



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)

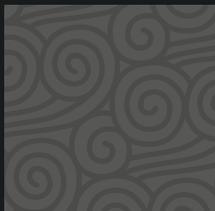
Stock Code 股份代號 : 538



中期報告 2017
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 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, we have carefully 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 2017, the Group’s nationwide retail network comprises 649 restaurants, Ajisen restaurants have entered 133 cities and 31 provinces and municipalities of the PRC. Among the major cities, the international metropolis Shanghai boasts the largest number of Ajisen restaurants, being 132, followed by 78 in Jiangsu and 60 in Zhejiang, together with the remaining 349 restaurants spanning across other major cities from the southern to the northern region of the PRC. In Hong Kong, Ajisen (China) operates 29 chain restaurants with its chain network covering all major business areas of the city. The Group also opened 1 restaurant in Rome of Italy. Moreover, the restaurant network is supported by the Group’s Shanghai, Chengdu, Tianjin 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

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. Ng Sau Mei

Qualified Accountant

Mr. Lau Ka Ho, Robert *(CPA)*

Company Secretary

Ms. Ng Sau Mei *(ACIS, ACS)*

Head Office and Principal Place of Business in Hong Kong

6th Floor, Ajisen Group Tower

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Registered Office

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George Town

Grand Cayman

Cayman Islands

Principal Share Registrar and Transfer Office

Appleby Corporate Services (Cayman) Limited

Clifton House

75 Fort Street

P.O. Box 1350 GT

George Town

Grand Cayman

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

Auditor

Deloitte Touche Tohmatsu

Hong Kong Legal Advisers

Fairbairn Catley Low & Kong

Investor and Media Relations Consultant

iPR Ogilvy Ltd
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Investor Relations Contact

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Stock Code

538

FINANCIAL HIGHLIGHTS

For the six months ended 30 June (unaudited)	2017	2016	%
			+/-
Turnover (RMB million)	1,151.7	1,180.8	-2.5
Gross profit (RMB million)	841.6	836.0	+0.7
Profit before taxation (RMB million)	169.0	763.0	-77.8
Profit attributable to owners of the Company (RMB million)	108.6	567.9	-80.9
Earnings per share – basic (RMB)	0.1	0.52	-80.8

Industry Review

In the first half of 2017, China's economy showed modest momentum of growth with GDP growing by 6.9% year-on-year (the corresponding period last year: 6.7%) to RMB38,149 billion. With the deepening of the supply-side reform, we have witnessed synchronized growth in the household income and the economy, as well as the accelerated upgrading of consumption structure and further expansion in the scale of the market of consumer goods as consumption continued to serve as the main driver of economic growth.

According to the data released by the National Bureau of Statistics, in the first half of 2017, the catering industry delivered steady overall performance and recorded a revenue of RMB1,854.6 billion, representing an increase of 11.2% on a year-on-year basis (the corresponding period last year: 11.2%). The revenue of the catering industry grew at a fast pace, leading the growth of total retail sales of social consumer goods by 0.8 percentage points, while the proportion of amount to the total retail sales of social consumer goods increased by 0.1 percentage point over the same period last year.

On the one hand, competition in the catering industry has intensified with high opening rate and high closure rate emerging as the new norm across the industry. For instance, in the four major cities, namely Beijing, Shanghai, Guangzhou and Shenzhen, the surge in the number of new restaurants was accompanied by the higher rate of take-over with a monthly closure rate of 10% and a compound annual closure rate of over 100%. "Shopping center + catering business" model was also under pressure as a result of reduced flow aggregation effect and insufficient source of customers due to the homogenization of shopping centers. According to the "Report on the Catering Industry in China (White Paper 2017)", among 15 cities, i.e. Beijing, Shanghai, Guangzhou, Shenzhen, Nanjing, Qingdao, Chongqing, Chengdu, Wuhan, Shenyang, Xiamen, Zhengzhou, Hangzhou, Tianjin and Xi'an, catering outlets in shopping malls in 10 cities recorded a closure rate of more than 30%.

On the other hand, as the post-80 and post-90 generations became the major force of consumers in the catering industry, the industry was ushering in a diversified era. Driven by the needs of consumers, the catering industry is developing towards fast fashion, healthy diet as well as with intelligent features. In addition, the proportion of takeaway in the catering industry is also growing rapidly. According to relevant statistics, in the year 2016, the overall transaction amount of the takeaway industry recorded a sharp increase and grew to more than RMB150 billion, accounting for 4% of the total transaction amount of the catering industry. Upgrade in consumption will become the key to the future competition in the catering industry. The players in the industry need to keep up with the changes in consumer needs, while the application of new technologies and the needs of consumer groups have also created new opportunities for development. Looking into the future, the catering industry will be more intelligent and healthy, and will see the general trend of placing orders and paying the bills online. With the growing trend of healthy diet, light catering will also become the future development trend of the catering industry.

In a relatively favorable environment in terms of economic and policy conditions, in the second half of 2017, the catering industry will be presented with both opportunities and challenges. Amidst the trend of transformation of the industry, players in the catering industry boasting high brand awareness and extensive sales networks are better positioned to seize the opportunities for development by adopting a proactive approach to adapting to the development trend of the catering industry, and developing intelligent technologies actively to meet consumers' diversified needs.

The management of the Group will actively explore and seek the opportunities for the transformation of the Group, and adopt a lean management approach, establish smart stores to enhance customer experience, and strive to provide new impetus to the Group's growth and promote business development. In addition, taking into account the Group's sufficient cash flow, the management is currently seeking targets of investment actively, with a view to achieving synergy of operation and bringing better return on investment for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2017, the Group's turnover decreased from approximately RMB1,180,812,000 during the corresponding period in 2016, by approximately 2.5% to approximately RMB1,151,734,000. The gross profit of the Group reached approximately RMB841,604,000, an increase of approximately 0.7% from approximately RMB835,980,000 during the corresponding period in 2016; the profit attributable to the owners of the Company reached approximately RMB108,603,000, a decrease of approximately 80.9% from approximately RMB567,946,000 in 2016. The basic earnings per share decreased to RMB0.10 from RMB0.52 per ordinary share during the corresponding period in the previous year.

During the current reporting period, the Group focused on streamlining the existing stores, adopting a prudent strategy in opening new stores. The Group adopted more focused strategies in its development, and continued to expand the restaurant network and deepened the density in mature markets, such as Beijing, Jiangsu, Zhejiang and Shanghai. As at 30 June 2017, the Group had a total of 649 fast casual chain restaurants, a decrease of 13 from 662 during the corresponding period in 2016; the Group's restaurant network extended its reach to 31 provinces and municipalities nationwide, amounting to 133 cities in aggregate, increasing 11 cities as compared with the corresponding period in 2016.

The construction and operation of the four major production bases in China guaranteed the steady growth and food quality of the Group's chain restaurant network. The Group's four major factories in Shanghai, Chengdu, Tianjin and Dongguan have been put into operation, to support the Group's network expansion.

During the current reporting period, the Group's cost of inventories as a proportion to turnover was approximately 26.9%, representing a decrease of approximately 2.3 percentage points as compared with the corresponding period last year. Accordingly, the gross profit margin increased to approximately 73.1% from approximately 70.8% during the corresponding period last year, which was attributable to the stability in raw material costs and benefit from value added tax ("VAT") reform in the PRC effective from 1 May 2016. The Group will properly control the raw material costs, and is therefore confident in achieving the expected gross profit margin.

During the current reporting period, the Group's labour costs accounted for approximately 25.3% of the turnover, which was approximately 0.8 percentage point higher than that of the corresponding period last year. During the current reporting period, the level of minimum wage was raised in a number of provinces and cities in China successively, and the Group has adjusted its employee wages in compliance with the relevant law and regulations.

During the current reporting period, rent and related costs as a proportion to turnover of the Group was approximately 16.2%, which was approximately 0.7 percentage point lower than that of the corresponding period last year. During the current reporting period, the Group applied stringent criteria in location selection, so as to guarantee the success rate of new stores. Also, a large number of medium-size and small-size restaurants were developed to enhance the output per unit area. The Group was able to secure long-term fixed lease terms as it expands the restaurant network.

The operation of over 640 restaurants under the Group is dependent upon the efficacy of our management and staff training. During the current reporting period, the Group placed emphasis on the guidance and training of restaurant managers and regional supervisors. The operation efficiency of each restaurant was enhanced through constant upgrading of its basic management level. During the current reporting period, the Group continued to host the inter-restaurant competition to fully mobilize its staff, thus making prominent contribution to the Group's turnover.

Retail Chain Restaurants

During the first half of 2017, the Group's major business and primary source of income continued to stem from the retail chain restaurant business. During the current reporting period, the Group's restaurant business income recorded approximately RMB1,067,147,000 (2016: RMB1,126,376,000), accounted for approximately 92.7% (2016: 95.4%) of the Group's total revenue, a decrease of 5.3% from the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2017, the Group's restaurant portfolio consisted of 649 Ajisen chain restaurants, comprising the following:

	30 June 2017	30 June 2016	+/-
By provinces:			
Shanghai	132	140	-8
Beijing	43	41	2
Tianjin	5	6	-1
Guangdong (excluding Shenzhen)	48	54	-6
Shenzhen	24	28	-4
Jiangsu	78	80	-2
Zhejiang	60	52	8
Sichuan	15	21	-6
Chongqing	13	17	-4
Fujian	22	22	0
Hunan	17	15	2
Hubei	12	15	-3
Liaoning	15	13	2
Shandong	35	35	0
Guangxi	8	7	1
Guizhou	2	2	0
Jiangxi	14	10	4
Shaanxi	12	14	-2
Yunnan	8	7	1
Henan	6	5	1
Hebei	5	4	1
Anhui	10	12	-2
Gansu	0	1	-1
Xinjiang	2	2	0
Hainan	7	3	4
Shanxi	1	1	0
Neimenggu	5	5	0
Heilongjiang	10	7	3
Ningxia, Qinghai	3	3	0
Jilin	6	3	3
Tibet	1	0	1
Hong Kong	29	37	-8
Rome	1	0	1
Total	649	662	-13
Total saleable area (sq. meters)	150,312	151,842	-1,530

MANAGEMENT DISCUSSION AND ANALYSIS

	30 June 2017	30 June 2016	+/-
By geographical region:			
Northern China	128	118	10
Eastern China	270	272	-2
Southern China	138	151	-13
Central China	112	121	-9
Italy	1	0	1
Total	649	662	-13

Sales of packaged noodle and related products

The manufacturing and sales of packaged noodle products under the Ajisen brand is one of the Group's two main businesses and is a beneficial complement to the major business of fast casual restaurant ("FCR") network operation. These packaged noodle products are manufactured solely by the Group. Besides, they are supplied to the chain restaurants of the Group and also sold through diversified channels, including supermarkets and department stores, which further enhanced the awareness of the Ajisen brand.

For the six months ended 30 June 2017, revenue from the sales of packaged noodle and related products was approximately RMB84,587,000 (2016: RMB54,436,000), accounted for approximately 7.3% (2016: 4.6%) of the Group's total revenue.

The Group has an extensive distribution network for the packaged noodle and related products in China. As of 30 June 2017, the total number of points-of-sale in this network reached approximately 8,000, which was the same compared to the corresponding period last year. The distribution network covers over 30 cities in China. These distributors include nationwide retailers such as Wal-Mart, Carrefour and Metro, and regional retailers such as China Resources Vanguard, Sanjiang in Ningbo and Century Lianhua, as well as reputable convenient chain stores such as Alldays, Kedi and C-Store.

Financial Review

Turnover

For the six months ended 30 June 2017, the Group's turnover decreased by approximately 2.5%, or approximately RMB29,078,000 to approximately RMB1,151,734,000 from approximately RMB1,180,812,000 for the corresponding period in 2016. Such decrease was mainly due to the decrease in the same store growth and number of stores of the Group during the current reporting period.

Cost of inventories consumed

For the six months ended 30 June 2017, the Group's cost of inventories decreased by approximately 10.1%, or approximately RMB34,702,000, to approximately RMB310,130,000 from approximately RMB344,832,000 for the corresponding period in 2016. During the current reporting period, the ratio of inventories cost to turnover was approximately 26.9%, lower than 29.2% for the corresponding period in 2016. Such decrease was attributable to the stability in the purchasing cost and benefit from VAT reform in PRC effective from 1 May 2016 for the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

Driven by the above factors, gross profit for the six months ended 30 June 2017 increased by approximately 0.7%, or approximately RMB5,624,000 to approximately RMB841,604,000 from approximately RMB835,980,000 for the corresponding period in 2016. Gross profit margin of the Group also further increased from approximately 70.8% for the corresponding period in 2016 to approximately 73.1%.

Property rentals and related expenses

For the six months ended 30 June 2017, property rentals and related expenses of the Group decreased by approximately 6.4% from approximately RMB199,666,000 for the corresponding period in 2016 to approximately RMB186,821,000. Its proportion to turnover decreased by 0.7 percentage point from approximately 16.9% for the corresponding period in 2016 to approximately 16.2%. Such decrease was mainly attributable to the decrease in number of stores of the Group for the period.

Staff costs

For the six months ended 30 June 2017, staff costs of the Group increased by approximately 0.8% from approximately RMB289,045,000 for the corresponding period in 2016 to approximately RMB291,300,000. Staff costs as a proportion to turnover increased from approximately 24.5% for the corresponding period in 2016 by 0.8 percentage point to approximately 25.3%, which reflected the raise in level of minimum wage in a number of provinces and cities in China for the period.

Depreciation

For the six months ended 30 June 2017, depreciation of the Group decreased by approximately 7.0% or approximately RMB5,776,000 from approximately RMB82,216,000 for the corresponding period in 2016 to approximately RMB76,440,000. Such decrease was mainly attributable to the decrease in number of stores in first half of 2017.

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 2017, other operating expenses decreased by approximately 8.3%, or approximately RMB13,698,000, to approximately RMB152,143,000 from approximately RMB165,841,000 for the corresponding period in 2016. Its proportion to turnover was decreased by 0.8 percentage point from 14.0% to approximately 13.2%, which was mainly attributable to the decrease in expenses spent on consumables, and fuel and utility for the period, while expenses spent on advertising and promotion had decreased to approximately RMB7,945,000 from approximately RMB12,195,000 for the corresponding period in 2016.

Other income

For the six months ended 30 June 2017, other income of the Group decreased by approximately 11.2%, or approximately RMB5,283,000, to approximately RMB42,016,000 from approximately RMB47,299,000 for the corresponding period in 2016. The decrease was mainly originated from the decrease in government grant and bank interest income during the period.

Other gains and losses

For the six months ended 30 June 2017, other gains and losses of the Group decreased by approximately 100.5% or approximately RMB625,944,000, to a loss of approximately RMB3,015,000 from a gain of approximately RMB622,929,000 for the corresponding period in 2016. The decrease was due to change in the fair value of approximately RMB631,231,000 of financial asset designated as at FVTPL for the corresponding period in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

For the six months ended 30 June 2017, finance costs decreased by approximately 51.9%, or approximately RMB2,956,000 to approximately RMB2,735,000 from approximately RMB5,691,000 for the corresponding period in 2016. The decrease was mainly due to repayment of certain loans during the second half of 2016.

Profit before taxation

Being affected by the factors referred to above, the Group's profit before taxation for the six months ended 30 June 2017 decreased by approximately 77.8%, or approximately RMB593,990,000 to approximately RMB169,008,000 from approximately RMB762,998,000 for the corresponding period in 2016.

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 2017 decreased by approximately 80.9%, or approximately RMB459,343,000, to approximately RMB108,603,000 from approximately RMB567,946,000 for the corresponding period in 2016.

Assets and liabilities

The Group's net current assets were approximately RMB934,949,000 and the current ratio was 2.4 as at 30 June 2017 (31 December 2016: 2.5). 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. The decrease in current ratio was mainly attributable to the increase in dividend payable as at 30 June 2017.

Cash flows

Net cash inflow from operations of the Group for the six months ended 30 June 2017 was approximately RMB168,062,000 while profit before taxation for the same period was approximately RMB169,008,000. The operating cash inflow was mainly due to increase in profitability of FCR operated by the Group which the increase in size of operation of the Group strengthened the bargaining power of the Group with the suppliers and slowed down settlement of purchases.

Liquidity and financial resources

The liquidity and financial position of the Group as at 30 June 2017 remained healthy and strong, with bank balances amounting to RMB1,404,363,000 (31 December 2016: RMB1,313,304,000) and a current ratio of 2.4 (31 December 2016: 2.5).

As at 30 June 2017, the Group had bank borrowings of RMB284,632,000 (31 December 2016: RMB294,940,000) and therefore the gearing ratio (expressed as a percentage of total borrowings over total assets) was 6.4 (31 December 2016: 6.7).

Exposure to exchange rates

Presently, 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 2017 and 31 December 2016 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Save for those disclosed in this interim report, 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 interim report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this interim report.

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.

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 2017 and 31 December 2016, 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 the PRC 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 2017, the Group did not have any significant contingent liabilities.

Capital expenditure

For the six months ended 30 June 2017, the Group's capital expenditure was approximately RMB103,874,000 (corresponding period in 2016: RMB49,400,000), which was due to the increase in purchase of property, plant and equipment, acquisition of investment in an associate and purchase of financial assets designated as at FVTPL during the six months ended 30 June 2017.

Key operating ratios for restaurant operations

	Hong Kong			PRC		
	1-6/2017	1-12/2016	1-6/2016	1-6/2017	1-12/2016	1-6/2016
Comparable restaurant sales growth: ^{Note}	-3.3%	-1.3%	-1.4%	-2.2%	-8.1%	-7.7%
Comparable restaurant sales growth: ^{Note} (not deducted of VAT)*	N/A	N/A	N/A	2.1%	-4.9%	-6.1%
Per capita spending:	HK\$64.7	HK\$66.2	HK\$65.3	RMB47.8	RMB46.7	RMB46.7
Table turnover per day (times per day):	4.8	4.9	4.9	3.4	3.4	3.4

* For illustration purpose only

Note: On 23 March 2016, the Ministry of Finance and the State Administration of Taxation of the PRC jointly issued the 財稅[2016]36號通知 (Caishui [2016] No. 36 (Circular)) which provides the Business Tax to Value-Added Tax Transformation Pilot Program (the "Program") for, among others, 生活服務 (lifestyle services) which covers the catering services provided by the Group, effective from 1 May 2016. Under the Program, the 5% business tax ("BT") rate formerly applicable to the sale of the FCR business was replaced by VAT at the rate of 3% or 6% levied on the sales since 1 May 2016. Before the implementation of the Program, the same store sales growth rate in the PRC was reported on a BT-inclusive basis. After such implementation, the same store sales growth rate in the PRC is reported on a net of VAT basis.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	NOTES	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Turnover	3	1,151,734	1,180,812
Cost of inventories consumed		(310,130)	(344,832)
Staff costs		(291,300)	(289,045)
Depreciation and amortisation		(76,440)	(82,216)
Property rentals and related expenses		(186,821)	(199,666)
Other operating expenses		(152,143)	(165,841)
Profit from operation		134,900	99,212
Other income	4	42,016	47,299
Other gains and losses	5	(3,015)	622,929
Share of loss of associates		(2,158)	(751)
Finance costs	6	(2,735)	(5,691)
Profit before taxation	7	169,008	762,998
Taxation	8	(49,665)	(103,135)
Profit for the period		119,343	659,863
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Reclassification adjustment of cumulative gain on fair value change previously recognised in other comprehensive income to profit or loss on an available-for-sale investment		(1,626)	–
Exchange differences arising on translation of financial statements of foreign operations		(41,776)	15,737
Other comprehensive (expense) income for the period, net of income tax		(43,402)	15,737
Total comprehensive income for the period		75,941	675,600
Profit for the period attributable to:			
Owners of the Company		108,603	567,946
Non-controlling interests		10,740	91,917
		119,343	659,863

(continued)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	NOTES	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Total comprehensive income attributable to:			
Owners of the Company		71,579	582,095
Non-controlling interests		4,362	93,505
		75,941	675,600
Earnings per share		RMB	RMB
– Basic	10	0.10	0.52
– Diluted		0.10	0.52

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	NOTES	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Non-current assets			
Investment properties	11	465,638	474,228
Property, plant and equipment	11	838,617	849,173
Prepaid lease payments		74,119	75,603
Intangible assets		5,555	5,725
Interests in associates	13	148,174	94,014
Loan to an associate		1,298	1,337
Rental deposits		79,339	82,748
Goodwill		7,061	7,277
Deferred tax assets		1,678	1,712
Available-for-sale investments	12	6,906	52,428
Financial assets designated as at fair value through profit and loss ("FVTPL")	14	1,248,261	1,272,943
		2,876,646	2,917,188
Current assets			
Inventories		69,069	82,356
Trade and other receivables	15	123,152	101,024
Amounts due from a related party	16	12	12
Taxation recoverable		736	1,261
Pledged bank deposits	17	380	380
Bank balances and cash	17	1,404,363	1,313,304
		1,597,712	1,498,337
Current liabilities			
Trade and other payables	18	238,141	274,550
Amounts due to related companies	19	4,306	5,168
Amounts due to directors	19	153	471
Amount due to a shareholder	19	32,307	27,564
Amounts due to non-controlling interests	19	13,528	13,943
Amount due to associates	19	7,588	4,602
Dividend payable		88,126	26
Taxation payable		46,759	46,703
Bank loans	20	231,855	237,552
		662,763	610,579
Net current assets		934,949	887,758

(continued)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	<i>NOTES</i>	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Total assets less current liabilities		3,811,595	3,804,946
Non-current liabilities			
Long-term bank loans	20	52,777	57,388
Deferred tax liabilities		129,908	128,505
		182,685	185,893
Net assets		3,628,910	3,619,053
Capital and reserves			
Share capital	21	108,404	108,404
Reserves		3,222,629	3,239,384
Equity attributable to owners of the Company		3,331,033	3,347,788
Non-controlling interests		297,877	271,265
Total equity		3,628,910	3,619,053

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company												Total RMB'000
	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	Investment revaluation reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve fund RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non- controlling interests RMB'000	
At 1 January 2016 (Audited)	108,404	1,887,197	(234,729)	75,087	1,159	36,673	-	(233,701)	111,499	1,000,562	2,752,151	167,023	2,919,174
Profit for the period	-	-	-	-	-	-	-	-	-	567,946	567,946	91,917	659,863
Other comprehensive income for the period	-	-	-	-	-	-	-	14,149	-	-	14,149	1,588	15,737
Total comprehensive income for the period	-	-	-	-	-	-	-	14,149	-	567,946	582,095	93,505	675,600
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(9,000)	(9,000)
Dividends recognised as distribution (note 9)	-	-	-	-	-	-	-	-	-	(110,842)	(110,842)	-	(110,842)
Recognition of equity-settled share based payments	-	-	-	2,709	-	-	-	-	-	-	2,709	-	2,709
Transfer	-	-	-	-	-	-	-	-	9,852	(9,852)	-	-	-
At 30 June 2016	108,404	1,887,197	(234,729)	77,796	1,159	36,673	-	(219,552)	121,351	1,447,814	3,226,113	251,528	3,477,641
At 1 January 2017 (Audited)	108,404	1,887,197	(234,729)	73,660	1,159	38,462	1,626	(153,572)	129,917	1,495,664	3,347,788	271,265	3,619,053
Profit for the period	-	-	-	-	-	-	-	-	-	108,603	108,603	10,740	119,343
Other comprehensive income for the period	-	-	-	-	-	-	(1,626)	(35,398)	-	-	(37,024)	(6,378)	(43,402)
Total comprehensive income for the period	-	-	-	-	-	-	(1,626)	(35,398)	-	108,603	71,579	4,362	75,941
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(15,750)	(15,750)
Dividends recognised as distribution (note 9)	-	-	-	-	-	-	-	-	-	(89,455)	(89,455)	-	(89,455)
Recognition of equity-settled share based payments	-	-	-	1,121	-	-	-	-	-	-	1,121	-	1,121
Transfer on forfeiture of share options	-	-	-	(1,998)	-	-	-	-	-	1,998	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	38,000	38,000
At 30 June 2017	108,404	1,887,197	(234,729)	72,783	1,159	38,462	-	(188,970)	129,917	1,516,810	3,331,033	297,877	3,628,910

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Operating activities		
Profit before taxation	169,008	762,998
Adjustments for:		
Depreciation for property, plant and equipment	75,427	80,821
Finance costs	2,735	5,691
Bank interest income	(5,527)	(16,394)
Share of loss of associates	2,158	751
Loss on disposal of property, plant and equipment	3,861	1,807
Fair value gain on financial asset designated as at FVTPL	–	(631,231)
Operating lease rentals in respect of prepaid lease payments	1,013	1,395
Share-based payment expenses	1,121	2,709
Impairment loss on available-for-sale investments	–	455
Reclassification adjustment of cumulative gain on fair value change previously recognised in other comprehensive income to profit or loss on an available-for-sale investment	(1,626)	–
Operating cash flows before movements in working capital	248,170	209,002
Decrease in inventories	13,287	15,613
Decrease (increase) in rental deposits	3,409	(6,830)
(Increase) decrease in trade and other receivables	(22,144)	10,680
Decrease in trade and other payables	(29,440)	(26,251)
Cash generated from operations	213,282	202,214
Income tax paid	(45,220)	(36,241)
Net cash from operating activities	168,062	165,973
Investing activities		
Interest received	5,527	16,394
Proceeds from disposal of property, plant and equipment	270	6,212
Acquisition of investment in an associate	(12,800)	–
Purchase of property, plant and equipment	(81,496)	(49,400)
Purchase of financial assets designated as at FVTPL	(9,578)	–
Net cash used in investing activities	(98,077)	(26,794)

(continued)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Financing activities		
Advance from related parties	4,306	5,470
Advance from directors	153	150
Advance from associates	2,986	–
Dividends paid	(5)	(5)
Interest paid	(2,735)	(5,691)
Dividends paid to a non-controlling interests	(15,750)	(9,000)
Repayment to related parties	(5,168)	(5,901)
Repayment to directors	(471)	(531)
Repayment to a shareholder	4,743	(11,811)
Repayment of bank borrowings	(1,541)	(1,470)
Contribution from non-controlling interests	38,000	–
Net cash from (used in) financing activities	24,518	(28,789)
Net increase in cash and cash equivalents	94,503	110,390
Cash and cash equivalents at 1 January	1,313,304	1,335,062
Effect of foreign exchange rate changes	(3,444)	3,584
Cash and cash equivalents at 30 June representing bank balances and cash	1,404,363	1,449,036

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 certain investment properties and financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the Group’s financial year beginning on 1 January 2017.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

3. Segment Information

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

For the period ended 30 June 2017 (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
	The People's Republic of China (the "PRC") RMB'000	Hong Kong RMB'000	Total RMB'000					
Revenue								
– external sales	970,205	96,942	1,067,147	84,587	–	1,151,734	–	1,151,734
– inter-segment sales	–	–	–	315,851	–	315,851	(315,851)	–
	970,205	96,942	1,067,147	400,438	–	1,467,585	(315,851)	1,151,734
Segment profits	174,110	2,102	176,212	6,934	13,298	196,444	–	196,444
Unallocated income								5,527
Unallocated expenses								(30,228)
Finance costs								(2,735)
Profit before taxation								169,008
Taxation								(49,665)
Profit for the period								119,343

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

3. Segment Information (Continued)

For the period ended 30 June 2016 (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
	PRC RMB'000	Hong Kong RMB'000	Total RMB'000					
Revenue								
– external sales	1,024,526	101,850	1,126,376	54,436	–	1,180,812	–	1,180,812
– inter-segment sales	–	–	–	288,162	–	288,162	(288,162)	–
	1,024,526	101,850	1,126,376	342,598	–	1,468,974	(288,162)	1,180,812
Segment profits	132,374	4,070	136,444	4,878	641,635	782,957	–	782,957
Unallocated income								16,394
Unallocated expenses								(30,662)
Finance costs								(5,691)
Profit before taxation								762,998
Taxation								(103,135)
Profit for the period								659,863

Segment profits represent the profits earned by each segment without allocation of central administrative costs and directors' salaries, investment income and finance costs. This is the measure reported to the chief operating decision maker, Ms. Poon Wai ("Ms. Poon"), for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

4. Other Income

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Government grant (note)	11,651	16,202
Bank interest income	5,527	16,394
Property rental income, net of negligible outgoings	11,672	10,859
Royalties from sub-franchisees	10,535	2,514
Others	2,631	1,330
	42,016	47,299

Note: The amount of government grant represents the incentive subsidies received from the PRC local district authorities for the business activities carried out by the Group in the district. There are no specific conditions attached to the grant.

5. Other Gains and Losses

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Loss on disposal of property, plant and equipment	(3,861)	(1,807)
Net foreign exchange loss	(780)	(6,040)
Reclassification adjustment of cumulative gain on fair value change previously recognised in other comprehensive income to profit or loss on an available-for-sale investment	1,626	–
Impairment loss on available-for-sale investments	–	(455)
Gain from changes in fair value of financial asset designated as at FVTPL	–	631,231
	(3,015)	622,929

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

6. Finance Costs

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Interest on bank borrowings:		
– wholly repayable within five years	2,144	5,090
– not wholly repayable within five years	591	601
	2,735	5,691

7. Profit Before Taxation

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories consumed (<i>note a</i>)	310,130	344,832
Advertising and promotion expenses	7,945	12,195
Fuel and utility expenses	52,518	59,601
Operating lease rentals in respect of		
– land lease	1,013	1,395
– rented premises (<i>note b</i>)	161,691	173,572

Notes:

- This represents costs of raw materials and consumables used.
- For the six months ended 30 June 2017, the amount included in the operating lease rentals in respect of rental premises are minimum lease payments of approximately RMB115,318,000 (for the six months ended 30 June 2016: RMB124,356,000) and contingent rent of approximately RMB46,373,000 (for the six months ended 30 June 2016: RMB49,216,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

8. Taxation

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Hong Kong Profits Tax		
– current period	2,426	2,225
PRC Enterprise Income Tax (“EIT”)		
– current period	47,759	38,042
– over-provision in prior periods	(4,384)	(4,211)
	43,375	33,831
Deferred taxation	3,864	67,079
	49,665	103,135

The income tax expense in Hong Kong and the PRC is recognised based on management’s best estimate of the annual income tax rate expected for the full financial year. The estimated annual tax rates for Hong Kong Profits Tax and the PRC EIT are 16.5% (for the six months ended 30 June 2016: 16.5%) and 25% (for the six months ended 30 June 2016: 25%), respectively, for the period under review.

Pursuant to the relevant provincial policy and written approval obtained from the State Tax Bureau in Chongqing (“Chongqing STB”) in year 2009, 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, China, applied a preferential tax rate of 15%.

According to the Chongqing STB, the preferential tax rate needs to be applied by Chongqing Weiqian and approved year by year after year 2013. As such, the Group applied the standard enterprise income tax rate of 25% for Chongqing Weiqian from year 2013 onwards and reversed the income tax liability after obtaining the written approval.

During the six months ended 30 June 2017, Chongqing Weiqian was granted a preferential tax rate of 15% for year 2016, the Group reversed the income tax liability of approximately RMB4.4 million which was previously recognised for year 2016.

During the six months ended 30 June 2016, Chongqing Weiqian was granted a preferential tax rate of 15% for year 2015, the Group reversed the income tax liability of approximately RMB4.2 million which was previously recognised for year 2015.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

9. Dividends

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the period:		
Final, declared – RMB0.08 (HK9.30 cents) per share for 2016 (2016: declared – RMB0.10 (HK12.0 cents) per share for 2015)	89,455	110,842

At a meeting of the board of directors held on 23 August 2017, the directors of the Company resolved to declare an interim dividend of RMB0.02 (HK2.50 cents) per ordinary share for the six months ended 30 June 2017 (for the six months ended 30 June 2016: RMB0.04 (HK4.90 cents) per ordinary share).

10. Earnings Per Share

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings for the purposes of basic and diluted earnings per share, being profit for the period attributable to owners of the Company	108,603	567,946
	Number of shares	
Weighted average 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	–	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,091,538,820	1,091,538,820

All 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 Company's earnings per share during the six months ended 30 June 2017 and 30 June 2016 because the exercise prices of these Company's share options were higher than the average market prices of the Company's shares during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

11. Movements in Investment Properties and Property, Plant and Equipment

The fair values of the Group's investment properties as at 30 June 2017 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 concluded there was no material change in the fair value of the investment properties as at 30 June 2017 as compare with that of as at 31 December 2016.

During the period, the Group spent approximately RMB81,496,000 on acquisition of property, plant and equipment (for the six months ended 30 June 2016: RMB49,400,000).

12. Available-for-Sale Investments

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Unlisted equity investments, at fair value (note 1)	–	45,522
Unlisted equity investments, at cost (note 2)	25,278	24,112
Exchange realignment	(547)	1,166
	24,731	25,278
Less: provision for impairment	18,372	17,221
Exchange realignment	(547)	1,151
	6,906	6,906
	6,906	52,428

Note 1: The balances as at 31 December 2016 represented an investment made by the Group in the 8.33% equity interest in Jiangsu Hong Xuan Ecological Agriculture Company Limited ("Hong Xuan"), which is engaged in agriculture business. During the period, the Group has been able to increase its influence over Hong Xuan after the Group has been able to appoint one director into its board of directors. As such, the Group reclassified this investment of RMB45,522,000 from an available-for-sale investment to an investment in an associate. Accordingly, the cumulative gain on fair value of RMB1,626,000 previously recognised in other comprehensive income were reclassified from equity to profit or loss.

Note 2: The above investments are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that fair values cannot be measured reliably. During the period, no additional impairment loss (for the six months ended 30 June 2016: RMB455,000) has been made on the Group's unlisted equity investments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

13. Interests in Associates

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Cost of investment in associates	155,056	93,763
Exchange realignment	(2,062)	2,971
	152,994	96,734
Share of post-acquisition results and other comprehensive expense	(4,878)	(2,720)
Exchange realignment	58	–
	148,174	94,014

Subsequent to the reclassification of Hong Xuan from an available-for-sale investment to an investment in an associate as disclosed in note 12, during the period, certain other investors of Hong Xuan have subscribed for new shares of Hong Xuan and therefore the equity interest held by the Group was diluted to approximately 7.858%.

During the period, the Group made a cash capital contribution of RMB12,800,000, representing 29% of total capital contribution in Shenzhen Jupeng Kitchen Equipment Co., Ltd. ("Shenzhen Jupeng"), an independent unlisted third party established in the PRC. Shenzhen Jupeng is principally engaged in the manufacturing and sale of kitchen equipment. As the Group has the right to appoint one director into the board of directors of Shenzhen Jupeng, the Group has significant influence over Shenzhen Jupeng. As such, the Group has accounted for Shenzhen Jupeng as an investment in an associate.

14. Financial Assets Designated as at FVTPL

	RMB'000
At 1 January 2016	454,496
Exchange realignment	15,462
Gain on fair value change	631,231
At 30 June 2016 (Unaudited)	1,101,189
At 1 January 2017	1,272,943
Exchange realignment	(34,260)
Addition	9,578
At 30 June 2017 (Unaudited)	1,248,261

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

14. Financial Assets Designated as at FVTPL (Continued)

The components of financial assets designated as at FVTPL are as follow:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Baidu Takeout Delivery (Note)	1,118,261	1,152,521
Yunxi	70,000	50,000
Jiahua Anyuan Fund	60,000	70,422
	1,248,261	1,272,943

During the period, certain other investors made a cash capital contribution of RMB28,000,000 in Shanghai JingJing Investment Center (Limited Partnership) ("JingJing"), a consolidated subsidiary towards the end of 2016, and as such the equity interest of Jingjing held by the Group was diluted from 99.99% to approximately 64.1%. In 2016, Jingjing invested RMB50,000,000 in Guangzhou Yunxi Information Technology Co., Ltd. ("Yunxi") and an additional RMB20,000,000 during the six months ended 30 June 2017. Therefore, as at 30 June 2017, Jingjing invested RMB70,000,000 in Yunxi, which represents approximately 6.36% equity interest of Yunxi.

During the period, certain other investors made a cash capital contribution of RMB10,000,000 in Jiahua Mingde (Tianjin) Enterprise Management and Consulting Partnership (Limited Partnership) ("Jiahua Mingde"), a consolidated subsidiary towards the end of 2016, and as such the equity interest of Jiahua Mingde held by the Group was diluted from 99.99% to approximately 83.32%. In 2016, Jiahua Mingde invested RMB70,422,000 in Anhui Jiahua Anyuan Investment Fund Partnership (Limited Partnership) ("Jiahua Anyuan Fund"). During the six months ended 30 June 2017, Jiahua Mingde withdrew an investment of RMB20,422,000 and made a new investment of RMB10,000,000 in Jiahua Anyuan Fund. Therefore, as at 30 June 2017, Jiahua Mingde invested RMB60,000,000 in Jiahua Anyuan Fund, which represents approximately 19% equity interest of Jiahua Anyuan Fund.

Note

According to the information recently in the market, there is a certain degree of uncertainty on the financial asset designated FVTPL in relation to Baidu Takeout Delivery. However, the Company is unable to make a reasonable new estimate on the fair value of such financial asset designated as at FVTPL at present due to a lack of clarity of publicly available information, therefore the fair value of such financial asset designated as at FVTPL in the Group's unaudited consolidated management account for the six months ended 30 June 2017 would remain unchanged, as compared to 31 December 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

15. Trade and other Receivables

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade receivables		
– a related company	935	1,075
– others	21,228	17,803
	22,163	18,878
Rental and utility deposits	15,724	12,805
Property rentals paid in advance for restaurants	24,363	22,000
Advance to suppliers	24,278	16,795
Other receivables and prepayments	36,624	30,546
	123,152	101,024

The related company is a company in which Ms. Poon has controlling interests.

Customers including both independent third parties and related companies of noodles and related products are normally granted 60 to 90 days (for the year ended 31 December 2016: 60 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 (for the year ended 31 December 2016: 180 days). There was no credit period for customers relating to sales from operation of restaurants. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Age		
0 to 30 days	17,929	15,040
31 to 60 days	728	739
61 to 90 days	268	9
91 to 180 days	–	91
181 to 365 days	–	1
Over 365 days	3,238	2,998
	22,163	18,878

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

16. Amounts Due From a Related Party

Details of the amounts due from a related party are as follows:

Name of a related party	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Well Keen International Ltd., a company in which Ms. Poon has controlling interests	12	12

The amounts were unsecured, interest-free and repayable on demand.

17. Bank Balance and Cash/Pledged Bank Deposits

As at 30 June 2017, pledged bank deposits held by the Group amounting to RMB380,000 (31 December 2016: RMB380,000) represent deposits pledged to banks to secure advances on construction, which are classified as current assets. Details are set out in note 24.

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 0.35% to 3.30% (2016: 0.35% to 4.00%) per annum.

18. Trade and Other Payables

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade payables		
– a related company	6,665	5,336
– others	81,515	88,715
	88,180	94,051
Payroll and welfare payables	41,385	38,969
Customers' deposits received	13,722	10,190
Payable for acquisition of property, plant and equipment	21,483	28,687
Payable for property rentals	28,250	30,540
Other taxes payable	22,862	25,308
Others	22,259	46,805
	238,141	274,550

The related company is a company in which Mr. Katsuaki Shigemitsu, who is a director and shareholder of the Company, has controlling interests.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

18 Trade and Other Payables (Continued)

The average credit period for the purchase of goods is 60 days (for the year ended 31 December 2016: 60 days). The following is an aged analysis of trade payables presented based on invoice dates at the end of the reporting period:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
0 to 30 days	53,656	61,956
31 to 60 days	29,751	23,133
61 to 90 days	1,079	1,072
91 to 180 days	571	4,532
Over 180 days	3,123	3,358
	88,180	94,051

19. Amounts Due to Related Companies/Directors/A Shareholder/ Non-Controlling Interests/Associates

The amounts due to related companies/directors/a shareholder/non-controlling interests/associates are unsecured, interest-free and repayable on demand.

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

20. Bank Loans

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Secured bank loans with carrying amounts repayable:		
Within one year	231,855	237,552
In more than one year but not more than two years	4,551	3,256
In more than two years but not more than five years	14,219	10,170
In more than five years	34,007	43,962
	284,632	294,940
Less: amounts shown as non-current liabilities	(52,777)	(57,388)
Amounts shown as current liabilities	231,855	237,552

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

20. Bank Loans (Continued)

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

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

Denominated in	Interest rate	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
HK\$	Hong Kong Interbank Offered Rate ("HIBOR") plus 1.30% (31 December 2016: HIBOR plus 1.30%)	164,905	169,957
HK\$	HIBOR plus 1.35% (31 December 2016: HIBOR plus 1.35%)	52,075	53,671
HK\$	Prime rate of the counterparty bank minus 3.25% (31 December 2016: prime rate of the counterparty bank minus 3.25%)	51,691	54,716
HK\$	HIBOR plus 2.0% (31 December 2016: HIBOR plus 2.0%)	10,415	10,734
HK\$	Prime rate of the counterparty bank minus 2.80% (31 December 2016: prime rate of the counterparty bank minus 2.80%)	5,546	5,862
		284,632	294,940

As at 30 June 2017, the weighted average effective interest rate on the bank loans was 1.86% (31 December 2016: 1.92%), and are further analysed as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Denominated in HK\$	1.86%	1.77%
Denominated in US\$	–	2.07%

Detail of the assets of the Group as at 30 June 2017 and 31 December 2016 that have been pledged as collateral to secure the general bank facilities of the Group are set out in note 24.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

21. Share Capital

	Number of shares	Share capital RMB'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 January 2016, 31 December 2016, and 30 June 2017	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2016, 31 December 2016, and 30 June 2017	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 2017

22. Share Option Schemes

The Company adopted a share option scheme (the "Share Option Scheme") and a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme").

(a) 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 2017 and 30 June 2016.

Grant date	Exercise price HK\$	Outstanding at 1 January 2017	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2017
Employees						
25 June 2008	3.726	40,000	–	–	–	40,000
31 December 2008	3.726	62,500	–	–	–	62,500
3 July 2009	4.938	27,500	–	–	–	27,500
2 July 2010	8.884	443,000	–	–	–	443,000
26 August 2011	5.530	9,001,000	–	–	(361,000)	8,640,000
15 October 2012	5.530	400,000	–	–	–	400,000
2 July 2013	6.310	600,000	–	–	–	600,000
27 August 2013	8.740	1,210,000	–	–	–	1,210,000
25 October 2013	8.350	1,050,000	–	–	–	1,050,000
30 June 2014	6.020	150,000	–	–	–	150,000
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	2,440,000	–	–	(270,000)	2,170,000
		17,874,000	–	–	(631,000)	17,243,000
Directors						
22 January 2009	3.308	137,500	–	–	–	137,500
15 October 2012	5.530	400,000	–	–	–	400,000
		537,500	–	–	–	537,500

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

22. Share Option Schemes (Continued)

(a) Share Option Scheme (Continued)

Grant date	Exercise price HK\$	Outstanding at 1 January 2016	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2016
Employees						
25 June 2008	3.726	40,000	–	–	–	40,000
31 December 2008	3.726	70,000	–	–	(7,500)	62,500
3 July 2009	4.938	27,500	–	–	–	27,500
2 July 2010	8.884	673,000	–	–	(182,500)	490,500
26 August 2011	5.530	10,988,000	–	–	(1,768,000)	9,220,000
15 October 2012	5.530	400,000	–	–	–	400,000
2 July 2013	6.310	600,000	–	–	–	600,000
27 August 2013	8.740	1,210,000	–	–	–	1,210,000
25 October 2013	8.350	1,050,000	–	–	–	1,050,000
19 December 2013	7.690	50,000	–	–	(50,000)	–
14 April 2014	7.050	200,000	–	–	(200,000)	–
30 June 2014	6.020	300,000	–	–	(150,000)	150,000
25 September 2014	6.450	100,000	–	–	–	100,000
8 January 2015	5.900	250,000	–	–	(100,000)	150,000
2 April 2015	4.700	100,000	–	–	(100,000)	–
17 April 2015	5.060	2,200,000	–	–	–	2,200,000
2 July 2015	4.104	2,890,000	–	–	(350,000)	2,540,000
		21,148,500	–	–	(2,908,000)	18,240,500
Directors						
22 January 2009	3.308	137,500	–	–	–	137,500
15 October 2012	5.530	500,000	–	–	(100,000)	400,000
		637,500	–	–	(100,000)	537,500

The Group recognised an expense of approximately RMB1,121,000 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: RMB2,709,000) in relation to share options granted by the Company under the Share Option Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

22. Share Option Schemes (Continued)

(b) Pre-IPO Share Option Scheme

The following table disclosed movements of the Company's share options under the Pre-IPO Share Option Scheme during the six months ended 30 June 2017 and 30 June 2016:

Grantees	Outstanding at 1 January 2017	Exercised during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30 June 2017
Employees and others	386,000	–	(386,000)	–	–

Grantees	Outstanding at 1 January 2016	Exercised during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30 June 2016
Employees and others	388,500	–	–	–	388,500

23. Capital Commitments

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 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	117,333	128,377

24. Pledge of Assets

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Investment properties	280,338	288,926
Property, plant and equipment	16,236	17,201
Prepaid lease payments	15,758	16,506
Pledged bank deposits	380	380
	312,712	323,013

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

25. Related Party Transactions

- (a) During the 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	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Shigemitsu Industry Co., Ltd., a company in which Mr. Katsuaki Shigemitsu has significant beneficial interests	Sales of noodles and related products	350	280
	Purchase of raw materials	12,738	13,075
	Franchise commissions paid		
	– for restaurants operating in Hong Kong	587	605
	– for restaurants operating in the PRC	12,107	12,712
	Technical fee paid	265	250
Companies in which Mr. Poon Ka Man, Jason, a director of the Company, has significant beneficial interests	Decoration expenses paid	1,208	1,944
Ms. Poon	Property rentals paid	996	996
Japan Foods Holdings Ltd., non-controlling shareholder of a subsidiary of Ajisen (China) Holdings Limited	Franchise commissions paid	385	410

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

25. Related Party Transactions (Continued)

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	3,590	3,298
Other long-term benefits	67	63
Share-based payments	75	138
	3,732	3,499

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.

26. Events After the Reporting Period

Pursuant to a written resolution of the Company on 19 July 2017, the Company granted 2,500,000 share options at an exercise price of HK\$3.504 each to subscribe for one ordinary share of HK\$0.10 each of the Company to certain employees of the Company. The Company is in the process to estimate the impact of the grant to the financial statements of the Group. Up to the date of this report, these newly granted share options remained outstanding.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has complied with all applicable code provisions under the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2017, save and except for the deviation from the code provision A.2.1, namely, the roles of the Chairman and chief executive officer (“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 2017, 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, reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal controls and financial reporting matters. The Company’s unaudited interim results for the six months ended 30 June 2017 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 2017.

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 2017, 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 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	38,812,347 (L)	3.56%
Mr. Poon Ka Man, Jason	beneficial owner	2,500,000 (L)	0.23%
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%
Mr. Lo Peter	beneficial owner	75,000 (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 option <i>(Note 2)</i>	200,000 (L)
Mr. Lo Peter	beneficial owner	share option <i>(Note 2)</i>	100,000 (L)
Mr. Wang Jin Cheng	beneficial owner	share option <i>(Note 2)</i>	137,500 (L)
Mr. Katsuaki Shigemitsu	beneficial owner	share option <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 2017, none of the Directors and chief executive of the Company, or any of their spouses, or children under eighteen years of age, has any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be 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 2017, 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	Approximate % of shareholding
Favor Choice (Note 2)	beneficial owner	480,123,041(L)	43.99%
Anmi Holding (Notes 2 and 3)	interest of controlled corporation	480,123,041(L)	43.99%
HSBC International Trustee Limited (Note 3)	trustee	500,523,720(L)	45.85%
Invesco Hong Kong Limited	investment manager	97,734,000(L)	8.95%

Notes:

- The letter "L" denotes the substantial shareholder's long position in such shares.
- 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.
- Among the 500,523,720 shares, 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 and Royal Century Investment Limited. Anmi Holding wholly owned Favor Choice which held 476,625,041 shares and Royal Century Investment Limited wholly owned Brilinda Hilltop Inc. which held 23,898,679 shares.

Save as disclosed herein, as at 30 June 2017, 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 under section 336 of the SFO.

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. 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.

As at 30 June 2017, the number of shares in respect of which options under the 2007 Share Option Scheme had been granted and remained outstanding was 17,780,500 shares (31 December 2016: 18,411,500 shares), representing approximately 1.63% of the shares of the Company in issue as at 30 June 2017.

Total number of shares available for issue under the 2007 Share Option Scheme was 17,780,500 shares (21 March 2017 (date of 2016 annual report): 18,411,500 shares), representing approximately 1.63% (21 March 2017 (date of 2016 annual report): 1.69%) 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 109,153,882 shares, representing 10% 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 2017 under the 2007 Share Option Scheme are set out in note 22 to the condensed consolidated financial statements.

Particulars of the vesting period and exercise period of the 2007 Share Option Scheme are contained in note 31 to the consolidated financial statement of 2016 annual report of the Company dated 21 March 2017.

Pre-IPO Share Option Scheme

The Company conditionally adopted the Pre-IPO Share Option Scheme (the “Pre-IPO Share Option Scheme”) on 8 March 2007. The purpose and the principal terms of the Pre-IPO Share Option Scheme are similar to those of Share Option Scheme, save as:

- (i) the exercise price per share is 85% of the final offer price per share upon listing of the Company;
- (ii) no option granted under the Pre-IPO Share Option Scheme will be exercisable within twelve months from the listing date; and
- (iii) no further option will be offered or granted under the Pre-IPO Share Option Scheme after the listing of the Company.

Set out below are details of the outstanding options granted under the Pre-IPO Share Option Scheme as at 30 June 2017:

Grantee	Granted on 8 March 2007 (Notes 1 and 3)	Number of Options				Outstanding as at 30 June 2017
		Outstanding as at 1 January 2017	Exercised during the six months ended 30 June 2017 (Note 4)	Cancelled during the six months ended 30 June 2017	Lapsed during the six months ended 30 June 2017	
(1) Directors						
Ms. Poon Wai (Note 2)	8,485,000	–	–	–	–	–
Mr. Poon Ka Man, Jason (Note 2)	2,500,000	–	–	–	–	–
Mr. Yin Yibing (Note 2)	2,500,000	–	–	–	–	–
(2) Employees and others	6,515,000	386,000	–	–	(386,000)	–
	20,000,000	386,000	–	–	(386,000)	–

Notes:

- (1) All options under the Pre-IPO Share Option Scheme granted on 8 March 2007 can be exercised at a price of HK\$4.6495 per share.
- (2) Ms. Poon Wai and Mr. Poon Ka Man, Jason, both are executive Directors, and Mr. Yin Yibing, a former Director who resigned on 18 July 2013, have formed Center Goal Holdings Limited (“Center Goal”) to hold the options. Center Goal is owned as to approximately 62.92% by Ms. Poon Wai, as to approximately 18.54% by Mr. Poon Ka Man, Jason and as to approximately 18.54% by Mr. Yin Yibing.
- (3) All holders of options granted under the Pre-IPO Share Option Scheme may only exercise their options in the following manner:

Maximum percentage of options exercisable	Period for vesting of the relevant percentage of the option
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25% of the total number of options to any grantee	From the expiry of the first anniversary of the listing date to the date immediately before the second anniversary of the listing date
25% of the total number of options to any grantee	From the second anniversary of the listing date to the date immediately before the third anniversary of the listing date
25% of the total number of options to any grantee	From the third anniversary of the listing date to the date immediately before the fourth anniversary of the listing date
25% of the total number of options to any grantee	From the fourth anniversary of the listing date to the date immediately before the fifth anniversary of the listing date

- (4) The total number of shares issued and which may fall to be issued upon exercise of the options granted pursuant to the Pre-IPO Share Option Scheme to an eligible participant in any 12-month period shall not exceed 1% of the number of shares in issue unless approved by shareholders in general meeting.

OTHER INFORMATION

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", "Share Option Scheme" and "Pre-IPO Share Option Scheme", during the six months ended 30 June 2017, no arrangements have been entered 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.

Employee's Remuneration and Policy

As at 30 June 2017, the Group employed 10,252 persons (30 June 2016: 10,339 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 performance.

The total remuneration payment of the Group for the six months ended 30 June 2017 was approximately RMB291,300,000 (30 June 2016: RMB289,045,000).

Dividend

An interim dividend of RMB0.02 (HK2.50 cents) per ordinary share for the six months ended 30 June 2017 (for six months ended 30 June 2016: RMB0.04 (HK4.90 cents)) has been declared by the Board to shareholders and such interim dividend will be paid on 30 November 2017 to shareholders whose names appear on the register of members of the Company on 15 September 2017.

Closure of the Register of Members

The register of members of the Company will be closed from 13 September 2017 to 15 September 2017 (both days inclusive), during which period no share transfers will be registered.

In order to qualify for the 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 12 September 2017.

By order of the Board

Ajisen (China) Holdings Limited

Poon Wai

Chairman

Hong Kong, 23 August 2017



J A P A N C H I N A
U S A S O U T H K O R E A
A U S T R A L I A V I E T N A M
S I N G A P O R E I N D O N E S I A
T H A I L A N D M A L A Y S I A
P H I L I P P I N E C A N A D A

“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。