 (audited)	200,717	(61,067)	139,650
Exchange realignment	–	586	586
(Loss) gain on fair value change	(8,705)	17,369	8,664
At 30 June 2021 (unaudited)	192,012	(43,112)	148,900
At 1 January 2020 (audited)	225,008	(62,776)	162,232
Loss on fair value change	(14,205)	(3,415)	(17,620)
At 30 June 2020 (unaudited)	210,803	(66,191)	144,612

Of the total gains or losses for the period included in profit or loss, loss of RMB8,705,000 and gain of RMB17,369,000 relates to financial assets and liabilities at FVTPL held at the end of the current reporting period (six months ended 30 June 2020: loss of RMB14,205,000 and RMB3,415,000), respectively. Such fair value gains or losses are included in 'other gains and losses'.

Fair value of the financial assets and liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements as at 30 June 2021 and 31 December 2020 approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

24. Capital Commitments

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of – property, plant and equipment	19,904	15,755

25. Pledge of Assets

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Investment properties	371,104	368,298
Right-of-use assets	559,201	585,640
Property, plant and equipment	5,073	5,222
	935,378	959,160

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

26. Related Party Transactions

- (a) During the current period, except as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following significant transactions with related parties:

Relationship with related parties	Nature of transactions	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Shigemitsu Industry Co., Ltd., a company in which Mr. Katsuaki Shigemitsu has significant beneficial interests	Sales of noodles and related products	396	525
	Purchase of food products, materials and supplies	(16,550)	(10,893)
	Franchise commissions – for restaurant operating in Hong Kong	(303)	(289)
	– for restaurant operating in the PRC	(12,162)	(6,122)
	Technical fee paid/payable	(229)	(276)
Companies in which Mr. Poon Ka Man, Jason, a director of the Company, has controlling interests	Fees for decoration and renovation services	(1,935)	(1,502)
Ms. Poon	Lease liabilities	(8,332)	(12,480)
	Interest expense on lease liabilities	(242)	(293)
Japan Foods Holdings Ltd., non-controlling shareholder of a subsidiary of the Company	Franchise commission paid/payable	(705)	(518)
Guangzhou Yunnex Information Technology Co., Ltd., an associate of the Company	Purchase of services	(9,718)	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

26. Related Party Transactions (Continued)

- (b) The remuneration of directors and other members of key management personnel during the current period was as follows:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Short-term employee benefits	2,085	2,151
Retirement benefits scheme contributions	73	58
Share-based payments	93	170
	2,251	2,379

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

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has complied with all applicable code provisions under the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) during the six months ended 30 June 2021, save and except for the deviation from the code provision A.2.1 of the Code. Under the code provision A.2.1, the roles of Chairman and Chief Executive Officer (“CEO”) should be separate and should not be performed by the same individual. Currently, the Company does not comply with code provision A.2.1, i.e., the roles of the Chairman and CEO have not been separated. Although Ms. Poon Wai performs both the roles of Chairman and CEO, the division of responsibilities between the Chairman and CEO is clearly established and set out in writing. In general, the Chairman is responsible for supervising the functions and performance of the Board, while the CEO is responsible for the management of the business of the Group. The two roles are performed by Ms. Poon distinctly. The Board believes that at the current stage of development of the Group, vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. The relevant deviation is therefore considered reasonable at the current stage. It is also considered that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors (number of which exceeds one-third of the members of the Board). However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard (the “Required Standard”) of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

The Company has made specific enquiry to all Directors, and all Directors have confirmed that, throughout the six months ended 30 June 2021, they were in compliance with the Required Standard.

Audit Committee Review

The audit committee of the Company (the “Audit Committee”), which comprises three independent non-executive Directors, namely Mr. Jen Shek Voon, Mr. Lo Peter and Mr. Wang Jincheng, has reviewed the accounting principles and practices adopted by the Company and discussed auditing, risk management and internal controls, and financial reporting matters. The Company’s unaudited interim results for the six months ended 30 June 2021 have been reviewed by the Audit Committee.

Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2021.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

(i) Interests and short positions in the shares of the Company

Name of director	Capacity and nature of interest	Number of shares (Note 1)	Approximate % of shareholding
Ms. Poon Wai	founder of a discretionary trust (Note 2)	480,123,041 (L)	43.99%
	beneficial owner	38,848,347 (L)	3.56%
Mr. Poon Ka Man, Jason	beneficial owner	2,500,000 (L)	0.23%
Ms. Minna Ng	beneficial owner	2,788,000 (L)	0.26%
Mr. Katsuaki Shigemitsu	beneficial owner	950,000 (L)	0.09%
	interest of controlled corporation (Note 3)	31,425,380 (L)	2.88%
Mr. Jen Shek Voon	beneficial owner	95,000 (L)	0.01%

Notes:

- The letter "L" denotes the Director's long position in such shares.
- The 480,123,041 shares were held by Favor Choice Group Limited ("Favor Choice"), which is an investment holding company wholly owned by Anmi Holding Company Limited ("Anmi Holding"). Anmi Holding is incorporated in the British Virgin Islands and its issued share capital is wholly owned by Anmi Trust, which is founded by Ms. Poon Wai. Ms. Poon Wai is an executive Director and the CEO.
- Among the 31,425,380 shares, 10,604,251 shares were held by Shigemitsu Industry Co. Ltd., and 20,821,129 shares were held by Wealth Corner Limited. The aforesaid companies are respectively owned as to approximately 69.89% and 100% by Mr. Katsuaki Shigemitsu, a non-executive Director.

OTHER INFORMATION

(ii) Interests and short positions in underlying shares of equity derivatives of the Company

Name of director	Capacity and nature of interest	Description of equity derivatives	Number of underlying shares <i>(Note 1)</i>
Mr. Jen Shek Voon	beneficial owner	share options <i>(Note 2)</i>	100,000 (L)
Mr. Lo Peter	beneficial owner	share options <i>(Note 2)</i>	100,000 (L)
Mr. Wang Jincheng	beneficial owner	share options <i>(Note 2)</i>	100,000 (L)
Mr. Katsuaki Shigemitsu	beneficial owner	share options <i>(Note 2)</i>	100,000 (L)

Notes:

1. The letter "L" denotes the Director's long position in such shares.
2. The share options were granted under the share option scheme of the Company adopted on 8 March 2007.

(iii) Interests and short positions in the shares of the associated corporations

(1) Long position in the shares of Anmi Holding

Name of director	Capacity and nature of interest	Number of shares	Approximate % of shareholding
Ms. Poon Wai	founder of a discretionary trust	1	100% <i>(Note)</i>

Note: The entire issued share capital of Anmi Holding is owned by Anmi Trust, which is founded by Ms. Poon Wai.

(2) Long position in the shares of Favor Choice

Name of director	Capacity and nature of interest	Number of shares	Approximate % of shareholding
Ms. Poon Wai	founder of a discretionary trust	10,000	100% <i>(Note)</i>

Note: The entire issued share capital of Favor Choice is owned by Anmi Holding, which is wholly owned by Anmi Trust. Anmi Trust is founded by Ms. Poon Wai.

Save as disclosed herein, as at 30 June 2021, none of the Directors and chief executive of the Company, or any of their spouse, or children under eighteen years of age, had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders Discloseable under the SFO

So far as is known to the Company, as at 30 June 2021, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or the chief executive of the Company, were the substantial shareholders (within the meaning of the Listing Rules) of the Company and had the following interests or short positions in the shares or underlying shares of the Company:

Name of shareholder	Capacity and nature of interest	Number of shares (Note 1)	Approximate % of shareholding
Favor Choice (Note 2)	beneficial owner	480,123,041 (L)	43.99%
Anmi Holding (Note 2)	interest of controlled corporation	480,123,041 (L)	43.99%
HSBC International Trustee Limited (Note 2)	trustee	480,123,041 (L)	43.99%
Invesco Hong Kong Limited	investment manager	102,340,000 (L)	9.38%
Invesco Management S.A.	investment manager	54,714,000 (L)	5.01%

Notes:

1. The letter "L" denotes the substantial shareholder's long position in such shares.
2. The 480,123,041 shares were held by Favor Choice, which is an investment holding company wholly owned by Anmi Holding. Anmi Holding is incorporated in the British Virgin Islands and its issued share capital is wholly owned by Anmi Trust, which is founded by Ms. Poon Wai. Ms. Poon Wai is an executive Director and the CEO, and HSBC International Trustee Limited (in its capacity as the trustee of Anmi Trust) is the legal owner of the entire issued share capital of Anmi Holding.

Save as disclosed herein, as at 30 June 2021, the Company had not been notified of any substantial shareholder (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept by the Company under section 336 of the SFO.

OTHER INFORMATION

Share Option Scheme

The previous share option scheme adopted pursuant to a resolution passed by the then shareholders on 8 March 2007 (the “2007 Share Option Scheme”) had expired on 7 March 2017. In light of the expiry of the 2007 Share Option Scheme and in order to enable the Board to continue providing incentives and rewards to the eligible persons, a new share option scheme was adopted by the shareholders at the extraordinary general meeting of the Company held on 13 July 2017 (the “2017 Share Option Scheme”).

The purpose of the 2017 Share Option Scheme is to enable the Company to grant options to the eligible participants in recognition of their contribution made or to be made to the Group. Under the 2017 Share Option Scheme, the Board may offer to grant options to any Director or employee, or any advisor, consultant, individual or entity who, in the opinion of the Board, has contributed or will contribute to the growth and development of the Group. An offer for an option must be accepted by relevant eligible participant for a period of 28 days from the date on which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date or after the 2017 Share Option Scheme has been terminated. The amount payable by a participant upon acceptance of a grant of options is HK\$1.00.

The total number of shares issued and which may fall to be issued upon exercise of the options granted pursuant to the 2017 Share Option Scheme to an eligible participant in any twelve-month period shall not exceed 1% of the number of shares in issue unless (i) a circular is despatched to the shareholders; (ii) the shareholders approve the grant of the options in excess of the limit referred to therein in general meeting; and (iii) the relevant eligible participant and its close associates or his associates if the eligible participant is a connected person abstain from voting on the resolution. The maximum number of shares which may be issued upon exercise of all options which may be granted under the 2017 Share Option Scheme and any other scheme(s) shall not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the 2017 Share Option Scheme, i.e. a total of 109,153,882 shares.

The subscription price in respect of options granted under the 2017 Share Option Scheme may be determined by the Board at its absolute discretion provided that it shall not be less than the higher of: (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five consecutive business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

The 2017 Share Option Scheme will be valid and effective for a period of ten years, commencing from 13 July 2017. The remaining life of the 2017 Share Option Scheme is approximately six years.

As at 30 June 2021, the number of shares in respect of which options under the 2007 Share Option Scheme and 2017 Share Option Scheme had been granted and remained outstanding was 11,071,000 shares and 6,055,000 shares respectively, representing approximately 1.01% and 0.55%, respectively, of the shares of the Company in issue as at 30 June 2021.

Total number of shares available for issue under the 2007 Share Option Scheme was 4,680,000 shares, representing approximately 0.43% of the shares of the Company in issue as at the date of this interim report.

Total number of shares available for issue under the 2017 Share Option Scheme was 3,855,000 shares, representing 0.35% of the shares of the Company in issue as at the date of this interim report.

Details of the share options movement during the six months ended 30 June 2021 under the 2007 Share Option Scheme and 2017 Share Option Scheme are set out in the table below and note 22 to the condensed consolidated financial statements.

OTHER INFORMATION

Grantee	Date of grant of share options	As at 1 January 2021	Number of share options				As at 30 June 2021	Exercise price of share options HK\$	Validity period of share options (both dates inclusive)	Vesting period
			Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Employees (in aggregate)	26 August 2011	5,536,000	-	-	-	(45,000)	5,491,000	11.160	26 August 2012 to 25 August 2021	Note 1
	15 October 2012	400,000	-	-	-	-	400,000	5.530	15 October 2012 to 25 August 2021	Note 2
	2 July 2013	300,000	-	-	-	-	300,000	6.310	2 July 2014 to 1 July 2023	Note 3
	27 August 2013	530,000	-	-	-	-	530,000	8.740	27 August 2014 to 26 August 2023	Note 1
	25 September 2014	100,000	-	-	-	-	100,000	6.450	25 September 2014 to 24 September 2024	Note 1
	8 January 2015	150,000	-	-	-	-	150,000	5.900	8 January 2015 to 7 January 2025	Note 1
	17 April 2015	2,200,000	-	-	-	-	2,200,000	5.060	17 April 2015 to 16 April 2025	Note 4
	2 July 2015	1,700,000	-	-	-	-	1,700,000	4.104	2 July 2015 to 1 July 2025	Note 1
	19 July 2017	2,500,000	-	-	-	-	2,500,000	3.504	19 July 2017 to 18 July 2027	Note 1
	1 June 2018	1,900,000	-	-	-	-	1,900,000	3.256	1 June 2018 to 31 May 2028	Note 1
	14 January 2019	55,000	-	-	-	-	55,000	2.214	14 January 2019 to 13 January 2029	Note 1
	3 June 2019	200,000	-	-	-	-	200,000	3.322	3 June 2019 to 2 June 2029	Note 1
27 August 2020	700,000	-	-	-	-	700,000	1.25	27 August 2020 to 26 August 2030	Note 1	
8 April 2021	-	500,000	-	-	-	500,000	1.30	8 April 2021 to 7 April 2031	Note 1 & 6	
Directors										
Mr. Jen Shek Voon	15 October 2012	100,000	-	-	-	-	100,000	5.53	15 October 2012 to 14 October 2022	Note 5
Mr. Lo Peter	15 October 2012	100,000	-	-	-	-	100,000	5.53	15 October 2012 to 14 October 2022	Note 5
Mr. Katsuaki Shigemitsu	15 October 2012	100,000	-	-	-	-	100,000	5.53	15 October 2012 to 14 October 2022	Note 5
Mr. Wang Jincheng	15 October 2012	100,000	-	-	-	-	100,000	5.53	15 October 2012 to 14 October 2022	Note 5
		16,671,000	500,000	-	-	(45,000)	17,126,000			

OTHER INFORMATION

Notes:

Note 1

Grantees may only exercise their share options in the following manner:

Maximum percentage of share options exercisable	Period for vesting of the relevant percentage of the share options
20% of the total number of share options	From the expiry of the first anniversary of the date of grant to the date immediately before the second anniversary of the date of grant
20% of the total number of share options	From the second anniversary of the date of grant to the date immediately before the third anniversary of the date of grant
20% of the total number of share options	From the third anniversary of the date of grant to the date immediately before the fourth anniversary of the date of grant
20% of the total number of share options	From the fourth anniversary of the date of grant to the date immediately before the fifth anniversary of the date of grant
20% of the total number of share options	From the fifth anniversary of the date of grant to the date immediately before the sixth anniversary of the date of grant

Note 2

Grantees may only exercise their share options in the following manner:

Maximum percentage of share options exercisable	Period for vesting of the relevant percentage of the share options
20% of the total number of share options	From 15 October 2012 to 25 August 2013
20% of the total number of share options	From 26 August 2013 to 25 August 2014
20% of the total number of share options	From 26 August 2014 to 25 August 2015
20% of the total number of share options	From 26 August 2015 to 25 August 2016
20% of the total number of share options	From 26 August 2016 to 25 August 2017

Note 3

Grantees may only exercise their share options in the following manner:

Maximum percentage of share options exercisable	Period for vesting of the relevant percentage of the share options
10% of the total number of share options	From the expiry of the first anniversary of the date of grant to the date immediately before the second anniversary of the date of grant
10% of the total number of share options	From the second anniversary of the date of grant to the date immediately before the third anniversary of the date of grant
10% of the total number of share options	From the third anniversary of the date of grant to the date immediately before the fourth anniversary of the date of grant
10% of the total number of share options	From the fourth anniversary of the date of grant to the date immediately before the fifth anniversary of the date of grant
10% of the total number of share options	From the fifth anniversary of the date of grant to the date immediately before the sixth anniversary of the date of grant
10% of the total number of share options	From the sixth anniversary of the date of grant to the date immediately before the seventh anniversary of the date of grant
10% of the total number of share options	From the seventh anniversary of the date of grant to the date immediately before the eighth anniversary of the date of grant
10% of the total number of share options	From the eighth anniversary of the date of grant to the date immediately before the ninth anniversary of the date of grant
20% of the total number of share options	From the ninth anniversary of the date of grant to the date immediately before the tenth anniversary of the date of grant

Note 4

Grantees may only exercise their share options in the following manner:

Maximum percentage of share options exercisable	Period for vesting of the relevant percentage of the options
12.5% of the total number of share options	From the expiry of the first anniversary of the date of grant to the date immediately before the second anniversary of the date of grant
12.5% of the total number of share options	From the second anniversary of the date of grant to the date immediately before the third anniversary of the date of grant
12.5% of the total number of share options	From the third anniversary of the date of grant to the date immediately before the fourth anniversary of the date of grant
12.5% of the total number of share options	From the fourth anniversary of the date of grant to the date immediately before the fifth anniversary of the date of grant
12.5% of the total number of share options	From the fifth anniversary of the date of grant to the date immediately before the sixth anniversary of the date of grant
12.5% of the total number of share options	From the sixth anniversary of the date of grant to the date immediately before the seventh anniversary of the date of grant
12.5% of the total number of share options	From the seventh anniversary of the date of grant to the date immediately before the eighth anniversary of the date of grant
12.5% of the total number of share options	From the eighth anniversary of the date of grant to the date immediately before the ninth anniversary of the date of grant

Note 5

Grantees may only exercise their share options in the following manner:

Maximum percentage of share options exercisable	Period for vesting of the relevant percentage of the options
20% of the total number of share options	From 15 October 2012 to 14 October 2013
20% of the total number of share options	From 15 October 2013 to 14 October 2014
20% of the total number of share options	From 15 October 2014 to 14 October 2015
20% of the total number of share options	From 15 October 2015 to 14 October 2016
20% of the total number of share options	From 15 October 2016 to 14 October 2017

Note 6

The closing price of the Company's shares immediately before the date of grant of share option was HK\$1.30 per share. The fair value of the option granted on 8 April 2021 was determined at the grant date using Binomial Pricing Model and was estimated at approximately HK\$230,000.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" and "Share Option Scheme", during the six months ended 30 June 2021, no arrangements have been entered into by the Company or any of its subsidiaries or fellow subsidiaries to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of eighteen was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right.

OTHER INFORMATION

Change in Information of Directors

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Employee's Remuneration and Policy

As at 30 June 2021, the Group employed 9,451 persons (30 June 2020: 8,748 persons), most of the Group's employees work in the chain restaurants of the Group in the PRC. The number of employees will vary from time to time as necessary and the remuneration will be determined by reference to the practice of the industry.

The Group conducted regular reviews on its remuneration policy and overall remuneration payment. Besides retirement scheme and internal training courses, employees may be granted discretionary bonuses and/or share options based on their performances.

The total remuneration payment of the Group for the six months ended 30 June 2021 was approximately RMB265,160,000 (30 June 2020: RMB213,202,000).

Dividends

An interim dividend of RMB0.02 (HK2.40 cents) per ordinary share for the six months ended 30 June 2021 (for the six months ended 30 June 2020: RMB0.02 (HK2.20 cents)) has been declared by the Board to shareholders and such interim dividend will be paid on 15 October 2021 to shareholders whose names appear on the register of members of the Company on 29 September 2021.

Closure of the Register of Members

The register of members of the Company will be closed from 24 September 2021 to 29 September 2021 (both days inclusive), during which period no share transfers will be registered.

In order to qualify for the aforesaid interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 September 2021.

By order of the Board

Ajisen (China) Holdings Limited

Poon Wai

Chairman

Hong Kong, 23 August 2021



J A P A N C H I N A
U S A M A L A Y S I A
A U S T R A L I A C A N A D A
S I N G A P O R E F I N L A N D
T H A I L A N D I T A L Y
P H I L I P P I N E S N E W Z E A L A N D

“味千拉面”不是用面来做人的生意，
而是追求用人来做面的生意。