

上海 | 小南国

SHANGHAI XNG HOLDINGS LIMITED

Shanghai XNG Holdings Limited  
上海小南国控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code: 3666

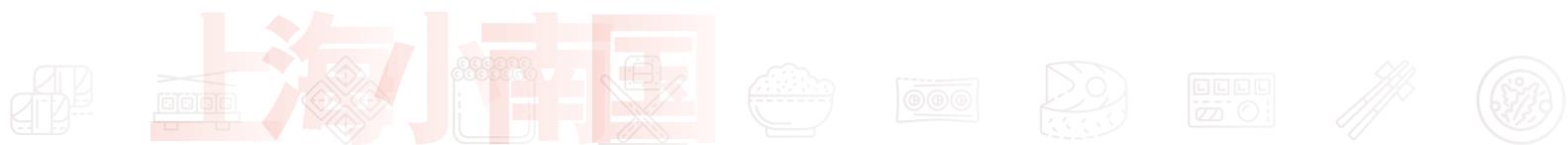
2022 INTERIM REPORT





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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Gu Dorson (*Chairman*)  
Ms. Ping Guoqin

#### Non-executive Directors

Ms. Wang Huili  
Ms. Wu Wen

#### Independent Non-executive Directors

Mr. Lui Wai Ming  
Mr. Zhang Zhenyu  
Ms. Li Yuping

### COMPANY SECRETARY

Ms. Chu Cheuk Ting<sup>1</sup>

### AUTHORIZED REPRESENTATIVES

Mr. Gu Dorson  
Ms. Chu Cheuk Ting<sup>2</sup>

### AUDIT COMMITTEE

Mr. Lui Wai Ming (*Chairman*)  
Ms. Li Yuping  
Mr. Zhang Zhenyu

### REMUNERATION COMMITTEE

Ms. Li Yuping (*Chairman*)  
Mr. Gu Dorson  
Mr. Lui Wai Ming  
Mr. Zhang Zhenyu

### NOMINATION COMMITTEE

Mr. Gu Dorson (*Chairman*)  
Ms. Li Yuping  
Mr. Lui Wai Ming  
Mr. Zhang Zhenyu

### RISK MANAGEMENT COMMITTEE

Mr. Gu Dorson (*Chairman*)  
Ms. Li Yuping  
Mr. Lui Wai Ming  
Mr. Zhang Zhenyu

### EXECUTIVE COMMITTEE

Mr. Gu Dorson (*Chairman*)  
Ms. Ping Guoqin

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rm. 2001 20/F  
Tower 2, Lippo Centre  
No. 89 Queensway  
Hong Kong

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 1601-05, 16/F, Tower A  
No. 100 Zunyi Road  
Changning District, Shanghai  
The People's Republic of China

### REGISTERED OFFICE

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

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### HONG KONG SHARE REGISTRAR

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

<sup>1</sup> Ms. Chu Cheuk Ting was appointed as the company secretary on 21 January 2022.

<sup>2</sup> Ms. Chu Cheuk Ting was appointed as the authorised representative on 17 August 2022.



## CORPORATE INFORMATION

### LEGAL ADVISERS

#### As to Hong Kong law:

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

#### As to Cayman Islands law:

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

### AUDITOR

BDO Limited  
*Certified Public Accountants*  
25/F, Wing On Centre  
111 Connaught Road  
Central, Hong Kong

### STOKE CODE

03666

### COMPANY'S WEBSITE

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

### INVESTOR RELATIONS

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



## FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		% Change (decrease)/ increase
	2022 (unaudited)	2021 (unaudited)	
Revenue (RMB'000)	<b>145,120</b>	386,194	(62.4%)
Gross profit <sup>1</sup> (RMB'000)	<b>97,381</b>	256,575	(62.0%)
Gross profit margin <sup>2</sup>	<b>67.1%</b>	66.4%	0.7%
Loss for the period (RMB'000)	<b>(68,488)</b>	(5,366)	(1,176.3%)
Net loss margin <sup>3</sup>	<b>(47.2%)</b>	(1.4%)	45.8%
Loss per share – Basic	<b>RMB(3.29) cents</b>	RMB(0.27) cents	(1,318.5%)
Number of restaurants (as at 30 June)	<b>45</b>	52	

*Notes:*

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

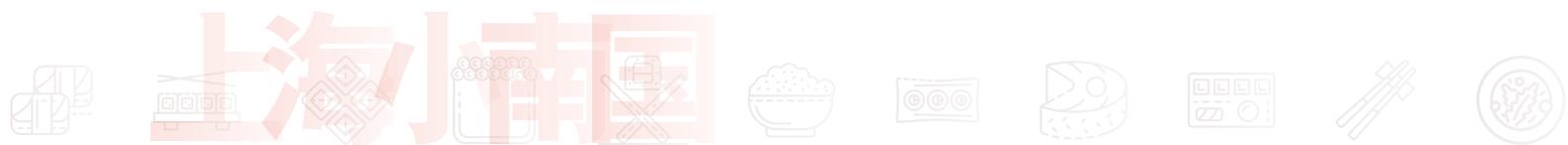
For the six months ended 30 June 2022, the Group's revenue amounted to RMB145.1 million, which mainly comprised the revenue of restaurant operations of RMB137.1 million and other revenue of RMB8.0 million (including the revenue from sales of packed goods of RMB6.0 million), with a decrease of RMB241.1 million or 62.4% from RMB386.2 million in the corresponding period of last year; the Group's gross profit amounted to RMB97.4 million, with a decrease of approximately RMB159.2 million or 62.0% from RMB256.6 million in the corresponding period of last year. During the six months ended 30 June 2022, the loss attributable to the parent company owner was approximately RMB70.8 million, representing an increase of RMB65.0 million in the corresponding period of last year.

As of 30 June 2022, the Group operated a restaurant network of 35 "Shanghai Min" restaurants, 1 "Maison De L'Hui" restaurant, 7 "The Dining Room" restaurants, 1 "Wolfgang Puck" restaurant, 1 "Oreno" restaurant which covers some of the most affluent and fast-growing cities in Mainland China (Note(ii)) and Hong Kong. The following table sets forth the revenue and the number of the restaurants in operation, by geographical region and brand, for the six-month periods ended 30 June 2022 and 2021, respectively.

	For the six months ended 30 June			
	2022		2021	
	Number of restaurants  (Note (iii))	Revenue RMB'000  (unaudited)	Number of restaurants	Revenue RMB'000  (unaudited)
The PRC (Note (ii))				
– Shanghai Min and Maison De L'Hui	34	102,015	36	287,045
– The Dining Room	4	10,231	8	40,546
– Other brands (Note (iv))	2	4,880	3	15,097
Hong Kong				
– Shanghai Min	2	9,622	2	15,434
– The Dining Room	3	10,342	3	18,944
<b>Total Revenue of restaurant operations (Note (iii))</b>	<b>45</b>	<b>137,090</b>	52	377,066
<b>Other revenue</b>		<b>8,030</b>		9,128
<b>Total Revenue</b>		<b>145,120</b>		386,194

#### Notes:

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

Revenue of the Group decreased by RMB241.1 million or 62.4%, from RMB386.2 million for the six months ended 30 June 2021 to RMB145.1 million for the six months ended 30 June 2022. Our results dropped significantly.

#### Revenue of restaurant operations

Total revenue of restaurant operations decreased by RMB240.0 million, or 64.0% from RMB377.1 million for the six months ended 30 June 2021 to RMB137.1 million for the six months ended 30 June 2022:

- For the six months ended 30 June 2022, the revenue from newly opened restaurants increased by RMB8.1 million;
- A decrease of RMB171.0 million in revenue in comparable restaurant sales for the six months ended 30 June 2022 as compared to the six months ended 30 June 2021;
- A decrease of RMB77.1 million in revenue as a result of a decrease in the number of stores and suspension of business due to store renovation for the six months ended 30 June 2022.

#### Other revenue

For the six months ended 30 June 2022, other revenue amounted to RMB8.0 million, which mainly comprised income from sales of packed goods amounting to RMB6.0 million.

### COST OF SALES

The cost of sales decreased by RMB81.9 million, or 63.2% from RMB129.6 million for the six months ended 30 June 2021 to RMB47.7 million for the six months ended 30 June 2022.

The cost of sales as a percentage of revenue decreased from 33.6% for the six months ended 30 June 2021 to 32.9% for the six months ended 30 June 2022.

### OTHER INCOME

Other income increased by RMB9.3 million from RMB5.4 million for the six months ended 30 June 2021 to RMB14.7 million for the six months ended 30 June 2022, which was mainly due to the gain on disposal of right-of-use assets of RMB10.4 million for the current period.

### SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by RMB69.2 million, or 32.7% from RMB211.8 million for the six months ended 30 June 2021 to RMB142.6 million for the six months ended 30 June 2022.

Labor expenses decreased by RMB38.0 million from RMB90.7 million for the six months ended 30 June 2021 to RMB52.7 million for the six months ended 30 June 2022. The labor costs as a percentage of revenue increased from 23.5% for the six months ended 30 June 2021 to 36.3% for the six months ended 30 June 2022. This was mainly attributable to a sharp drop in revenue generated from stores in Mainland China for the six months ended 30 June 2022 (the "Reporting Period") caused by the suspension of business amidst the COVID-19 pandemic.



## MANAGEMENT DISCUSSION AND ANALYSIS

Rental expenses and building management fees decreased by RMB6.6 million, or 28.4% from RMB23.2 million for the six months ended 30 June 2021 to RMB16.6 million for the six months ended 30 June 2022. The rental expenses and building management fees as a percentage of revenue increased from 6% for the six months ended 30 June 2021 to 11.4% for the six months ended 30 June 2022.

Depreciation expenses decreased by RMB12.6 million, or 21.8% from RMB57.7 million for the six months ended 30 June 2021 to RMB45.1 million for the six months ended 30 June 2022. The depreciation expenses as a percentage of the sale revenue increased from 14.9% for the six months ended 30 June 2021 to 31.1% for the six months ended 30 June 2022.

### ADMINISTRATIVE EXPENSES

Administrative expenses decreased by RMB12.8 million, or 35.2% from RMB36.4 million for the six months ended 30 June 2021 to RMB23.6 million for the six months ended 30 June 2022.

### OTHER EXPENSES

Other expenses amounted to RMB12.0 million for the six months ended 30 June 2022, representing an increase of RMB3.6 million as compared with the corresponding period of last year, which was mainly due to the disposal of assets related to the closure of stores of approximately RMB6.7 million for the Reporting Period.

### FINANCE COSTS

Finance costs amounted to RMB7.7 million for the six months ended 30 June 2022, representing a decrease of RMB1.8 million as compared with the same period of last year.

### INCOME TAX CREDIT

Income tax credit decreased by RMB6.7 million from the expense of RMB1.3 million for the six months ended 30 June 2021 to the credit of RMB5.4 million for the six months ended 30 June 2022.

### LOSS FOR THE PERIOD

As a result of the foregoing reasons, the loss for the Reporting Period of the Group increased by RMB63.1 million from RMB5.4 million for the six months ended 30 June 2021 to RMB68.5 million for the six months ended 30 June 2022. Net loss margin increased from 1.4% for the six months ended 30 June 2021 to 47.2% for the six months ended 30 June 2022.

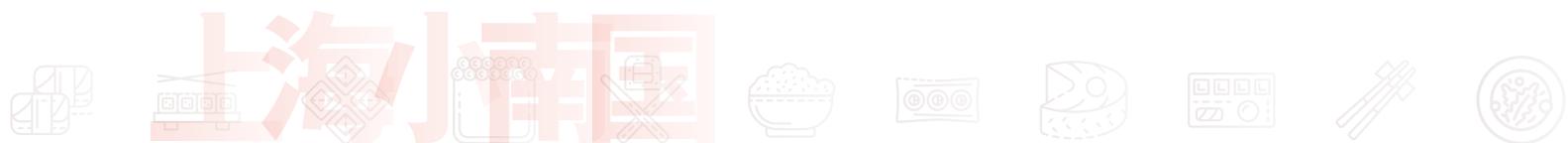
### DIVIDENDS PAYABLE

As at 30 June 2022, there were no outstanding dividends payable.

### LIQUIDITY, CAPITAL RESOURCES AND CASH FLOW

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

As at 30 June 2022, the Group's interest-bearing bank loans amounted to RMB27.7 million. The gearing ratio was 132.3%, and the gearing ratio was net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank borrowings, trade payables and other payables and accruals, less cash and cash equivalents. Capital represents equity attributable to owners of the Company.



## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2022, the Group had net cash inflows generated from operating activities of RMB37.3 million (for the six months ended 30 June 2021: inflow of RMB64.0 million). As at 30 June 2022, the Group had RMB53.9 million in cash and cash equivalents (30 June 2021: RMB91.9 million). The following table sets out certain information regarding the consolidated cash flows for the periods ended 30 June 2022 and 2021.

	For the six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Net cash flows generated from operating activities	<b>37,271</b>	63,955
Net cash flows used in investing activities	<b>(5,621)</b>	(2,877)
Net cash flows used in financing activities	<b>(56,727)</b>	(85,455)
Net decrease in cash and cash equivalents	<b>(25,077)</b>	(24,377)
Cash and cash equivalents at the beginning of the period	<b>78,453</b>	113,200
Effect of foreign exchange rate changes, net	<b>567</b>	3,097
Cash and cash equivalents at the end of the period	<b>53,943</b>	91,920

### OPERATING ACTIVITIES

Net cash inflow generated from operating activities decreased by RMB26.7 million, from inflows of RMB64.0 million for the six months ended 30 June 2021 to inflows of RMB37.3 million for the six months ended 30 June 2022. That was mainly due to the impact of COVID-19 pandemic upon the Group's revenue in the first half of 2022.

### INVESTING ACTIVITIES

For the six months ended 30 June 2022, net cash flow used in investing activities was RMB5.6 million, and outflows of RMB2.9 million for the same period in 2021. The investment in fixed assets for the period was approximately RMB5.9 million.

### FINANCING ACTIVITIES

Net cash flow used in financing activities decreased from RMB85.5 million for the six months ended 30 June 2021 to RMB56.7 million for the six months ended 30 June 2022. During the period, the Group had an additional loan of RMB13.4 million. RMB17.5 million and RMB55.1 million were paid for bank loans and lease liabilities, respectively.

### FOREIGN CURRENCY EXPOSURE

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in a different currency from the functional currency of the relevant subsidiaries of the Group). None of the Group's purchase for the six months ended 30 June 2022 and 30 June 2021 was denominated in currencies other than the functional currency of the relevant subsidiaries. The Group has minimal exposure to foreign exchange risk.



## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL COMMITMENT

Capital commitments were approximately RMB3.4 million and RMB6.5 million, respectively, as at 30 June 2022 and 31 December 2021.

### PLEDGE OF GROUP ASSETS

As at 30 June 2022, bank loans of HK\$15.0 million were guaranteed by the pledge of certain fixed deposits of RMB14.4 million by the Group.

### SIGNIFICANT INVESTMENTS

The Group did not have any significant investments for the six months ended 30 June 2022.

### MATERIAL ACQUISITION AND DISPOSAL

For the six months ended 30 June 2022, there were no other material acquisitions or disposals by the Group and its subsidiaries and associated companies.

### HUMAN RESOURCES

As at 30 June 2022, the Group employed approximately 707 staff in Mainland China and Hong Kong. In 2022, the Group continued to use a three-dimensional labor structure for full-time employees, hourly employees and trainees and also entered into long-term cooperation plans with a number of domestic education institutions. The Group continued to carry out a number of incentive assessment policies formulated, so as to increase the overall income of employees and to achieve the sharing of benefits between the Company and employees, as well as to improve employee work enthusiasm.

For the six months ended 30 June 2022, total staff cost was RMB68.2 million, accounting for 47% of the revenue (for the six months ended 30 June 2021: RMB115.1 million), which mainly comprised wages and salaries.

### FUTURE OUTLOOK

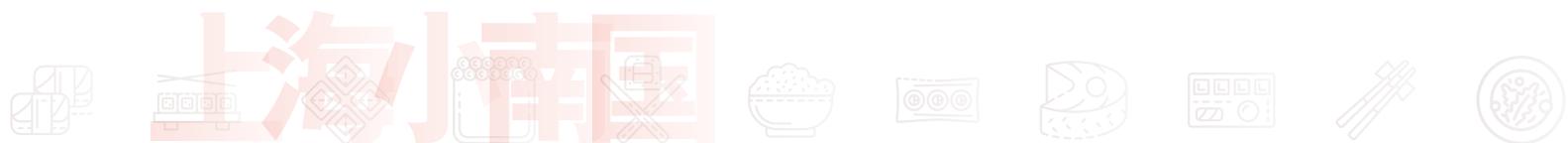
The net loss of the Company for the six months ended 30 June 2022 was mainly attributable to the fact that most of the restaurants located in Shanghai and Beijing were unable to maintain normal operation in the first half of 2022 due to the significant impact of the COVID-19 pandemic.

The uncertainties caused by the pandemic have undoubtedly posed huge crises and challenges for the catering industry, yet we also see opportunities.

While closely monitoring the market and customer developments, the Company has also implemented a series of reforms and adjustments on the composition of business segments and management organizational structure of the Company, focusing on streamlining and concentration, product and service quality improvement, cost reduction and efficiency enhancement.

In response to the impact of the pandemic, the Company has reorganized the affected restaurants, and conducted multiple rounds of negotiations with the property lessors for rent waiver or concession by leveraging its brand advantages. Meanwhile, the Company will analyze and estimate the impact of the pandemic on the property market, strengthen and make full use of its brand advantages to plan for the location selection for future business expansion.

With the gradual easing of the pandemic across many regions and ongoing implementation of various business reform initiatives by the Company, coupled with its robust and prudent financial management and abundant talent pool, the Company is confident in its future development.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six-month period ended 30 June 2022

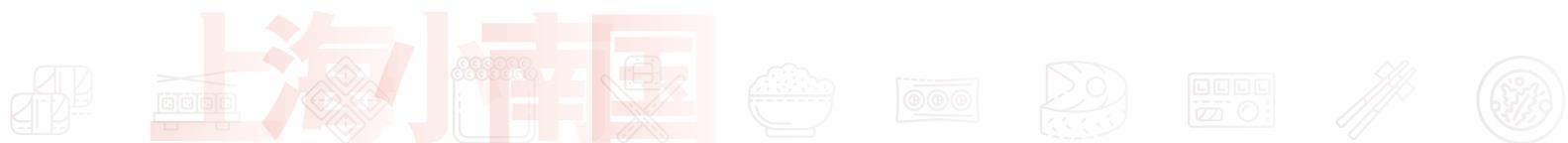
	Notes	Six-month period ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<b>REVENUE</b>	4	<b>145,120</b>	386,194
Cost of sales		<b>(47,739)</b>	(129,619)
Gross profit		<b>97,381</b>	256,575
Other income and gains	4	<b>14,661</b>	5,379
Selling and distribution expenses		<b>(142,617)</b>	(211,782)
Administrative expenses		<b>(23,578)</b>	(36,412)
Other expenses		<b>(12,024)</b>	(8,436)
Finance costs	6	<b>(7,667)</b>	(9,420)
<b>LOSS BEFORE TAX</b>	5	<b>(73,844)</b>	(4,096)
Income tax credit/(expense)	7	<b>5,356</b>	(1,270)
<b>LOSS FOR THE PERIOD</b>		<b>(68,488)</b>	(5,366)
Attributable to:			
Owners of the parent		<b>(70,773)</b>	(5,753)
Non-controlling interests		<b>2,285</b>	387
		<b>(68,488)</b>	(5,366)



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six-month period ended 30 June 2022

	Six-month period ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>LOSS FOR THE PERIOD</b>	<b>(68,488)</b>	(5,366)
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>(729)</b>	2,817
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	<b>(729)</b>	2,817
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated as fair value through other comprehensive income:		
Changes in fair value	-	5,470
Income tax effect	-	(30)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent period	-	5,440
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(729)</b>	8,257
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(69,217)</b>	2,891
Attributable to:		
Owners of the parent	<b>(71,499)</b>	2,505
Non-controlling interests	<b>2,282</b>	386
	<b>(69,217)</b>	2,891



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

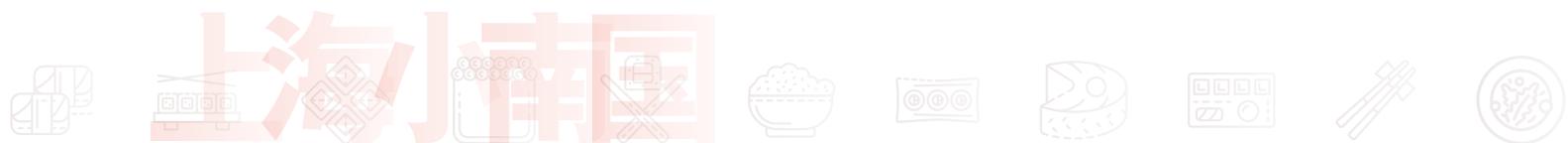
	Notes	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property and equipment	10	42,308	53,377
Right-of-use assets		182,902	210,008
Other intangible assets		1,679	1,930
Equity investments designated at fair value through other comprehensive income		5,000	5,000
Long-term rental deposits		32,808	35,161
Deferred tax assets		28,528	22,670
<b>Total non-current assets</b>		<b>293,225</b>	<b>328,146</b>
<b>CURRENT ASSETS</b>			
Inventories	11	9,462	9,954
Trade receivables	12	3,910	5,468
Prepayments, other receivables and other assets	13	53,846	89,368
Pledged deposits	14	14,400	19,376
Cash and cash equivalents	14	53,943	78,453
<b>Total current assets</b>		<b>135,561</b>	<b>202,619</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	15	45,257	42,728
Other payables and accruals		134,715	118,441
Interest-bearing bank loans	16	27,728	31,252
Lease liabilities		91,913	101,243
Tax payables		9,188	9,175
<b>Total current liabilities</b>		<b>308,801</b>	<b>302,839</b>
<b>NET CURRENT LIABILITIES</b>		<b>(173,240)</b>	<b>(100,220)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>119,985</b>	<b>227,926</b>



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		138,765	178,148
Long-term payables		5,944	6,218
Deferred tax liabilities		8,187	7,869
<b>Total non-current liabilities</b>		<b>152,896</b>	192,235
<b>Net (liabilities)/assets</b>		<b>(32,911)</b>	35,691
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	17	18,393	18,393
Treasury shares	17	(3,964)	(9,626)
Other reserves		(48,464)	28,082
<b>Non-controlling interests</b>		<b>(34,035)</b>	36,849
		1,124	(1,158)
<b>Total equity</b>		<b>(32,911)</b>	35,691



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 2022

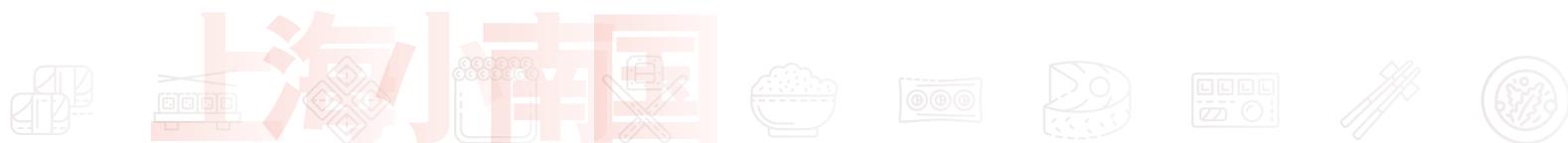
	Share capital	Treasury shares	Share premium	Capital redemption reserves	Capital reserve	Merger reserve	Statutory surplus reserve	Exchange fluctuation reserve	Share option reserve	Share award scheme reserve	Fair value reserve of financial asset at fair value through other comprehensive income	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As 1 January 2022	18,393	(9,626)	723,723	27	57,677	(69,246)	16,471	(34,388)	19,411	2,999	(4,336)	(684,256)	36,849	(1,158)	35,691
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	(70,773)	(70,773)	2,285	(68,488)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	(726)	-	-	-	-	(726)	(3)	(729)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(726)	-	-	-	(70,773)	(71,499)	2,282	(69,217)
Share Award Scheme expenses	-	-	-	-	-	-	-	-	-	2,547	-	-	2,547	-	2,547
Transfer of treasury shares upon vesting under Share Award Scheme	-	7,594	-	-	-	-	-	-	-	(2,999)	-	(4,595)	-	-	-
Repurchase of shares for the Share Award Scheme	-	(1,932)	-	-	-	-	-	-	-	-	-	-	(1,932)	-	(1,932)
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	-	(2,777)	-	-	2,777	-	-	-
As at 30 June 2022 (unaudited)	18,393	(3,964)	723,723	27	57,677	(69,246)	16,471	(35,114)	16,634	2,547	(4,336)	(756,847)	(34,035)	1,124	(32,911)



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 2022

	Share capital	Treasury shares	Share premium	Capital redemption reserves	Capital reserve	Merger reserve	Statutory surplus reserve	Exchange fluctuation reserve	Share option reserve	Fair value reserve of financial asset at fair value through other comprehensive income	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As 1 January 2021	18,393	(9,626)	723,723	27	57,677	(69,246)	18,943	(35,988)	20,582	(317,111)	(292,442)	114,932	4,459	119,391
Loss for the year	-	-	-	-	-	-	-	-	-	-	(5,753)	(5,753)	387	(5,366)
Other comprehensive loss for the period:														
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(104)	-	5,440	-	5,336	-	5,336
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	2,922	-	-	-	2,922	(1)	2,921
Total comprehensive loss for the period	-	-	-	-	-	-	-	2,818	-	5,440	(5,753)	2,505	386	2,891
Winding-up of subsidiaries	-	-	-	-	-	(525)	(2,270)	-	-	-	2,795	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(205)	(205)
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	-	(1,010)	-	1,010	-	-	-
As at 30 June 2021 (unaudited)	18,393	(9,626)	723,723	27	57,677	(69,771)	16,673	(33,170)	19,572	(311,671)	(294,390)	117,437	4,640	122,077



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2022

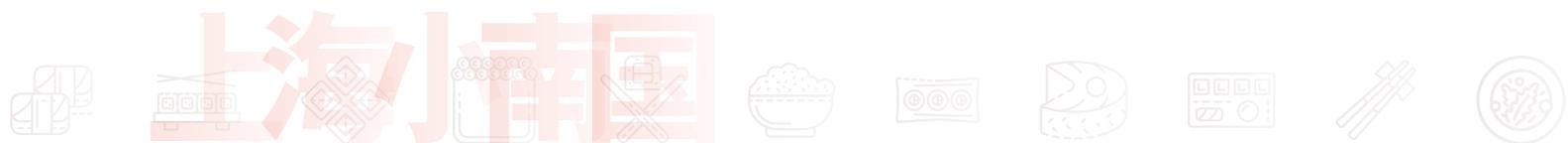
	Notes	Six-month period ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<b>Cash flows from operating activities</b>			
Loss before income tax expense		(73,844)	(4,096)
Adjustments for:			
Finance cost	6	7,667	9,420
Interest income	4	(268)	(336)
Covid-19-related rent concession		–	(840)
Depreciation of property and equipment	5	10,705	19,457
Depreciation of right-of-use assets	5	36,341	40,561
Amortisation of other intangible assets	5	258	804
Loss on disposal of items of property and equipment	5	6,256	274
Gain on disposal of right-of-use assets for early terminated lease	5	(10,387)	(1,830)
(Reversal)/impairment of the financial assets included in prepayments and other receivables	5	(439)	2,139
Share Award Scheme expense	18	2,547	–
<b>Operating (loss)/gain before working capital changes</b>		<b>(21,164)</b>	65,553
Decrease in inventories		504	2,178
Decrease in trade receivables		1,597	6,628
Decrease in prepayments, other receivables and other assets		36,616	4,125
Increase/(decrease) in trade payables		2,278	(8,467)
Increase/(decrease) in other payables and accruals		15,243	(7,381)
Decrease in long-term rental deposits		2,497	1,193
(Decrease)/increase in long-term payables		(270)	549
<b>Cash generated from operating activities</b>		<b>37,301</b>	64,378
Income tax paid		(30)	(423)
<b>Net cash generated from operating activities</b>		<b>37,271</b>	63,955
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(5,882)	(8,213)
Purchase of intangible assets		(7)	–
Interest received		268	336
Proceeds from disposals of equity investments designated at fair value through other comprehensive income		–	5,000
<b>Net cash used in investing activities</b>		<b>(5,621)</b>	(2,877)



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2022

	Notes	Six-month period ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<b>Cash flows from financing activities</b>			
Decrease/(increase) in pledged deposits and time deposits over three months		4,976	(9,357)
Repayment of bank loans		(17,546)	(43,107)
Proceeds from new bank loans		13,364	27,922
Principal portion of lease payments		(55,062)	(51,288)
Dividends paid to non-controlling shareholders		–	(205)
Repurchase of shares		(1,932)	–
Interest paid		(527)	(9,420)
Net cash flows used in financing activities		(56,727)	(85,455)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalent at beginning of the period		78,453	113,200
Effect of foreign exchange rate changes, net		567	3,097
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>53,943</b>	<b>91,920</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	14	53,943	91,920



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

## 1. CORPORATE AND GROUP INFORMATION

Shanghai XNG Holdings Limited is a limited liability company incorporated in the Cayman Islands. The registered office is located at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

#### Net liability

As at 30 June 2022, the liabilities of the Group exceeded its assets by approximately RMB32.9 million. In the opinion of the directors, the net liability position was mainly caused by the loss from restaurant operations influenced by COVID-19 pandemic. The directors have prepared these financial statements on a going concern basis based on the cash flow forecast which indicated the Group will generate sufficient cash inflows from operating activities and financing from bank loans, to meet its financial obligations when they fall due.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

Prior to the application of the amendments, the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. As a result of the amendments, certain other directly related costs have been included by the Group in determining the costs of fulfilling the contracts. The Group has therefore recognised an onerous contract provision, which remained unchanged as of 30 June 2022 as the Group had not yet fulfilled its obligations under the contract.

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

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

#### **Reference to the Conceptual Framework – Amendments to IFRS 3**

The amendments replace a reference to a previous version of the HKASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

#### **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

#### **IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

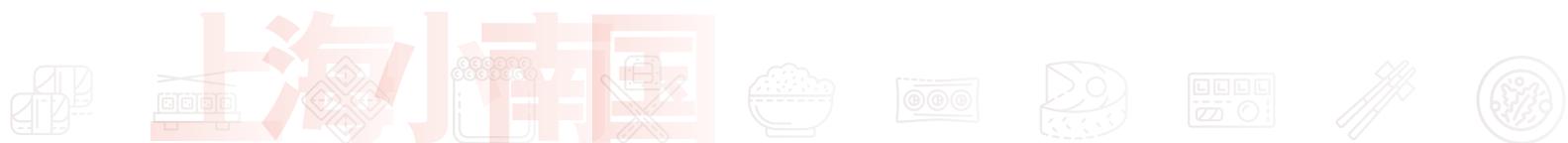
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

#### **IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 3. OPERATING SEGMENT INFORMATION

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

#### (a) Shanghai XNG Holding Business (including main brands: Shanghai Min, Maison De L’Hui, the dining room, Oreno and Wolfgang Puck)

##### *Geographical information*

##### (a) Revenue from external customers

	Six-month period ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Chinese Mainland	<b>125,156</b>	351,817
Hong Kong	<b>19,964</b>	34,377
	<b>145,120</b>	386,194

The revenue information above is based on the locations of the restaurants.

##### (b) Non-current assets

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
	Chinese Mainland	<b>218,110</b>
Hong Kong	<b>8,780</b>	2,584
	<b>226,890</b>	265,315

The non-current asset information above is based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income, pledged deposits, other long-term receivables and deferred tax assets.

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

Since no revenue from sales to a single customer amounted to 10% or more of the Group’s revenue during the Six-month period ended 30 June 2022 and 2021 segment information is not presented in accordance with IFRS 8 *Operating Segments*.



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six-month period ended 30 June	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue from contracts with customers	<b>145,120</b>	386,194

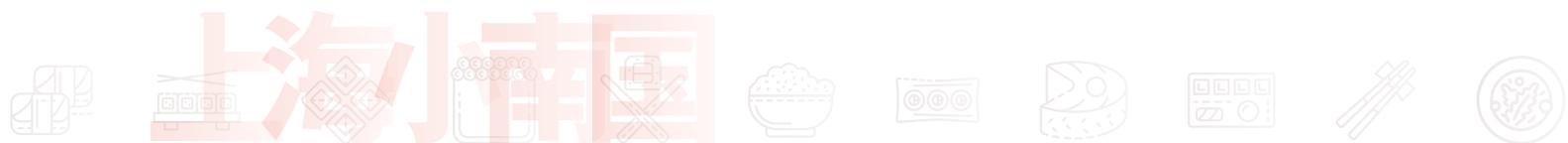
#### Disaggregated revenue information for revenue from contracts with customers

	Six-month period ended 30 June	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Types of goods or services</b>		
Restaurant operations	<b>137,090</b>	377,066
Sale of packed foods	<b>6,042</b>	7,569
Management fee from franchisee	<b>1,988</b>	1,559
Total revenue from contracts with customers	<b>145,120</b>	386,194

#### Other income and gains

	Six-month period ended 30 June	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Government grants*	<b>1,931</b>	1,934
Interest income	<b>268</b>	336
Management fee income	<b>41</b>	442
Gain on disposal of right-of-use assets for early terminated leases	<b>10,387</b>	1,830
Reversal of impairment loss on other receivables	<b>439</b>	–
VAT related income	<b>259</b>	–
Others	<b>1,336</b>	837
	<b>14,661</b>	5,379

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



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 5. LOSS BEFORE TAX

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

	Six-month period ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Cost of inventories consumed	47,739	129,619
Depreciation of property and equipment	10,705	19,457
Amortisation of other intangible assets	258	804
Lease expenses	3,131	7,035
Depreciation of right-of-use assets	36,341	40,561
(Reversal)/impairment of the financial assets included in prepayments and other receivables	(439)	2,139
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	55,869	105,750
Defined contribution pension scheme	9,774	9,360
Share Award Scheme expenses	2,547	–
	<b>68,190</b>	115,110
Interest income	(268)	(336)
Loss on disposal of items of property and equipment	6,256	274
Gain on disposal of right-of-use assets for early terminated lease	(10,387)	(1,830)

### 6. FINANCE COSTS

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

	Six-month period ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Interest expense on lease liabilities	7,140	8,844
Interest on bank loans	527	576
	<b>7,667</b>	9,420



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 7. INCOME TAX

	Six-month period ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current – Chinese Mainland charged for the period	164	3,227
Current – Hong Kong and elsewhere charged for the period	21	–
Deferred tax	(5,541)	(1,957)
<b>Total tax (credited)/expenses for the period</b>	<b>(5,356)</b>	1,270

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

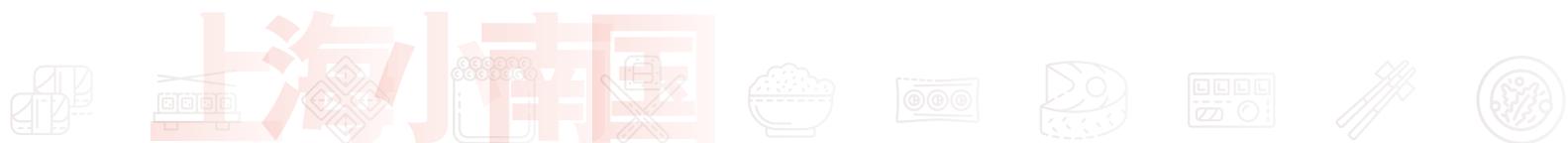
Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period.

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

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

### 8. DIVIDENDS

No interim dividend was proposed during the Six-month period ended 30 June 2022 (six-month period ended 30 June 2021: Nil).



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share is based on the consolidated loss attributable to ordinary equity holders of the parent and weighted average number of ordinary shares of 2,151,482,000 (30 June 2021: 2,106,993,000) in issue throughout the period.

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

The calculations of basic and diluted loss per share are based on:

	Six-month period ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Losses</b>		
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>(70,773)</b>	(5,753)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation*	<b>2,151,482,000</b>	2,106,993,000

\* Adjusted for the Treasury shares held by the Group.

### 10. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with a cost of RMB5,882,000 (the six months ended 30 June 2021: RMB3,554,000).

Items of property and equipment with a net book value of RMB6,256,000 were disposed of by the Group during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB274,000).

As at 30 June 2022, the balance of impairment provision was RMB28,206,000, and impairment provision amounting to RMB6,404,000 was written off during the period ended 30 June 2022 (the six months ended 30 June 2021: RMB7,067,000), and no impairment provision reversed during the period ended 30 June 2022 (the six months ended 30 June 2021: Nil) and no impairment provision was recognised in the period ended 30 June 2022 (the six months ended 30 June 2021: Nil).



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 11. INVENTORIES

	<b>30 June 2022 RMB'000 (unaudited)</b>	31 December 2021 RMB'000 (audited)
Food and beverages, and other operating items for restaurant operations, at cost	<b>9,462</b>	9,954

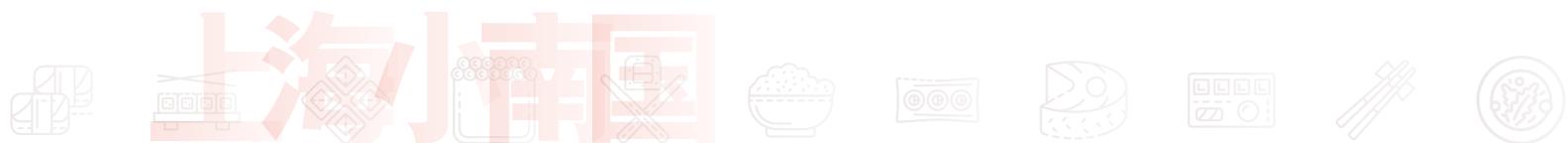
### 12. TRADE RECEIVABLES

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

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

	<b>30 June 2022 RMB'000 (unaudited)</b>	31 December 2021 RMB'000 (audited)
Within 1 month	<b>1,610</b>	4,165
1 to 2 months	<b>130</b>	73
2 to 3 months	<b>63</b>	50
Over 3 months	<b>2,107</b>	1,180
	<b>3,910</b>	5,468

The Group applies the simplified approach to provide for expected credit losses prescribed in IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics and the days past due of the trade receivables to measure the expected credit losses.



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

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

	Notes	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Deposits and other receivables		39,211	58,162
Deductible input VAT		24,623	36,407
Prepaid expense		4,527	11,951
Amounts due from companies owned by the Controlling Shareholder		2,370	3,460
Prepayments		16,737	16,587
		<b>87,468</b>	126,567
Impairment allowance	(i)	<b>(33,622)</b>	(37,199)
		<b>53,846</b>	89,368

- (i) An impairment analysis is performed at each reporting date by considering the probability of default. Expected credit losses are estimated with reference to the historical loss record of the Group and forward-looking information. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 30 June 2022, the above provision for impairment of other receivables included provision individually impaired on rental deposit, prepayment and other receivables from counterparty of RMB33,622,000, in which included uncollectible amount written off amounted to approximately RMB3,138,000 as at 30 June 2022.

As at 30 June 2022, except for the impairment allowance provided above, none of the other assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<b>30 June 2022 RMB'000 (unaudited)</b>	31 December 2021 RMB'000 (audited)
Cash and bank balances	<b>53,943</b>	78,453
Time deposits with original maturity of less than three months	<b>9,600</b>	–
Time deposits with original maturity of over three months	<b>4,800</b>	19,376
	<b>68,343</b>	97,829
Less: Pledged time deposits for bank loans:		
– Current portion	<b>(14,400)</b>	(19,376)
Cash and cash equivalents	<b>53,943</b>	78,453

As at 30 June 2022, RMB14,400,000 of time deposits were pledged for bank loans borrowed by the Group, for details please refer to Note 16(a) (31 December 2021: RMB19,376,000).

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“**RMB**”) amounted to RMB35,998,000 (31 December 2021: RMB51,156,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 15. TRADE PAYABLES

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

	<b>30 June 2022 RMB'000 (unaudited)</b>	31 December 2021 RMB'000 (audited)
Within 3 months	<b>7,662</b>	22,854
3 months to 1 year	<b>19,750</b>	2,350
Over 1 year	<b>17,845</b>	17,524
	<b>45,257</b>	42,728

The trade payables are non-interest-bearing and normally settled within 3 months after receiving the invoice.

### 16. INTEREST-BEARING BANK LOANS

	30 June 2022			31 December 2021		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans – secured	3.46%	On demand	4,276	–	–	–
Bank loans – secured	4.01%	On demand	4,276	–	–	–
Bank loans – unsecured	3.65%	2023	5,000	3.65%	2022	5,000
Bank loans – unsecured	4.25%	2022	4,780	4.25%	2022	4,780
Bank loans – unsecured	4.25%	2022	5,120	4.25%	2022	5,120
Bank loans – secured	2.80%	On demand	–	2.80%	On demand	4,088
Bank loans – secured	1.37%	On demand	–	1.37%	On demand	4,088
Bank loans – secured	2.17%	On demand	–	2.17%	On demand	4,088
Bank loans – secured	4.17%	On demand	4,276	2.18%	On demand	4,088
			<b>27,728</b>			31,252
<b>Analysed into:</b>						
Bank loans repayable:						
Within one year or on demand			<b>27,728</b>			31,252

(a) The bank loans borrowed by the Group are secured by the pledge of certain Group's time deposits amounting to RMB14,400,000 (31 December 2021: RMB19,376,000).



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 17. SHARE CAPITAL

#### Shares

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Authorised:		
Ordinary shares of HK\$0.01 each	<b>10,000,000,000</b>	10,000,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each	<b>2,213,031,000</b>	2,213,031,000
Equivalent to RMB'000	<b>18,393</b>	18,393

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

	Share capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Capital redemption reserve RMB'000	Total RMB'000
At 1 January 2021	18,393	(9,626)	723,723	27	732,517
Share repurchased	-	(1,932)	-	-	(1,932)
Transfer of treasury shares upon vesting under Share Award Scheme	-	7,594	-	-	7,594
At 31 December 2021 and 30 June 2022	18,393	(3,964)	723,723	27	738,179

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 18. SHARE-BASED PAYMENTS

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

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

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

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

The following share options were outstanding under the Pre-IPO Share Option Schemes during the Six-month period ended 30 June 2022 and 2021:

	Six-month period ended 30 June 2022		Six-month period ended 30 June 2021	
	Weighted average exercise price per share RMB	Number of options ’000	Weighted average exercise price per share RMB	Number of options ’000
At the beginning of the period		2,282		8,025
Forfeited during the period	1.166	(60)	1.148	(251)
Expired during the period	1.166	(2,222)	1.091	(1,908)
At the end of the period		-		5,866

No share options were exercised during the Six-month period ended 30 June 2022 and 2021.

There were no share options granted under the Pre-IPO Share Option Schemes after 4 July 2012, the Company’s listing date. The Group recognised no share option expense under the Pre-IPO Share Option Schemes during the six-month periods ended 30 June 2022 and 2021.

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



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 18. SHARE-BASED PAYMENTS (continued)

#### (2) Share Option Scheme

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

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

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

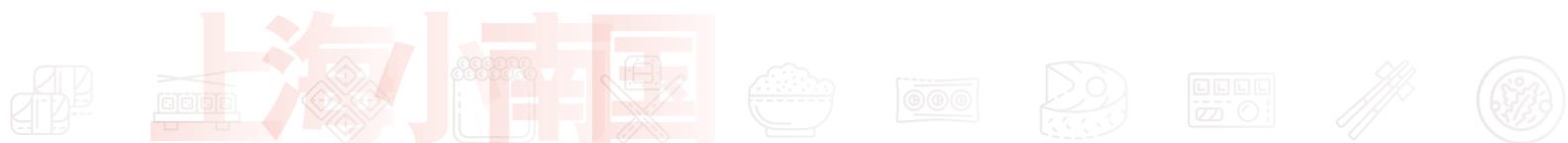
There were no share options granted during the period ended 30 June 2022.

The following share options were outstanding under the Share Option Scheme during the six-month periods ended 30 June 2022 and 2021:

	Six-month period ended 30 June 2022		Six-month period ended 30 June 2021	
	Weighted average exercise price per share RMB	Number of options '000	Weighted average exercise price per share RMB	Number of options '000
At the beginning of the period		16,378		18,317
Forfeited during the period	1.410	(388)	1.071	(1,550)
At the end of the period		15,990		16,767

No share options under the Share Option Scheme were exercised during the six-month periods ended 30 June 2022 and 2021.

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



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 18. SHARE-BASED PAYMENTS *(continued)*

#### (2) Share Option Scheme *(continued)*

The exercise prices and exercise periods of the share options under the Share Option Scheme outstanding as at 30 June 2022 are as follows:

Number of option '000	Exercise price (after adjustment due to Rights Issue) RMB per share	Exercise period
4,651	1.49	23 August 2013 to 22 August 2023
2,470	1.49	1 July 2015 to 29 June 2024
3,184	1.29	1 July 2015 to 29 June 2024
620	1.29	1 January 2016 to 31 December 2024
2,565	0.99	1 January 2016 to 31 December 2024
2,500	0.20	21 October 2019 to 21 October 2029
15,990		

The Group didn't recognise share option expense for the Six-month period ended 30 June 2022 (six-month period ended 30 June 2021: nil).

As at 30 June 2022, the Company had Nil and 15,990,000 share options outstanding under the Pre-IPO Share Option Schemes and the Share Option Scheme, respectively. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 15,990,000 additional ordinary shares of the Company and additional share capital of RMB136,746 and share premium of RMB15,725,778 (before issue expense).



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 18. SHARE-BASED PAYMENTS *(continued)*

#### (3) Share Award Scheme

##### *The Share Award Scheme*

A share award scheme (the “**Share Award Scheme**”) was approved and adopted by the Board on 25 November 2021, under which the executive committee of the Share Award Scheme (the “**Executive Committee**”), upon the authorization of the Board, may from time to time at its absolute discretion select any employee of any member of the Group for participation in the Share Award Scheme as a selected employee (the “**Selected Employee(s)**”), and grant such number of awarded shares (the “**Awarded Shares**”) to any Selected Employee. The Selected Employees are not required to pay any price to receive the Awarded Shares.

The Share Award Scheme shall be subject to the administration of the Board and the trustee of the Share Award Scheme (the “**Trustee**”) in accordance with the scheme rules and the trust deed. The Trustee shall hold the trust fund in accordance with the terms of the trust deed.

The Executive Committee authorized by the Board may from time to time cause to be paid a contributed amount to the Trust by way of settlement or otherwise which shall constitute part of the trust fund, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the scheme rules and the trust deed. In connection with the implementation of the Share Award Scheme, the Executive Committee may from time to time instruct the Trustee to purchase the Shares on the Stock Exchange and to hold them in trust for the benefit of the Selected Employee on and subject to the terms and conditions of the scheme rules and the trust deed.

The purposes of the Scheme are (i) to recognize the contributions by certain Employees and to provide them incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be valid for five years commencing from the adoption date.

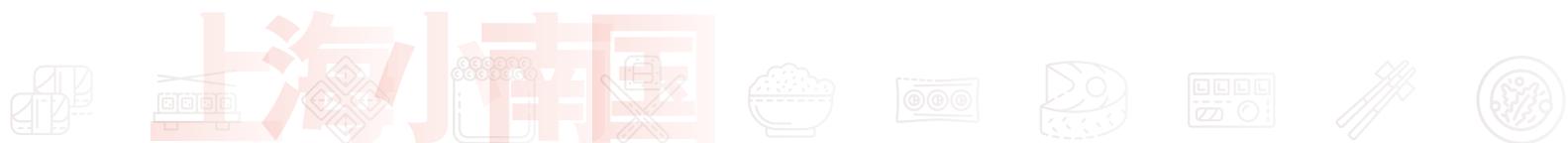
##### *Details of Share Awards granted under the Share Award Scheme*

Up to 30 June 2022, 173,390,975 Shares were granted to the Selected Employees, among which, 110,651,550 Shares were granted to Mr. Gu Dorson and 62,739,425 Shares granted to Ms. Ping Guoqin, both are the executive directors.

### 19. COMMITMENTS

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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Contracted, but not provided for:		
Leasehold improvements	3,388	6,469



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 20. RELATED PARTY TRANSACTIONS

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

	Notes	Six-month period ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Actual Spending of Pre-paid Cards	(i)	1,077	4,614
Commission paid for Pre-paid Cards	(i)	8	33

Notes:

- (i) The Group entered into a Pre-paid Cards Agreement in 2014 with Shanghai Hui Feng Restaurant Management Co., Ltd. ("**Hui Feng Management**"), a company indirectly owned by Baixuan Tiffany Wang, who is the daughter of the Controlling Shareholder of the Company. Pursuant to the agreement, the pre-paid cards can be used at the Shanghai Min Restaurants, the Fei SPA operated by an independent third party. The actual spending is the amount which the pre-paid card holders have actually spent at the Shanghai Min Restaurants (including Shanghai Min, Maison De L'Hui, the dining room and Shanghai Min's family restaurants) via the pre-paid cards, which amounted to RMB1,077,000 (30 June 2021: RMB4,614,000).

The commission paid to Hui Feng Management amounted to RMB8,000 (30 June 2021: RMB33,000), for pre-paid cards at the Shanghai Min Restaurants.

#### (b) Outstanding balances with related parties

The amounts due from/to related parties are included in prepayment, other receivables and other assets and other payables and accruals to the financial statements.

#### (c) Compensation of key management personnel of the Group

	Six-month period ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Short-term employee benefits	2,128	1,987

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



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 21. FINANCIAL INSTRUMENTS BY CATEGORY

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

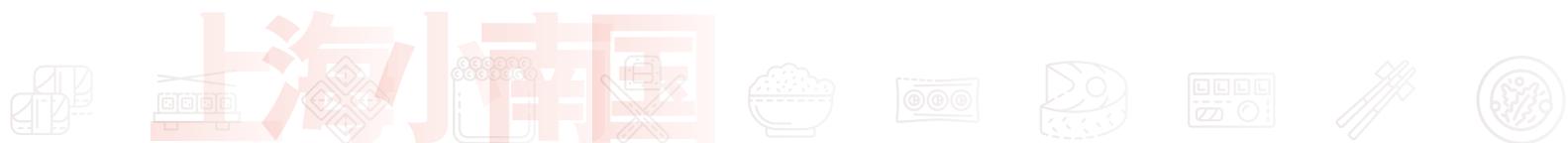
**30 June 2022 (unaudited)**

#### *Financial assets*

	Financial assets at fair value through other comprehensive income: equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	5,000	–	5,000
Long-term rental deposits	–	32,808	32,808
Trade receivables	–	3,910	3,910
Financial assets included in prepayments, other receivables and other assets	–	13,336	13,336
Pledged deposits	–	14,400	14,400
Cash and cash equivalents	–	53,943	53,943
	<b>5,000</b>	<b>118,397</b>	<b>123,397</b>

#### *Financial liabilities*

	Financial liabilities at amortised cost RMB'000
Trade payables	45,257
Financial liabilities included in other payables and accruals	124,650
Interest-bearing bank loans	27,728
Lease liabilities	230,678
	<b>428,313</b>



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 21. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

#### 31 December 2021 (audited)

##### Financial assets

	Financial assets at fair value through other comprehensive Income: equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	5,000	–	5,000
Long-term rental deposits	–	35,161	35,161
Trade receivables	–	5,468	5,468
Financial assets included in prepayments, other receivables and other assets	–	29,889	29,889
Pledged deposits	–	19,376	19,376
Cash and cash equivalents	–	78,453	78,453
	5,000	168,347	173,347

##### Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	42,728
Financial liabilities included in other payables and accruals	109,334
Interest-bearing bank loans	31,252
Lease Liabilities	279,391
	462,705



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

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

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

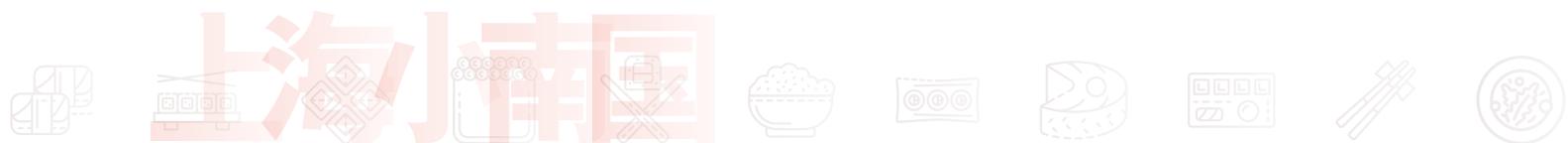
The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following table provides the fair value measurement hierarchy of the Company's financial instruments measured at fair value as at 30 June 2022:

#### Financial assets measured at fair value

As at 30 June 2022

	Fair value measurements categorised into			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Equity investments at fair value through other comprehensive income:				
Unlisted equity investment, at fair value	–	–	5,000	5,000
Listed equity investment, at fair value	–	–	–	–
	–	–	5,000	5,000



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

#### Financial assets measured at fair value *(continued)*

As at 31 December 2021

	Fair value measurements categorised into			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments at fair value through other comprehensive income:				
Unlisted equity investment, at fair value	–	–	5,000	5,000
Listed equity investment, at fair value	–	–	–	–
	–	–	5,000	5,000

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

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

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

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investment	Discounted cash flow method	Expected yield	RMB400,000 to RMB744,000	10% increase/(decrease) in expected yield would result in increase/(decrease) in fair value by RMB487,837

### 23. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 August 2022.



## OTHER INFORMATION

### SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to 30 June 2022, the Group did not have any significant events.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

### CHANGES OF DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed below, as at the date of this report, there were no significant changes in the information related to the directors of the Company (the “**Director(s)**”) and senior management as compared to the particulars set out in the Company’s 2021 Annual Report:

Ms. Ping Guoqin resigned as the authorised representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited on 17 August 2022.

Save as disclosed above, there are no other changes in respect of each Director or chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



## OTHER INFORMATION

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

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or its any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to notify to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules, are set out as follows:

Name of Directors	Nature of Interest	Number of Shares/ Underlying Shares <sup>(1)</sup>	Approximate percentage of shareholding
Gu Dorson	Beneficial owner	110,651,550 (L) <sup>(2)</sup>	5.00%
Ping Guoqin	Beneficial owner	62,739,425 (L) <sup>(2)</sup>	2.83%
Wu Wen	Interest in controlled corporation	62,592,681 (L) <sup>(3)</sup>	2.83%
	Beneficial owner	24,228,000 (L)	1.09%
Wang Huili	Interest in controlled corporation	12,260,625 (L) <sup>(4)</sup>	0.55%
	Beneficial owner	126,150,000 (L)	5.70%
Lui Wai Ming	Beneficial owner	1,000,000 (L) <sup>(5)</sup>	0.05%
Zhang Zhenyu	Beneficial owner	500,000 (L) <sup>(6)</sup>	0.02%

Notes:

- (1) "L" denotes long position in the Shares held by the Directors.
- (2) On 25 November 2021, 110,651,550 and 62,739,425 awarded shares were granted to Mr. Gu Dorson and Ms. Ping Guoqin respectively pursuant to the share award scheme adopted by the Board on 20 December 2019 and amended on 25 November 2021. As at 30 June 2022, 37,621,528 shares had been vested to Mr. Gu Dorson and 21,331,405 shares had been vested to Ms. Ping Guoqin.
- (3) The relevant Shares were held by Well Reach Limited. Ms. Wu Wen, a non-executive Director, owned the entire issued share capital of Brilliant South Limited, which beneficially owned 100% of the issued share capital in Well Reach Limited. Therefore, Ms. Wu Wen was deemed to be interested in the Shares held by Well Reach Limited under the SFO.
- (4) The relevant Shares were held by Fast Thinker Limited. Ms. Wang Huili, a non-executive Director, owned the entire issued share capital of Ever Project Investments Limited, which beneficially owned 100% of the issued share capital in Fast Thinker Limited. Therefore, Ms. Wang Huili was deemed to be interested in the Shares held by Fast Thinker Limited under the SFO.
- (5) Mr. Lui Wai Ming, an independent non-executive Director, was entitled as a grantee of options to subscribe for up to 1,000,000 Shares under the Share Option Scheme (as stated in the announcements dated 2 May 2017 and 21 October 2019, respectively).
- (6) Mr. Zhang Zhenyu, an independent non-executive Director, was entitled as a grantee of options to subscribe for up to 500,000 Shares under the Share Option Scheme (as stated in the announcement dated 21 October 2019).
- (7) The percentage of shareholding was calculated based on the Company's total number of issued shares as at 30 June 2022 (i.e. 2,213,031,000 Shares).

Save as disclosed above, as at 30 June 2022, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## OTHER INFORMATION

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

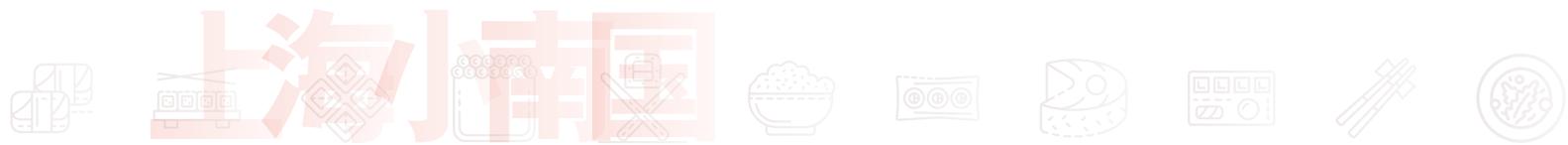
As of 30 June 2022, the following persons (other than Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Capacity/Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding
Alpadis Group Holding AG (formerly known as Alpadis Group Holding SA)	Interest in controlled corporation	655,087,500 (L) <sup>(2)</sup>	29.60%
Alpadis Trust (HK) Limited	Interest in controlled corporation	655,087,500 (L) <sup>(2)</sup>	29.60%
ESSEIVA Alain	Interest in controlled corporation	655,087,500 (L) <sup>(3)</sup>	29.60%
HEER Dominik Philipp	Interest in controlled corporation	655,087,500 (L) <sup>(3)</sup>	29.60%
HEER Krinya	Interest of spouse	655,087,500 (L) <sup>(4)</sup>	29.60%
Shen Xia	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) <sup>(5)</sup>	7.59%
Elite Converge Limited	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) <sup>(5)</sup>	7.59%
Sunshine Property I Limited	Beneficial owner	167,887,000 (L)	7.59%
		167,887,000 (S) <sup>(5)</sup>	7.59%
Shining Capital Holdings L.P.	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) <sup>(5)</sup>	7.59%
Shining Capital Management Limited	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) <sup>(5)</sup>	7.59%
Shining (BVI) Limited	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) <sup>(5)</sup>	7.59%
Li Shuming	Beneficial owner	164,763,575 (L)	7.45%

#### Notes:

- (1) The letter "L" denotes long position in the shares.
- (2) The underlying shares were held by Alpadis Trust (HK) Limited as a professional trustee.
- (3) Mr. ESSEIVA Alain and Mr. HEER Dominik Philipp indirectly held 53.34% and 40.60% of the shares of Alpadis Trust (HK) Limited respectively.
- (4) Mrs. HEER Krinya is the spouse of Mr. HEER Dominik Philipp. Under the SFO, Mrs. HEER is deemed to be interested in the same number of shares of the Company which Mr. HEER Dominik Philipp is interested in.
- (5) The 167,887,000 Shares were held by Sunshine Property I Limited. Mr. Weng Xiangwei owned the entire issued share capital of Shining (BVI) Limited, which beneficially owned 50% of the issued share capital of Shining Capital Management Limited. The remaining of 50% equity interest held by Elite Converge Limited, of which Mr. Shen Xia owned 100% of the issued share capital. Shining Capital Management Limited in turn beneficially owned the entire issued share capital of Shining Capital Holdings L.P., which in turn beneficially owned the entire issued share capital of Sunshine Property I Limited. Therefore, Mr. Weng Xiangwei, Mr. Shen Xia, Elite Converge Limited, Shining (BVI) Limited, Shining Capital Management Limited and Shining Capital Holdings L.P. were deemed to be interested in the Shares held by Sunshine Property I Limited under the SFO.
- (6) The percentage of shareholding was calculated based on the Company's total number of issued shares as at 30 June 2022 (i.e. 2,213,031,000 Shares).

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.



## OTHER INFORMATION

### SHARE OPTION SCHEMES

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

- (1) Pre-IPO Share Option Schemes Pursuant to the written resolutions of the shareholders of the Company passed on 10 February 2010 and 15 March 2011, the rules of two Pre-IPO share option schemes (the “**Pre-IPO Share Option Schemes**”) were approved and adopted, respectively. The Pre-IPO Share Option Schemes adopted on 15 March 2011 were subsequently amended on 10 August 2011 pursuant to the written resolutions of the shareholders of the Company passed on 29 July 2011. The options granted to any grantee under the Pre-IPO Share Option Schemes adopted on 15 March 2011 and amended on 10 August 2011 shall vest according to the following schedule:
- (a) from 1 July 2012 to the end of 10 years from the date of grant:
    - (1) 25% shall vest if the Company’s net profit for the year ended 31 December 2011 reaches a specified target;
    - (2) 12.5% shall vest if the Company’s net profit for the year ended 31 December 2011 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;
    - (3) if the Company’s net profit for the year ended 31 December 2011 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options;
  - (b) from 1 July 2013 to the end of 10 years from the date of grant:
    - (1) 25% shall vest if the Company’s net profit for the year ended 31 December 2012 reaches a specified target;
    - (2) 12.5% shall vest if the Company’s net profit for the year ended 31 December 2012 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;
    - (3) if the Company’s net profit for the year ended 31 December 2012 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options;
  - (c) from 1 July 2014 to the end of 10 years from the date of grant:
    - (1) 25% shall vest if the Company’s net profit for the year ended 31 December 2013 reaches a specified target;
    - (2) 12.5% shall vest if the Company’s net profit for the year ended 31 December 2013 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;
    - (3) if the Company’s net profit for the year ended 31 December 2013 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options; and



## OTHER INFORMATION

(d) from 1 July 2015 to the end of 10 years from the date of grant:

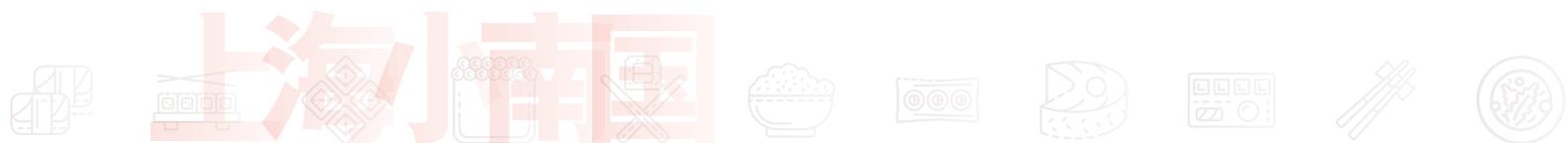
- (1) 25% shall vest if the Company's net profit for the year ended 31 December 2014 reaches a specified target;
- (2) 12.5% shall vest if the Company's net profit for the year ended 31 December 2014 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;
- (3) if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

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

Pursuant to the Pre-IPO Share Option Schemes, all the options under the Pre-IPO Scheme Option Schemes were granted on or before 13 June 2012 as mentioned in the Prospectus. No further options will be granted under the Pre-IPO Share Option Schemes upon listing of the shares of the Company (the "Shares") on the Stock Exchange. The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of RMB0.99, RMB1.09 or RMB1.17 by the grantee taking into consideration of the exercise price adjustment of the options upon the Rights Issue (RMB1 or RMB1.1 or RMB1.175 of the exercise price before the Right Issue).

The summary of the share options granted under the Pre-IPO Share Option Schemes that were still outstanding as at 30 June 2022 is as follows:

Name of the grantee	As at	During the	During the	During the	During the	As at
	1 January 2022	period ended 30 June 2022	period ended 30 June 2022	period ended 30 June 2022	period ended 30 June 2022	30 June 2022
	No. of share options outstanding	No. of share options granted	No. of share options exercised	No. of share options cancelled	No. of share options lapsed	No. of share options outstanding
	'000	'000	'000	'000	'000	'000
Employees (in aggregate)	2,281	-	-	-	2,190	91



## OTHER INFORMATION

Details regarding the number of options, date of grant, exercise period and exercise price of the share options granted under the Pre-IPO Share Option Schemes that were still outstanding as at 30 June 2022 are set out below:

Participants	Date of grant of option	Exercise period of option	Exercise Price of Option RMB per share	No. of outstanding option as at 30 June 2022 '000
Employees	1 July 2011	1 July 2012 to 1 July 2021	1.09	610
	1 July 2011	1 July 2012 to 1 July 2021	1.09	39
	12 August 2011	1 July 2012 to 12 August 2021	1.09	2,570
	12 August 2011	1 July 2012 to 12 August 2021	1.17	365
	15 January 2012	1 January 2013 to 15 January 2022	1.17	575
	15 May 2012	1 January 2013 to 15 May 2022	1.17	1,707
Total				5,866

### (2) Share Option Scheme

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

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

The total number of Shares issued and to be issued upon the exercise of the options granted or to be granted to each eligible participant under the Share Option Scheme and any other schemes of the Group (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue. The Share Option Scheme will be in force for a period of 10 years from 4 July 2012. As at the date of this report, the Share Option Scheme has expired. Under the Share Option Scheme, each option has a exercise period of ten years. No share option was granted under the Share Option Scheme for the period from 1 January 2022 to 30 June 2022.



## OTHER INFORMATION

The summary of the share options granted under the Share Option Scheme that were still outstanding as at 30 June 2022 is as follows:

Name of the grantee	As at	During the	During the	During the	During the	As at
	1 January 2022	period ended 30 June 2022	period ended 30 June 2022	period ended 30 June 2022	period ended 30 June 2022	30 June 2022
	No. of share options outstanding	No. of share options granted	No. of share options exercised	No. of share options cancelled	No. of share options lapsed	No. of share options outstanding
	'000	'000	'000	'000	'000	'000
Directors						
Mr. Lui Wai Ming	1,000	–	–	–	–	1,000
Dr. Wu Chun Wah (resigned on 28 March 2021)	1,000	–	–	–	–	1,000
Mr. Zhang Zhenyu	500	–	–	–	–	500
Employees	18,316	–	–	–	4,050	14,266
Directors and employees (in aggregate)	20,816	–	–	–	4,050	16,766

Details regarding the number of options, date of grant, exercise period and exercise price of the share options granted under the Share Option Schemes that were still outstanding as at 30 June 2022 are set out below:

Participants	Date of grant of option	Exercise period of option	Exercise Price	No. of
			of Option	outstanding
			HK\$ per share	option as at
				30 June 2022
				'000
Directors	21 October 2019	21 October 2019 to 21 October 2029	0.20	2,500
Employees	23 August 2013	23 August 2013 to 22 August 2023	1.49	4,908
	30 June 2014	1 July 2015 to 29 June 2024	1.49	2,651
	30 June 2014	1 July 2015 to 29 June 2024	1.29	3,452
	1 January 2015	1 January 2016 to 31 December 2024	1.29	690
	1 January 2015	1 January 2016 to 31 December 2024	0.99	2,565
Total				16,766



## OTHER INFORMATION

### CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its code of corporate governance. For the six months ended 30 June 2022, the Company has complied with the applicable code provisions set out in the CG Code.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company regarding directors’ transactions of securities. After specific enquiries to all Directors, all the Directors have confirmed that they have complied with the required standard of dealings set out in the Model Code for the six months ended 30 June 2022.

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

Save as the purchase pursuant to the Share Award Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2022.

### INTERIM RESULTS REVIEW

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

The members of the Audit Committee include Mr. Lui Wai Ming, Mr. Zhang Zhenyu and Ms. Li Yuping. Mr. Lui Wai Ming is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022.