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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 520)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**2,846,121**	2,156,438
Segment results[1]	**62,176**	(218,435)
Profit (loss) before tax	**7,038**	(302,961)
Total profit (loss) for the period	**2,120**	(278,151)
Total profit (loss) for the period attributable to owners of the Company	**2,406**	(279,535)

(1) The measure used for reporting segment result is the adjusted segment profit (loss) before (i) certain gain from changes in fair value of financial assets at FVTPL; (ii) interest on bank borrowings; (iii) impairment loss and disposal loss on non-current assets; (iv) impairment loss on other receivables; and (v) loss on closure of restaurant.

INTERIM DIVIDEND

The Board declared an interim dividend of RMB0.028 per Share, amounting to approximately a total of RMB30.4 million for the six months ended 30 June 2023.

The board (the "**Board**") of directors (the "**Director(s)**") of Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**", "**we**", "**us**" or "**our**") for the six months ended 30 June 2023 (the "**Reporting Period**").

BUSINESS REVIEW AND OUTLOOK

Overview

By the end of June 2023, the Group operated a total of 1,094 restaurants worldwide, including 1,080 restaurants in the People's Republic of China (the "**PRC**" or "**China**" or "**Mainland China**") and 14 restaurants in Hong Kong, Macau, Taiwan and other markets. In the first half of 2023, the Group opened 89 new Xiabuxiabu restaurants and operated 841 Xiabuxiabu restaurants in 22 provinces and autonomous regions and 3 centrally administered municipalities in China, namely Beijing, Tianjin and Shanghai. The Group also opened 27 new Coucou restaurants and operated 237 Coucou restaurants in 24 provinces and 3 centrally administered municipalities in China, namely Beijing, Tianjin, Shanghai. In early 2023, the Group established the Hong Kong, Macau, Taiwan and International Business Department, opened 1 new Coucou restaurant in Hong Kong, China, 2 new Xiabuxiabu restaurants in Taiwan, China and Singapore, and operated a total of 12 Coucou restaurants and 2 Xiabuxiabu restaurants in Hong Kong, Macau, Taiwan and other markets. Meanwhile, the Group opened 1 new Shaohot restaurant in Shanghai in the first half of 2023, operating a total of 2 Shaohot restaurants in Shanghai.

The Group's revenue increased by 32.0% from RMB2,156.4 million in the first half of 2022 to RMB2,846.1 million for the Reporting Period. The sales from Xiabuxiabu increased by 29.5% from RMB1,063.5 million in the first half of 2022 to RMB1,377.0 million for the Reporting Period. The sales generated from Coucou increased by 36.8% from RMB1,024.3 million in first half of 2022 to RMB1,401.5 million for the Reporting Period. The Group's profit for the period turned around from a loss of RMB278.2 million in the first half of 2022 to a profit of RMB2.1 million for the Reporting Period, primarily due to (i) the recovery of customer traffic as economic activities returned to normal when the pandemic was over; (ii) the increase in the total number of the Group's restaurants in operation from 1,008 as of 30 June 2022 to 1,094 as of 30 June 2023, resulting from the rapid opening of restaurants during the Reporting Period and the successful expansion of restaurant network to the southern region; and (iii) the increase in the Group's other income by RMB42.7 million as of 30 June 2023 as compared to that as of 30 June 2022. However, the Group's profit was diluted during the Reporting Period due to (i) the special offers of approximately RMB190 million for the anniversary stored value promotion which commenced at the end of 2022, the redemption period of which ended at the end of the first quarter of 2023; (ii) generally weak market sentiment where consumption did not recover as expected despite the lifting of pandemic-related control measures and even downgraded. Notwithstanding the aforesaid, Coucou, positioned as a mid-to-high-end brand, adopted a number of proactive marketing campaigns and special offers in order to maintain its market share in view of the unfavourable consumption environment; and (iii) provision for impairment loss on non-current assets of RMB31.6 million during the Reporting Period.

The Group has prudently managed its working capital to ensure a healthy cash flow and a sound cash position while keeping a close watch over its restaurants operations. We also adjust our restaurants strategies and operations based on market conditions from time to time, including (i) continuously promote the expansion of the restaurant network to the southern region by proactively opening new small-scale restaurants with low cost and excellent efficiency; (ii) simultaneously facilitate the digitalization process, integrating and upgrading systems of front-end restaurant order management, back-end supply chain and contract management, etc. to catch up with the rapid business development; (iii) increase the number of strategic suppliers and utilize the advantages of centralized procurement to effectively reduce the average purchase price in order to secure and strengthen our advantages in the supply chain within the industry; (iv) continuously expand the paid membership business to enhance customer loyalty to our brands; and (v) strive for better lease terms with core business entities by leveraging on our rising branding power. With the announcement by the PRC government in July 2023 of putting measures to restore and expand consumption into effect, the Board is confident that as consumption resumes on track, the Group is expected to see continuous improvement in its business.

Operational Highlights

The Group's restaurant network

By the end of June 2023, the Group operated a total of 1,094 restaurants worldwide, including 1,080 restaurants in China and 14 restaurants overseas. In the first half of 2023, the Group opened 91 new Xiabuxiabu restaurants, of which 89 restaurants were opened in Mainland China and 2 restaurants were opened in Taiwan, China and Singapore; 28 new Coucou restaurants were opened, of which 27 restaurants were opened in Mainland China and 1 restaurant was opened in Hong Kong, China; and 1 Shaohot restaurant was opened in Shanghai. In addition, the Group closed a total of 49 Xiabuxiabu restaurants and a total of 3 Coucou restaurants in the first half of 2023 due to commercial reasons.

The table below sets forth the number of the Group's Xiabuxiabu restaurants ("#") by region as at the dates indicated:

	As at 30 June			
	2023		2022	
	#	**%**	#	%
Tier 1 cities[(1)]	**319**	**37.8**	302	37.3
Tier 2 cities[(2)]	**316**	**37.5**	292	36.0
Tier 3 cities and below[(3)]	**206**	**24.4**	216	26.7
Subtotal	**841**	**99.8**	810	100.0
Other markets[(4)]	**2**	**0.2**	–	–
Total	**843**	**100.0**	810	100.0

(1) Beijing, Shanghai, Guangzhou and Shenzhen.

(2) Except for the tier 1 cities mentioned above, all centrally administered municipalities and most provincial capitals, plus Baoding, Changzhou, Dalian, Langfang, Nantong, Ningbo, Qingdao, Suzhou, Wuxi, Xuzhou and Yantai etc.

(3) All cities except for tier 1 and tier 2 cities mentioned in (1) and (2) above.

(4) Taiwan (China) and Singapore.

The table below sets forth the number of the Group's Coucou restaurants ("#") by region as at the dates indicated:

	As at 30 June			
	2023		2022	
	#	**%**	#	%
Tier 1 cities[(1)]	**90**	**36.1**	75	37.9
Tier 2 cities[(2)]	**140**	**56.2**	108	54.5
Tier 3 cities and below[(3)]	**7**	**2.8**	5	2.5
Subtotal	**237**	**95.2**	188	94.9
Other markets[(4)]	**12**	**4.8**	10	5.1
Total	**249**	**100.0**	198	100.0

(1) Beijing, Shanghai, Guangzhou and Shenzhen.

(2) Except for the tier 1 cities mentioned above, all centrally administered municipalities and most provincial capitals, plus Changzhou, Dalian, Foshan, Dongguan, Huizhou, Jiaxing, Jinhua, Jiangyin, Nantong, Ningbo, Qingdao, Quanzhou, Xiamen, Shaoxing, Suzhou, Taizhou, Wenzhou, Wuxi, Xuzhou, Zhongshan and Zhuhai.

(3) Yangzhou, Putian, Shantou, Taizhou, Huzhou and Haikou.

(4) Hong Kong (China) and Singapore.

Key operational information of the Group's restaurants

Set forth below are certain key performance indicators of the Group's Xiabuxiabu restaurants for the periods indicated:

	For the six months ended 30 June	
	2023	2022
Net Revenue (in RMB thousands)		
Tier 1 cities[1]	**650,012**	486,516
Tier 2 cities[2]	**481,187**	356,946
Tier 3 cities and below[3]	**288,579**	205,674
Subtotal	**1,419,778**	1,049,136
Other markets[6]	**1,170**	–
Total	**1,420,948**	1,049,136
Average spending per customer (RMB)[4]		
Tier 1 cities[1]	**58.8**	67.2
Tier 2 cities[2]	**57.9**	58.7
Tier 3 cities and below[3]	**57.5**	60.5
Subtotal	**58.2**	63.1
Other markets[6]	**143.4**	–
Total	**58.4**	63.1
Seat turnover rate (x)[5]		
Tier 1 cities[1]	**2.9**	2.2
Tier 2 cities[2]	**2.2**	1.8
Tier 3 cities and below[3]	**2.1**	1.5
Subtotal	**2.4**	1.9
Other markets[6]	**2.9**	–
Total	**2.4**	1.9

(1) Beijing, Shanghai, Guangzhou and Shenzhen.

(2) Except for the tier 1 cities mentioned above, all centrally administered municipalities and most provincial capitals, plus Baoding, Changzhou, Dalian, Langfang, Nantong, Ningbo, Qingdao, Suzhou, Wuxi, Xuzhou and Yantai etc.

(3) All cities except for tier 1 and tier 2 cities mentioned in (1) and (2) above.

(4) Calculated by dividing revenue generated from sales of Xiabuxiabu restaurants for the period by total customer traffic of Xiabuxiabu restaurants for the period.

(5) Calculated by (for counter seats) dividing total customer traffic by total Xiabuxiabu restaurants' operation days and average seat count during the period, or (for dining tables) dividing total customer traffic by total Xiabuxiabu restaurants' operation days and average table count during the period.

(6) Taiwan (China) and Singapore.

In the first half of 2023, the pandemic control was relaxed, and the overall market consumption gradually recovered. Meanwhile, the Company vigorously strengthened marketing and promotion in the first quarter of 2023, and launched discount activities for the anniversary stored value promotion to further boost customer traffic to restaurants. The seat turnover rate increased from 1.9x for the six months ended 30 June 2022 to 2.4x for the Reporting Period.

The table below sets forth same-store sales and sales growth of Group's Xiabuxiabu restaurants for the periods indicated:

	For the six months ended 30 June	
	2023	2022
Number of same-store*		
Tier 1 cities	**283**	313
Tier 2 cities	**283**	309
Tier 3 cities and below	**188**	189
Total	**754**	811
Same-store sales (in RMB million)		
Tier 1 cities	**573.6**	307.6
Tier 2 cities	**424.6**	190.4
Tier 3 cities and below	**269.9**	65.3
Total	**1,268.1**	563.3
Same-store sales growth (%)		
Tier 1 cities	**26.9**	(43.5)
Tier 2 cities	**31.9**	(39.8)
Tier 3 cities and below	**29.2**	(55.8)
	29.1	(44.1)

* Including restaurants that commenced operations prior to the beginning of the periods under comparison.

Set forth below are certain key performance indicators of the Group's Coucou restaurants for the periods indicated:

	For the six months ended 30 June	
	2023	2022
Net Revenue (in RMB thousands)		
Tier 1 cities[(1)]	**524,535**	383,802
Tier 2 cities[(2)]	**627,447**	538,900
Tier 3 cities and below[(3)]	**29,784**	20,891
Subtotal	**1,181,766**	943,593
Other markets[(6)]	**154,965**	80,375
Total	**1,336,731**	1,023,968
Average spending per customer (RMB)[(4)]		
Tier 1 cities[(1)]	**139.3**	150.5
Tier 2 cities[(2)]	**128.8**	135.5
Tier 3 cities and below[(3)]	**132.3**	130.9
Subtotal	**133.4**	141.1
Other markets[(6)]	**303.7**	292.5
Total	**142.2**	147.1
Table turnover rate (x)[(5)]		
Tier 1 cities[(1)]	**2.4**	2.0
Tier 2 cities[(2)]	**2.0**	1.9
Tier 3 cities and below[(3)]	**1.9**	2.1
Subtotal	**2.1**	1.9
Other markets[(6)]	**2.4**	1.9
Total	**2.1**	1.9

(1) Beijing, Shanghai, Guangzhou and Shenzhen.

(2) Except for the tier 1 cities mentioned above, all centrally administered municipalities and most provincial capitals, plus Changzhou, Dalian, Foshan, Dongguan, Huizhou, Jiaxing, Jinhua, Jiangyin, Nantong, Ningbo, Qingdao, Quanzhou, Xiamen, Shaoxing, Suzhou, Taizhou, Wenzhou, Wuxi, Xuzhou, Zhongshan and Zhuhai.

(3) Yangzhou, Putian, Shantou, Taizhou, Huzhou and Haikou.

(4) Calculated by dividing revenue generated from sales of Coucou restaurants for the period by total customer traffic of Coucou restaurants for the period.

(5) For the dine-in customers, this is calculated by dividing total sales by total Coucou restaurants' operation days and average table count during the period. For the delivery part, the delivery sales that equals to the average dine-in customer spending is regarded as one dine-in customer.

(6) Hong Kong (China) and Singapore.

In the first half of 2023, the pandemic control was relaxed, and the overall market consumption gradually recovered. The Company adopted a number of active marketing activities and discount measures of the stored value promotion activity for the anniversary to boost customer traffic to the restaurants, the table turnover rate of Coucou restaurants increased from 1.9x in the first half of 2022 to 2.1x in the first half of 2023. However, as consumers' price sensitivity in tier 3 and lower-tier cities is higher, the performance of tier 3 and lower-tier cities observed slower recovery as compared to the overall level, the table turnover rate decreased from 2.1x in the first half of 2022 to 1.9x in the first half of 2023.

The table below sets forth same-store sales and sales growth of Group's Coucou restaurants for the periods indicated:

	For the six months ended 30 June	
	2023	2022
Number of same-store*		
Tier 1 cities	**60**	60
Tier 2 cities	**101**	80
Tier 3 cities and below	**3**	1
Subtotal	**164**	141
Other markets	**8**	4
Total	**172**	145
Same-store sales (in RMB million)		
Tier 1 cities	**448.2**	284.1
Tier 2 cities	**513.6**	380.5
Tier 3 cities and below	**17.7**	3.2
Subtotal	**979.5**	667.8
Other markets	**101.9**	34.7
Total	**1,081.4**	702.5
Same-store sales growth (%)		
Tier 1 cities	**18.8**	(26.2)
Tier 2 cities	**(4.1)**	(24.6)
Tier 3 cities and below	**(15.3)**	(37.3)
Subtotal	**4.9**	(25.3)
Other markets	**70.5**	(11.9)
Total	**8.9**	(24.8)

* Including restaurants that commenced operations prior to the beginning of the periods under comparison.

OUTLOOK

Company Outlook

2023 is a year of opportunities and challenges: During the Reporting Period, at the group level, the Company has prudently managed its working capital to ensure a healthy cash flow and a sound cash position while keeping a close watch over its restaurants operations. We also adjust our restaurants strategies and operations based on market conditions from time to time, including (i) continuously promote the expansion of the restaurant network to the southern region by proactively opening new small-scale restaurants with low cost and excellent efficiency; (ii) simultaneously facilitate the digitalization process, integrating and upgrading systems of front-end restaurant order management, back-end supply chain and contract management, etc. to catch up with the rapid business development; (iii) increase the number of strategic suppliers and utilize the advantages of centralized procurement to effectively reduce the average purchase price in order to secure and strengthen our advantages in the supply chain within the industry; (iv) continuously expand the paid membership business to enhance customer loyalty to our brands; and (v) strive for better lease terms with core business entities by leveraging on our rising branding power.

In the post-pandemic era, Xiabuxiabu still adhered to the concept of "value for money", actively opened new small-scale restaurants with low cost and excellent efficiency, and continued to expand its restaurant network to the southern region; at the same time, it achieved full-time supply and multi-scenario expansion, i.e. "full + more" model, and increased customer visits by increasing sales forms and scenarios and extending operating hours. Focusing on the "full + more" model, the Group will gradually enrich the product lines of afternoon tea and late-night snacks, and even delivery-made cooked food products, create a dining environment and dining experience suitable for a specific period of time, consolidate the stable growth of strong northern regions, strengthen the deep cultivation of business in southern China, and develop the "expansion into the East and entering the South" strategy and the "full + more" model to maximise efficiency.

Since the second quarter of 2023, Coucou has been launching regionally customised and value-for-money product portfolios, such as half-portion dishes, takeaway meal sets of nighttime snack and festival boost sets, as well as introducing medium-sized cups of tea beverages on its delivery online platform, offering customers more value-for-money and variety of choices. Leveraging on the Group's discount and top-up activities for anniversary celebration and an all-you-can-eat card launched on 20 May 2023, Coucou rapidly expanded its membership base, and utilised more targeted marketing activities and publicity to improve re-subscription and loyalty of membership. At the same time, it launched special activities in summer vacation for college students, which was committed to developing new markets and attracting young customers. In terms of restaurant network development, Coucou will continue to expand into new cities in the second half of 2023, and cooperate with leading commercial property developers to create a second growth curve by carefully selecting opportunities in markets of lower-tier cities while continuing to expand in tier-1 cities. Coucou will actively improve the cost structure of restaurant operations to improve the dining environment and service experience of customers, and optimise the single store profitability model through a more reasonable scheduling system, scientific operation and maintenance system, and light-asset investment plan for new restaurants.

Shaohot continues to create a diversified one-stop catering for high-quality barbecue, wine and tea, which also conveys a delightful atmosphere where guests and hosts can enjoy joy and happiness, and cooperates with well-known space designers and well-known beer brands in the industry to improve brand power in terms of environment atmosphere, product co-branding and marketing resources. In the first half of the year, the newly opened second restaurant in Shanghai adjusted its product selection and operating hours to consolidate its restaurant model and establish a better foundation for sustainable development. In the second half of 2023, Shaohot will continue to expand its restaurants by opening new restaurants in new cities such as Guangzhou, Shenzhen and Hangzhou, as well as increasing the number of restaurants in the Shanghai market. In addition, the sharing of the Group's functions and resources with Xiabuxiabu and Coucou helped creating synergies and attracting customers flowing among the brands, thereby accumulating stream for revenue growth among a wider range of potential customers.

In addition, although there were special offers of approximately RMB190 million for the stored value promotion activity for the anniversary launched from the end of 2022 to the end of the first quarter of 2023, it helped the Group to add over 3 million new members, representing a period-to-period increase of 2.1x as compared to 2022; member consumption frequency increased to 1.73 times, representing a period-to-period increase of 17.4% as compared to 2022, which laid a good foundation for enhancing customer loyalty in the long run. With the implementation of the notice on resumption and expansion of consumption measures announced by the PRC government in July 2023, the Board is of the view that the Group's business will continue to improve with the recovery of consumption and is confident in its future development.

Looking ahead, the Group will continue to implement the following strategies:

- Continue to deepen the membership loyalty programme: through the cross-brand membership system of Xiabuxiabu Group, a unified membership account, membership rights and membership assets (membership points, coupons and account balance) are realised among the five major brands of the Group. The membership points can be accumulated and redeemed among the brands, and the stored value balance can be common among the brands and can be transferred to friends and relatives, so as to continuously improve the consumption experience and utilisation efficiency of members. At the same time, it can also issue single-brand or cross-brand coupons for members to further enhance the ability of inter-group brands to attract customer flowing.

- Continue to execute our strategic plan to expand our business into the Eastern and Southern parts of China: centering on the second headquarter in Shanghai, we will consolidate our business in coastal cities and tier-one cities in Yangtze River Delta, Greater Bay Area, etc., and further develop our presence in new tier-one cities.

- Cost control: in order to remain competitive in the business, cost control is an important element that the Group will have to focus on. In the future, the Group plans to continuously upgrade the logistic, procurement and quality control of its processing unit. Going forward, the Group will continue to broaden its range of processing products and expand its business channels.

- Continue to expand the Hong Kong, Macau, Taiwan and international markets: the Group officially established the International Business Department on 1 January 2023 to better execute the Group's vision and goals for overseas expansion. In addition to 11 Coucou restaurants operated in Hong Kong, China and Singapore in 2022, the first Xiabuxiabu restaurant was opened in Taiwan, China and Singapore in the first half of 2023, and another Coucou restaurant was opened in Hong Kong, China. In the future, the Group plans to continue to expand the business presence of Xiabuxiabu and Coucou in Hong Kong, Taiwan, China, and other international markets such as Singapore and Malaysia, and introduce Shaohot, a new brand, to overseas markets. The Group will offer more customised strategies and products according to the needs of new consumer groups in different overseas markets, and launch overseas membership system to further improve the dining experience and brand loyalty of overseas customers.

Business Outlook

According to the data released by the National Bureau of Statistics, the gross domestic product ("**GDP**") in the first half of 2023 increased by 5.5% period-to-period, which was one percentage point faster than the first quarter. On a quarterly basis, GDP grew by 4.5% period-to-period in the first quarter and 6.3% in the second quarter. The Political Bureau of the Central Committee of the Communist Party of China held a meeting on 24 July 2023 to analyse and study the current economic situation and deploy economic work in the second half of 2023. The conference emphasised that it is necessary to actively expand domestic demand, give full play to the fundamental role of consumption in driving economic growth, expand consumption by increasing residents' income, and drive effective supply through terminal demand, combine the implementation of the strategy of expanding domestic demand with the deepening of supply-side structural reform, and promote service consumption including catering. With the introduction of additional supporting policies, the catering industry is expected to enjoy the benefits of further consumption recovery.

2023 Industry Outlook

In 2023, the first year after the success in combating the pandemic, the catering industry faces challenges and opportunities under the trend of certain recovery and uncertain competitive landscape.

According to the data released by the National Bureau of Statistics, GDP increased by 5.5% year-on-year in the first half of 2023, and catering consumption also experienced growth far beyond the other industries. As estimated by the Data Centre of the Ministry of Culture and Tourism, the number of domestic tourists during the Dragon Boat Festival in 2023 reached 106 million, recovering to 112.8% of the same period in 2019 on a comparable basis. Tourism revenue amounted to RMB37.31 billion, recovering to 94.9% of the same period in 2019 on a comparable basis, which reflected that although travelling has driven catering, the consumption capability of customers is not as good as expected. At the same time, youth unemployment exceeded 20% for the first time in the first half of 2023, which undermined consumer confidence and affected catering consumption.

After three years of depression, consumption and travel desires were fully released, and customer traffic recovered rapidly, as compared to the corresponding period before the pandemic. Yet, the per capita consumption has reduced on the contrary. Consumers are now looking for lower prices with higher quality, which demonstrates that the era of polarisation of catering consumption has arrived. As consumers become more financially prudent, when dine-out frequency remains the same, high-quality and cost-effective restaurants are more likely to become the first choice for consumers, making cost-effective brands like Xiabuxiabu more competitive in the market.

It is expected that catering brands will face the challenge of capturing a larger share in the existing market in the future. As consumption enters an era of weak recovery, the brand needs to continuously improve its internal management and adjust its business strategies to adapt to the new environment and consumer needs. Attractive prices and high-quality products, a key factor in maintaining competitiveness, will be the top priority for corporate development.

The following table is a summary of the Group's consolidated statement of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of the Group's total revenue for the periods indicated, together with the change (expressed in percentages) for the six months ended 30 June 2022 and for the six months ended 30 June 2023:

	For the six months ended 30 June				Period-to-period change
	2023		2022		
	RMB'000 **(Unaudited)**	**%**	*RMB'000* (Unaudited)	%	%
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income					
Revenue	**2,846,121**	**100.0**	2,156,438	100.0	32.0
Other income	**85,897**	**3.0**	43,219	2.0	98.7
Raw materials and consumables used	**(1,064,965)**	**(37.4)**	(811,476)	(37.6)	31.2
Staff costs	**(929,911)**	**(32.7)**	(754,099)	(35.0)	23.3
Property rentals and related expenses	**(138,763)**	**(4.9)**	(133,700)	(6.2)	3.8
Utilities expenses	**(98,607)**	**(3.5)**	(75,292)	(3.5)	31.0
Depreciation and amortization	**(445,745)**	**(15.7)**	(473,482)	(22.0)	(5.9)
Other expenses	**(194,683)**	**(6.8)**	(172,200)	(8.0)	13.1
Other gains and losses	**(8,760)**	**(0.3)**	(37,981)	(1.8)	(76.9)
Finance costs	**(43,546)**	**(1.5)**	(44,388)	(2.1)	(1.9)
Profit (loss) before tax	**7,038**	**0.2**	(302,961)	(14.0)	(102.3)
Income tax (expense) credit	**(4,918)**	**(0.2)**	24,810	1.1	(119.8)
Profit (loss) for the period	**2,120**	**0.1**	(278,151)	(12.9)	(100.8)
Total comprehensive income (expense) for the period	**2,120**	**0.1**	(278,151)	(12.9)	(100.8)
Profit (loss) for the period attributable to:					
Owners of the Company	**2,406**	**0.1**	(279,535)	(13.0)	(100.9)
Non-controlling interest	**(286)**	**(0.0)**	1,384	0.1	(120.7)
	2,120	**0.1**	(278,151)	(12.9)	(100.8)
Total comprehensive income (expense) attributable to:					
Owners of the Company	**2,406**	**0.1**	(279,535)	(13.0)	(100.9)
Non-controlling interest	**(286)**	**(0.0)**	1,384	0.1	(120.7)
	2,120	**0.1**	(278,151)	(12.9)	(100.8)
Earnings (loss) per Share					
– Basic (RMB cents per Share)	**0.23**		(26.12)		
– Diluted (RMB cents per Share)	**0.23**		(26.12)		

Revenue

The Group's revenue increased by 32.0% from RMB2,156.4 million for the six months ended 30 June 2022 to RMB2,846.1 million for the Reporting Period. With the successful fight against the COVID-19 pandemic and the cancellation of corresponding control measures in China, the customer traffic of the Group's restaurants increased and the operation improved. At the same time, the Group successfully expanded its restaurant network to the southern region and continued to expand the Hong Kong, Macau, Taiwan and international markets. In the first half of 2023, the Group opened 91 new Xiabuxiabu restaurants and 28 new Coucou restaurants worldwide to strengthen its restaurant network. As a result, the revenue generated from Xiabuxiabu increased by 29.5% from RMB1,063.5 million for the six months ended 30 June 2022 to RMB1,377.0 million for the Reporting Period; and the revenue contributed by Coucou increased by 36.8% from RMB1,024.3 million for the six months ended 30 June 2022 to RMB1,401.5 million for the Reporting Period. The sales revenue of condiment products decreased by 7.8% from RMB48.6 million for the six months ended 30 June 2022 to RMB44.8 million for the Reporting Period, as a result of the increase in people's willingness to travel and the contraction of the "Stay-at-home Economy" in the post-pandemic era as compared to the same period last year.

Other income

The Group's other income increased by RMB42.7 million from RMB43.2 million for the six months ended 30 June 2022 to RMB85.9 million for the Reporting Period, which was mainly due to a significant increase in subsidies received by the Group during the Reporting Period as a result of the Group's more planned use of the additional tax credit of value-added tax.

Costs of raw materials and consumables

Benefiting from the increase in the number of strategic suppliers and the advantage of centralised procurement, the Group's cost of raw materials and consumables as a percentage of the Group's revenue decreased from 37.6% in the first half of 2022 to 37.4% during the Reporting Period, which effectively reduced the average procurement unit price.

Staff costs

The Group's staff cost increased by 23.3% from RMB754.1 million for the six months ended 30 June 2022 to RMB929.9 million for the Reporting Period. The number of the Group's employees increased from 25,355 as at 30 June 2022 to 29,258 as at 30 June 2023. The increase in staff costs was mainly due to the rapid opening of new restaurants in the first half of 2023 as compared to the corresponding period in 2022, while reserving staff for the opening of new restaurants in the second half of 2023. As a percentage of the Group's revenue, staff costs decreased from 35.0% in the first half of 2022 to 32.7% in the Reporting Period due to (i) dilution of fixed labour costs as the impact of the pandemic eliminates and customer traffic in restaurants increases; and (ii) the strict control on the improvement of labour efficiency.

Property rentals and related expenses

The Group's property rentals and related expenses increased by 3.8% from RMB133.7 million for the six months ended 30 June 2022 to RMB138.8 million for the Reporting Period due to the entering into of rental reduction agreements by certain restaurants with shopping malls during the large-scale outbreak of the pandemic in the corresponding period in 2022. In 2023, in the absence of the adverse effect of the pandemic, there is no such rental reduction subsidy. During the Reporting Period, the Group implemented measures including continuously adjusting the location selection of restaurants, striving for more favourable leasing conditions at core commercial areas by leveraging on its rising branding power, and controlling the lease-to-sales ratio, the Group's property rentals and related expenses as a percentage of the Group's revenue has decreased from 6.2% in the first half of 2022 to 4.9% in the Reporting Period.

Utilities expenses

The Group's utilities expenses increased by 31.0% from RMB75.3 million for the six months ended 30 June 2022 to RMB98.6 million for the Reporting Period, which was mainly attributable to (i) the increase in the number of operating days during the Reporting Period in the absence of interruption caused by the pandemic; and (ii) the increase in the number of restaurants during the Reporting Period. As a percentage of the Group's revenue, utilities expenses remained stable at 3.5% during the Reporting Period as compared to the corresponding period in 2022.

Depreciation and amortization

The Group's depreciation and amortization decreased by 5.9% from RMB473.5 million for the six months ended 30 June 2022 to RMB445.7 million for the Reporting Period, primarily due to (i) the closure of 49 Xiabuxiabu restaurants and 3 Coucou restaurants in the first half of 2023; and (ii) the increased efforts to utilize old resources. As a percentage of the Group's revenue, depreciation and amortization decreased from 22.0% in the first half of 2022 to 15.7% in the first half of 2023.

Other expenses

The Group's other expenses increased by 13.1% from RMB172.2 million for the six months ended 30 June 2022 to RMB194.7 million for the Reporting Period, due to (i) an increase in marketing expenses and administrative expenses; (ii) an increase in revenue from tea drinks with increased royalty fees. As a percentage of the Group's revenue, other expenses decreased from 8.0% for the six months ended 30 June 2022 to 6.8% for the Reporting Period as a result of the Group's continuous refined control and management of operating costs.

Other gains and losses

The Group recognized other net losses of RMB8.8 million for the Reporting Period as compared to RMB38.0 million for the six months ended 30 June 2022, which mainly included (i) gains of RMB22.9 million generated in the first half of 2023 as compared to RMB9.2 million in the same period of 2022 mainly due to the improvement of capital efficiency and more reasonable utilization of short-term idle self-owned funds for wealth management; and (ii) the reduction in impairment loss on non-current assets from RMB49.1 million for the six months ended 30 June 2022 to RMB31.6 million for the Reporting Period (as detailed in note 7 to the condensed consolidated financial statements).

Finance costs

The Group recorded finance costs of RMB43.5 million for the Reporting Period, mainly derived from interest on lease liabilities of RMB36.5 million.

Profit (loss) before tax

As a result of the foregoing, the Group achieved a turnaround in its results for the first half of 2023. The Group recorded profit before tax of RMB7.0 million for the Reporting Period as compared to a loss before tax of RMB303.0 million for the six months ended 30 June 2022.

Income tax (expense) credit

The Group recorded income tax expense of RMB4.9 million for the Reporting Period as a result of the profitable results of the Group, compared to income tax credit of RMB24.8 million for the six months ended 30 June 2022.

Profit (loss) for the period attributable to owners of the Company

As a result of the cumulative effect of the above factors, the Group recorded a turnaround from a loss for the period attributable to owners of the Company of RMB279.5 million in the first half of 2022 to a profit of RMB2.4 million for the Reporting Period. However, the profit for the Reporting Period was diluted as a result of the special offers of approximately RMB190 million for the anniversary stored value promotion which commenced at the end of 2022, the redemption period of which ended at the end of the first quarter of 2023.

Liquidity and capital resources

For the six months ended 30 June 2023, the Group financed its operations primarily through cash from the Group's operations. The Group intends to finance its expansion and business operations through organic and sustainable growth as well as bank financing.

Bank balances and cash

As at 30 June 2023, the Group had cash and cash equivalents of RMB175.7 million (31 December 2022: RMB300.7 million), which primarily consisted of cash on hand and demand deposits and which were mainly denominated in Renminbi as to 87.6%, Hong Kong dollars as to 8.6%, US dollars as to 0.6%, Singapore dollars as to 1.5% and New Taiwan dollars as to 1.7%.

On the other hand, the Group had short-term investments of RMB530.4 million as at 30 June 2023 (as detailed in note 16 to the condensed consolidated financial statements as well as the description below).

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

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

As at 30 June 2023, the Group had financial assets at FVTPL which amounted to RMB530.4 million in aggregate, which mainly represented financial products (the "**Financial Products**") issued by Bank of Inner Mongolia Co., Ltd. and Fubon Bank (China) Co., Ltd. and Huatai Securities Co., Ltd., Huaan Securities Co., Ltd. and Dongzheng Ronghui Securities Management Co., Ltd.* (東證融匯證券管理公司) (collectively, the "**Investment Fund Companies**"), which are investments with no predetermined or guaranteed return and are not principal protected, with expected annual return rates ranging from 2.8% to 5.0% and maturity dates within one year. The amount redeemed from the Financial Products was recorded as gain from changes in fair value of financial assets designated as financial assets at FVTPL, which amounted to approximately RMB22.9 million as at 30 June 2023.

* *For identification only*

The Group generally subscribed for the financial products on a revolving basis, which means that the Group would subscribe for additional financial products when the terms of certain financial products previously subscribed for by the Company expired. Subscriptions of financial products were made for treasury management purpose to maximize the return on the unutilized funds of the Group after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Group would select short-term financial products issued by reputable commercial banks and investment fund companies that had relatively low associated risk. Prior to making an investment, the Group had also ensured that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments in such financial products. Although the financial products were marketed as wealth management products which were not principal protected nor with pre-determined or guaranteed return, the underlying investments were in line with the internal risk management, cash management and investment policies of the Group and the Company had fully recovered the principal and received the expected returns upon the redemption or maturity of similar financial products subscribed in the past.

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

There was no single financial product in the Group's investment portfolio that has a carrying amount accounting for more than 5% of the Group's total assets as at 30 June 2023.

The Group purchased additional financial products with an aggregate principal amount of RMB345 million from 1 July 2023 up to the date of this announcement and which remained outstanding as at the date of this announcement. None of these subscriptions, individually or collectively (if required to be aggregated), constitutes a notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Indebtedness

As at 30 June 2023, the Group had short term borrowing (including liabilities under discounted bills, or any covenant in connection thereof) of RMB207.9 million (31 December 2022: RMB58.7 million) which were denominated in RMB and carried fixed interest rates ranging from 2.25% to 4.35% and were expected to mature within one year.

Gearing ratio

As at 30 June 2023, the Group's gearing ratio was 13.9%. Gearing ratio was calculated by dividing bank and other borrowings by total equity as of the same date and multiply by 100%.

Capital expenditures

The Group made payment for the capital expenditures representing the purchase of property, plant and equipment of RMB264.9 million during the Reporting Period in connection with new restaurants opening and re-decoration and furnishing of existing restaurants. For the six months ended 30 June 2022, the Group made payment for the capital expenditure of RMB140.7 million. The Group's capital expenditure in the first half of 2023 was funded primarily by cash generated from its operating activities. In the first half of 2023, the Group opened a total of 120 new restaurants.

Pledge of assets

As at 30 June 2023, except for the fixed assets with a net book value of RMB11.5 million pledged for short-term borrowings, the Company had no other pledged assets.

Contingent liabilities and guarantees

As at 30 June 2023, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against the Group.

Significant investments held, material acquisitions and future plans for major investment

During the Reporting Period, the Group did not conduct any material investments, acquisitions or disposals. The Group has no significant investments held and specific future plan for major investment or acquisition for major capital assets or other businesses in accordance with the Listing Rules. However, the Group will continue to identify new opportunities for business development.

Employee and remuneration policies

As at 30 June 2023, the Group had a total of 29,258 employees (31 December 2022: 27,059), of which 239 employees worked at the Group's food processing facilities and warehouse logistics, 2,924 were restaurant management staff, 24,903 were restaurant service staff and 1,192 were operation management and administrative staff.

The Group offers competitive wages and other benefits to the Group's restaurant employees to manage employee attrition. The Group also offers training programs tailored to specific needs of career development of the Group's employees. Discretionary performance bonus is also offered as a further incentive to the Group's restaurant staff when certain performance targets are achieved. The Group's staff costs include all salaries and benefits payable to all the Group's employees and staff, including the Group's executive directors, headquarters staff and food processing facilities staff.

For the Reporting Period, the total staff cost of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to RMB929.9 million (30 June 2022: RMB754.1 million), representing approximately 32.7% of the total revenue of the Group.

FINANCIAL RESULTS

The financial information set out below in this announcement represents an extract from the condensed consolidated financial statements, which is unaudited but has been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and by the audit committee of the Company (the "**Audit Committee**").

FINANCIAL INFORMATION

The condensed consolidated results of the Group for the six months ended 30 June 2023 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

		For the six months ended 30 June	
		2023	2022
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**2,846,121**	2,156,438
Other income	*5*	**85,897**	43,219
Raw materials and consumables used		**(1,064,965)**	(811,476)
Staff costs		**(929,911)**	(754,099)
Property rentals and related expenses		**(138,763)**	(133,700)
Utilities expenses		**(98,607)**	(75,292)
Depreciation and amortization		**(445,745)**	(473,482)
Other expenses	*6*	**(194,683)**	(172,200)
Other gains and losses	*7*	**(8,760)**	(37,981)
Finance costs	*8*	**(43,546)**	(44,388)
Profit (loss) before tax	*9*	**7,038**	(302,961)
Income tax (expense) credit	*10*	**(4,918)**	24,810
Profit (loss) for the period		**2,120**	(278,151)
Total comprehensive income (expense) for the period		**2,120**	(278,151)
Profit (loss) for the period attributable to:			
Owners of the Company		**2,406**	(279,535)
Non-controlling interest		**(286)**	1,384
		2,120	(278,151)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**2,406**	(279,535)
Non-controlling interest		**(286)**	1,384
		2,120	(278,151)
Earnings (loss) per share			
– Basic (RMB cents per share)	*12*	**0.23**	(26.12)
– Diluted (RMB cents per share)	*12*	**0.23**	(26.12)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	NOTES	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	13	**1,002,346**	961,235
Right-of-use assets	13	**1,321,897**	1,417,290
Intangible assets		**1,759**	2,010
Deferred tax assets		**71,823**	73,222
Rental deposits		**190,125**	175,373
Financial assets at fair value through profit or loss ("FVTPL")	16	**–**	100,014
Interest in a joint venture		**99,965**	49,149
		2,687,915	2,778,293
Current assets			
Inventories	14	**549,333**	614,486
Trade and other receivables and prepayments	15	**341,266**	264,943
Financial assets at FVTPL	16	**530,434**	290,189
Restricted bank balances		**97,440**	61,521
Bank balances and cash		**175,705**	300,706
		1,694,178	1,531,845
Current liabilities			
Trade payables	17	**226,108**	242,734
Accrual and other payables		**627,149**	542,955
Lease liabilities	18	**439,817**	493,231
Income tax payables		**16,341**	35,741
Contract liability	19	**389,559**	399,934
Deferred income		**455**	1,277
Borrowings	20	**207,874**	58,678
		1,907,303	1,774,550
Net current liabilities		**(213,125)**	(242,705)
Total assets less current liabilities		**2,474,790**	2,535,588
Non-current liabilities			
Deferred income		**6,825**	23,756
Lease liabilities	18	**911,964**	933,989
Provisions		**60,984**	56,422
		979,773	1,014,167
Net assets		**1,495,017**	1,521,421
Capital and reserves			
Share capital		**176**	176
Share premium and reserves		**1,431,549**	1,457,667
Equity attributable to owners of the Company		**1,431,725**	1,457,843
Non-controlling interest		**63,292**	63,578
Total equity		**1,495,017**	1,521,421

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Share Capital	Share premium	Equity-settled share-based payments reserve	Statutory surplus reserve	Treasury share reserve	Retained earnings	Subtotal	Non-controlling interest	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023 (Audited)	**176**	**364,321**	**12,608**	**49,480**	**(161,994)**	**1,193,252**	**1,457,843**	**63,578**	**1,521,421**
Profit(loss) for the period	–	–	–	–	–	**2,406**	**2,406**	**(286)**	**2,120**
Total comprehensive income (expense) for the period	–	–	–	–	–	**2,406**	**2,406**	**(286)**	**2,120**
Recognition of equity-settled share-based payments	–	–	**1,476**	–	–	–	**1,476**	–	**1,476**
Exercise of Restricted Share Unit ("**RSU**") Scheme	–	**3,566**	**(7,083)**	–	**3,517**	–	–	–	–
Payments of dividends *(Note 11)*	–	**(30,000)**	–	–	–	–	**(30,000)**	–	**(30,000)**
Balance at 30 June 2023 (Unaudited)	**176**	**337,887**	**7,001**	**49,480**	**(158,477)**	**1,195,658**	**1,431,725**	**63,292**	**1,495,017**
Balance at 1 January 2022 (Audited)	176	418,614	18,734	47,166	(63,720)	1,548,618	1,969,588	41,714	2,011,302
(Loss) profit for the period	–	–	–	–	–	(279,535)	(279,535)	1,384	(278,151)
Total comprehensive (expense)income for the period	–	–	–	–	–	(279,535)	(279,535)	1,384	(278,151)
Recognition of equity-settled share-based payments	–	–	2,652	–	–	–	2,652	–	2,652
Exercise of issued share option	–	1,044	(323)	–	–	–	721	–	721
Exercise of Restricted Share Unit ("**RSU**") Scheme	–	4,597	(10,626)	–	6,029	–	–	–	–
Payments of dividends *(Note 11)*	–	(30,000)	–	–	–	–	(30,000)	–	(30,000)
Purchase of treasury share under RSU Scheme *(Note 21)*	–	–	–	–	(49,542)	–	(49,542)	–	(49,542)
Balance at 30 June 2022 (Unaudited)	176	394,255	10,437	47,166	(107,233)	1,269,083	1,613,884	43,098	1,656,982

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	For six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**544,394**	384,170
Cash flows from investing activities		
Interests income received	**4,889**	–
Purchase of financial assets at FVTPL	**(837,443)**	(906,082)
Proceeds from disposal of financial assets at FVTPL	**720,100**	380,980
Purchases of property, plant and equipment	**(264,939)**	(140,712)
Capital injection in a joint venture	**(51,000)**	–
Payments for right-of-use assets	**(2,152)**	(3,217)
Utilization of provisions	**(1,406)**	(1,191)
Payments for rental deposits	**(16,801)**	(3,460)
Proceeds from disposal of property, plant and equipment	**38,631**	4,109
Purchase of intangible assets	**(842)**	(569)
Placement of restricted bank balances	**(84,154)**	(52,583)
Withdrawal of restricted bank balances	**48,235**	56,383
Net cash used in investing activities	**(446,882)**	(666,342)
Cash flow from financing activities		
Dividend paid	**(30,000)**	(30,000)
Repayments of borrowings	**(11,072)**	(75,804)
Repayments of leases liabilities	**(337,349)**	(287,721)
Cash received from exercise of share option	**–**	721
Amounts prepaid to the RSU trustee for purchase of ordinary shares *(Note 21)*	**–**	(34,773)
New bank loans raised	**160,268**	30,000
Interest paid	**(5,828)**	(1,923)
Net cash used in financing activities	**(223,981)**	(399,500)
Net decrease in cash and cash equivalents	**(126,469)**	(681,672)
Cash and cash equivalents at the beginning of the period	**300,706**	920,533
Effect of foreign exchange rate changes, net	**1,468**	1,545
Cash and cash equivalents at the end of the period represented by bank balances and cash	**175,705**	240,406

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

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

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

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence after taking into account of the future 12 months cash flow forecast and the unused banking facilities of the Group amounting to RMB427 million to meet their financial obligations in the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

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

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

2.1.1Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, and for provisions for decommissioning and restoration in which the tax deductions are attributable to ultimate costs incurred the Group applies IAS 12 requirements to the lease liabilities, the provisions for decommissioning and restoration and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities and provisions to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* *(Continued)*

2.1.2 Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended December 31, 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions and provisions for decommissioning and restoration that occurred on or after January 1, 2022;

(ii) the Group also, as at January 1, 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities and decommissioning and restoration and the corresponding amounts recognised as part of the cost of the related asset.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets of RMB392,173,000 and deferred tax liabilities of RMB374,969,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

3. REVENUE

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

	For the six months ended 30 June 2023			
	Xiabuxiabu	**Coucou**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Types of goods or service				
Restaurant operations	**1,375,915**	**1,401,507**	**–**	**2,777,422**
Sales of condiment products	**–**	**–**	**44,795**	**44,795**
Sales of other goods	**1,062**	**34**	**22,808**	**23,904**
Total	**1,376,977**	**1,401,541**	**67,603**	**2,846,121**
Geographical markets				
Mainland China	**1,375,806**	**1,246,576**	**67,603**	**2,689,985**
Other markets	**1,171**	**154,965**	**–**	**156,136**
Total	**1,376,977**	**1,401,541**	**67,603**	**2,846,121**

	For the six months ended 30 June 2022			
	Xiabuxiabu	Coucou	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Types of goods or service				
Restaurant operations	1,052,988	1,022,734	–	2,075,722
Sales of condiment products	–	–	48,637	48,637
Sales of other goods	10,470	1,545	20,064	32,079
Total	1,063,458	1,024,279	68,701	2,156,438
Geographical markets				
Mainland China	1,063,458	944,243	68,701	2,076,402
Other markets	–	80,036	–	80,036
Total	1,063,458	1,024,279	68,701	2,156,438

4. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

- Xiabuxiabu: restaurant operation and related service under brand name of "Xiabuxiabu".

- Coucou: restaurant operation and related service under brand name of "Coucou".

In addition to the above reportable segments, other operating segments include operation of the condiment products and other goods that were not sold out by Xiabuxiabu restaurants or Coucou restaurants. None of these segments met the quantitative thresholds for the reportable segments in both current and prior periods. Accordingly, they were grouped in "Others". In addition, included in "Others" is a recently established procurement function which centrally purchases raw materials and consumables and sell to Xiabuxiabu and Coucou restaurants.

4. OPERATING SEGMENTS *(Continued)*

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

Six months ended 30 June 2023

	Xiabuxiabu	Coucou	Total reportable segments	Others	Adjustments and eliminations	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
SEGMENT REVENUE						
External sales	1,376,977	1,401,541	2,778,518	67,603	–	2,846,121
Inter-segment sales	–	–	–	1,282,287	(1,282,287)	–
	1,376,977	1,401,541	2,778,518	1,349,890	(1,282,287)	2,846,121
Segment results	94,758	(33,283)	61,475	701	–	62,176
Impairment loss on property, plant and equipment	(266)	(15,240)	(15,506)	–	–	(15,506)
Impairment loss on right-of-use assets	(6,244)	(9,804)	(16,048)	–	–	(16,048)
Impairment loss on rental deposit	(3,842)	1,667	(2,175)	–	–	(2,175)
Gain from changes in fair value of financial assets at FVTPL	22,782	–	22,782	106	–	22,888
Gain (loss) on disposal of property, plant and equipment, net	327	27	354	(917)	–	(563)
Interest on bank borrowings	(2,231)	(1,133)	(3,364)	(2,464)	–	(5,828)
Segment profit (loss)	105,284	(57,766)	47,518	(2,574)	–	44,944
Unallocated central administration costs						(34,592)
Unallocated directors' emoluments						(3,314)
Profit before tax						7,038

Other segment information

Amounts included in the measure of segment results:

	Xiabuxiabu	Coucou	Total reportable segments	Others	Unallocated costs	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation and amortization	(244,464)	(197,768)	(442,232)	(2,975)	(538)	(445,745)
Gain on termination of leases	4,387	–	4,387	–	–	4,387
Gain on reassessment of lease liabilities	2,588	–	2,588	–	–	2,588
Loss on closure of restaurants	(451)	(136)	(587)	–	–	(587)
Finance costs (excluding interest on bank borrowings)	(22,556)	(14,960)	(37,516)	(202)	–	(37,718)

4. OPERATING SEGMENTS *(Continued)*

The following is an analysis of the Group's revenue and results by reportable and operating segments: *(Continued)*

Six months ended 30 June 2022

	Xiabuxiabu	Coucou	Total reportable segments	Others	Adjustments and eliminations	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
SEGMENT REVENUE						
External sales	1,063,458	1,024,279	2,087,737	68,701	–	2,156,438
Inter-segment sales	–	–	–	115,824	(115,824)	–
	1,063,458	1,024,279	2,087,737	184,525	(115,824)	2,156,438
Segment results	(120,278)	(73,733)	(194,011)	(24,424)	–	(218,435)
Impairment loss on property, plant and equipment	(18,103)	(10,251)	(28,354)	–	–	(28,354)
Impairment loss on right-of-use assets	(6,739)	(13,957)	(20,696)	–	–	(20,696)
Impairment loss on other receivables	(626)	–	(626)	–	–	(626)
Impairment loss on rental deposit	(367)	–	(367)	–	–	(367)
Gain from changes in fair value of financial assets at FVTPL	13,019	5	13,024	424	–	13,448
Loss on disposal of property, plant and equipment, net	(555)	(88)	(643)	–	–	(643)
Interest on bank borrowings	(697)	–	(697)	(1,226)	–	(1,923)
Segment loss	(134,346)	(98,024)	(232,370)	(25,226)	–	(257,596)
Unallocated loss from changes in fair value of financial assets at FVTPL						(4,259)
Unallocated central administration costs						(37,365)
Unallocated directors' emoluments						(3,741)
Loss before tax						(302,961)

Other segment information

Amounts included in the measure of segment results:

	Xiabuxiabu	Coucou	Total reportable segments	Others	Unallocated costs	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation and amortization	(262,243)	(199,340)	(461,583)	(10,820)	(1,079)	(473,482)
Gain on termination of leases	6,594	–	6,594	–	–	6,594
Gain on reassessment of lease liabilities	6,240	–	6,240	–	–	6,240
Loss on closure of restaurants	(969)	–	(969)	–	–	(969)
Finance costs (excluding interest on bank borrowings)	(23,700)	(18,751)	(42,451)	(14)	–	(42,465)

4. OPERATING SEGMENTS *(Continued)*

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	30/06/2023	31/12/2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Continuing operations		
Xiabuxiabu	**2,297,981**	2,397,752
Coucou	**1,281,942**	1,314,600
Total reportable segment assets	**3,579,923**	3,712,352

	30/06/2023	31/12/2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Continuing operations		
Xiabuxiabu	**1,551,064**	1,742,129
Coucou	**777,807**	852,133
Total reportable segment liabilities	**2,328,871**	2,594,262

5. OTHER INCOME

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income on:		
– bank deposits	**4,889**	2,308
– rental deposits	**3,100**	3,607
	7,989	5,915
Government grant		
– Additional tax deduction *(Note i)*	**65,049**	19,431
– released from deferred income	**455**	639
	65,504	20,070
Delivery income for takeout orders	**4,894**	7,763
Others	**7,510**	9,471
	12,404	17,234
	85,897	43,219

Note i: The amounts represent the additional input value added tax deduction, pursuant to the announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC, which become effective from April 1, 2019 onwards.

6. OTHER EXPENSES

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Delivery service fee	**32,035**	39,968
Marketing expenses	**31,306**	27,260
Professional service fee	**46,327**	31,491
Logistics expenses	**23,489**	22,241
Travel and communication expenses	**15,621**	17,470
Office and administrative expenses	**18,662**	13,053
Maintenance fees	**10,146**	8,408
Others	**17,097**	12,309
	194,683	172,200

7. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment, net	**(563)**	(643)
Gain on termination of leases	**4,387**	6,594
Gain on reassessment of lease liabilities *(Note)*	**2,588**	6,240
Foreign exchange loss, net	**(3,560)**	(6,252)
Loss on closure of restaurants	**(587)**	(969)
Impairment loss on other receivables	–	(626)
Impairment loss on rental deposit	**(2,175)**	(367)
Impairment loss on property, plant and equipment	**(15,506)**	(28,354)
Impairment loss on right-of-use assets	**(16,048)**	(20,696)
Gains from changes in fair value of financial assets at FVTPL	**22,888**	9,189
Others	**(184)**	(2,097)
	(8,760)	(37,981)

Note: For the restaurants that the Group plans to exercise the early termination option, the Group remeasures the lease liability to reflect changes to the lease payments and recognised the amount of the remeasurement of the lease liability as an adjustment to the right-of-use assets. However, for the leases that the carrying amount of the right-of-use assets is reduced to zero, the Group recognised the gain on remeasurement of lease liabilities in profit or loss amounted to RMB2,588,000 during the current interim period (six months ended 30 June 2022: RMB6,240,000).

8. FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on lease liabilities	**36,451**	41,150
Interest on bank borrowings	**5,828**	1,923
Interest on provisions	**1,267**	1,315
	43,546	44,388

9. PROFIT (LOSS) BEFORE TAX

The Group's profit (loss) for the period has been arrived at after charging the following items:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of right-of-use assets	**270,880**	272,704
Depreciation of property, plant and equipment	**173,772**	200,077
Amortization of intangible assets	**1,093**	701
Total depreciation and amortization	**445,745**	473,482
Operating lease rentals in respect of restaurants lease payments		
– variable lease payment *(Note)*	**33,577**	31,460
– Covid-19-related rent concessions *(Note 13)*	**–**	(5,060)
– short-term lease	**21,715**	19,005
– other rental expenses	**83,471**	88,295
Total property rentals and related expenses	**138,763**	133,700
Directors' emoluments	**3,314**	3,741
Other staff cost	**926,597**	750,358
Total staff cost	**929,911**	754,099

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

10. INCOME TAX (EXPENSE) CREDIT

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Enterprise income tax ("**EIT**")		
Current tax	**3,519**	6,467
Deferred tax	**1,399**	(31,277)
Total income tax recognised in profit or loss	**4,918**	(24,810)

Under the EIT Law, withholding tax is imposed on dividends declared and paid to non-PRC resident in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to the accumulated undistributed profits of the PRC subsidiaries amounting to RMB1,208 million as at 30 June 2023 (As at 31 December 2022: RMB1,159 million), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

With respect to the trademark license agreements entered into between Hong Kong subsidiaries and PRC subsidiaries, certain PRC subsidiaries have recognised royalty expenses with reference to the predetermined percentages over the revenue earned. For such royalty expenses which have not been paid, PRC subsidiaries recognised the deferred tax assets for these tax deductible expenses according to the trademark license agreement and the prevailing PRC tax regulations. The directors of the Company (the "Directors"), in reviewing the uncertain tax treatment of the Group, continuously consider effect of changes in circumstances and new information in the context of applicable tax laws as well as taking into account the Group's settlement strategy based on the latest progress of negotiation with the relevant PRC tax authority and has reflected the effect of uncertainty over tax treatments at the best estimate at the end of each reporting period.

11. DIVIDENDS

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends recognised as distributions during the period	**30,000**	30,000

On 7 June 2023, the Company declared a dividend of RMB0.028 (six months ended 30 June 2022: RMB0.028) per share with total dividends of RMB30,000,000 (six months ended 30 June 2022: RMB30,000,000) to shareholders for the year ended 31 December 2022. The dividend was paid in June 2023.

Subsequent to the end of the reporting period, an interim dividend in respect of the six months ended 30 June 2023 of RMB0.028 per share, amounting to approximately RMB30,400,000 has been declared by the Directors.

12. EARNINGS (LOSS) PER SHARE

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings (loss) for the purposes of calculating basic and diluted earnings per share		
Earnings (loss) for the period attributable to owners of the Company	**2,406**	(279,535)

12. EARNINGS (LOSS) PER SHARE *(Continued)*

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

	For the six months ended 30 June	
	2023	2022
	'000	*'000*
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**1,040,715**	1,070,259
Effect of dilutive potential ordinary shares *(Note)*	**235**	N/A
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	**1,040,950**	1,070,259

Note: The calculation of diluted loss per share for the six months ended 30 June 2022 does not assume the exercise of the Company's share options and restricted shares since their exercise would result in a decrease in loss per share.

13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, additions to the property, plant and equipment amounted to RMB298,051,000 (six months ended 30 June 2022: RMB141,358,000) consisting of leasehold improvement, machinery, motor vehicles, furniture and fixtures and construction in progress.

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 to 9 years. The Group is required to make fixed term payments and additional variable payments depending on the restaurants' performance during the contract period. On lease commencement date, the Group recognised right-of-use assets of RMB250,493,000 (six months ended 30 June 2022: RMB95,124,000) and lease liability of RMB239,389,000 (six months ended 30 June 2022: RMB88,012,000).

13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

Impairment assessment

As at 30 June 2023, in view of the unfavourable future prospects of some restaurants, the management of the Group concluded there was an impairment indicator for relevant property, plant and equipment and right-of-use assets, with carrying amounts of RMB213,267,000 and RMB316,306,000 respectively (31 December 2022: RMB185,221,000 and RMB291,777,000), and conducted impairment assessment on the recoverable amounts. The Group estimates the recoverable amount of the restaurants to which the leasehold improvement and right-of-use assets belong as it is not possible to estimate the recoverable amount of the assets individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of each restaurant concerned has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the remaining lease term with a pre-tax discount rate ranging from 12.40% to 13.18% as at 30 June 2023 (30 June 2022: 11.92% to 12.71%) reflecting the specific risks relating to the relevant restaurants operated in different regions. The other key assumption for the value in use calculated is revenue annual growth rate which is determined based on historical performance and relevant operation plans.

Based on the result of the assessment, the management of the Group determined that the recoverable amount of certain restaurants are lower than the carrying amount. The impairment loss has been recognised and allocated to relevant property, plant and equipment and right-of-use assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, impairment loss of RMB27,314,000 (six months ended 30 June 2022: RMB29,415,000) and RMB27,915,000 (six months ended 30 June 2022: RMB30,246,000) before netting the reversal of impairment loss of RMB11,808,000 (six months ended 30 June 2022: RMB1,061,000) and RMB11,867,000 (six months ended 30 June 2022: RMB9,550,000), has been recognised against the carrying amount of property, plant and equipment and right-of-use assets, respectively.

14. INVENTORIES

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Food and beverage	**453,952**	539,905
Other materials	**67,301**	56,311
Consumables	**28,080**	18,270
	549,333	614,486

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**40,926**	51,006
Prepaid operating expenses	**27,798**	24,978
Prepayments to suppliers	**6,037**	2,995
Amounts prepaid to the RSU Trustee for purchase of ordinary shares *(Note 21)*	**756**	756
Input value-added tax recoverable	**246,935**	163,018
Interest receivables	**188**	–
Other receivables	**52,567**	56,147
	375,207	298,900
Less: Allowance for credit losses	**(33,941)**	(33,957)
Total trade and other receivables and prepayments	**341,266**	264,943

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

The Group allows an average credit period of 1-30 days to its trade customers.

The following is an analysis of trade receivables by age, presented based on the invoice dates:

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 30 days	**35,390**	40,420
31 to 90 days	**4,953**	9,595
91 to 180 days	**583**	991
	40,926	51,006

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset mandatorily measured at FVTPL:

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Financial products *(Note)*	**530,434**	390,203
	530,434	390,203
Current	**530,434**	290,189
Non-current	–	100,014
	530,434	390,203

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Note:

As at 30 June 2023, the Group's financial assets at FVTPL amounting to RMB530,434,000 are the financial products issued by banks and investment fund companies which are short-term investments with no predetermined or guaranteed return and no principal protected. These financial assets are with expected rates of return, depending on the market price of underlying financial instruments, including government bonds, central bank bills, trust and other financial assets.

Further details of the fair value measurements are disclosed in Note 24. The fair value change is recognised in the line items of other gains and losses.

17. TRADE PAYABLES

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

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 60 days	**205,893**	237,424
61 to 180 days	**16,336**	4,391
181 to 1 year	**3,704**	520
Over 1 year	**175**	399
	226,108	242,734

18. LEASE LIABILITIES

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Lease liabilities payable:		
Within one year	**439,817**	493,231
Within a period of more than one year but not exceeding two years	**375,052**	392,688
Within a period of more than two year but not exceeding five years	**492,307**	492,140
Within a period of more than five years	**44,605**	49,161
	1,351,781	1,427,220
Less: Amount due for settlement with 12 months shown under current liabilities	**(439,817)**	(493,231)
Amount due for settlement after 12 months shown under non-current liabilities	**911,964**	933,989

The weighted average incremental borrowing rates applied to lease liabilities range from 3.60% to 5.88% (As at 31 December 2022: from 3.60% to 5.88%).

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	SG Dollars	**HK Dollars**	**US Dollars**
	RMB'000	*RMB'000*	*RMB'000*
As at 30 June 2023 (Unaudited)	4,903	66,522	–
As at 31 December 2022 (Audited)	5,701	82,281	23

19. CONTRACT LIABILITY

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Customer loyalty programme *(Note i)*	**40,162**	19,140
Prepaid cards and advance from customers *(Note ii)*	**349,397**	380,794
	389,559	399,934

Notes:

i. The contract liability of customer loyalty programme is recognised along with the restaurant services provided during each reporting period. As at 30 June 2023, the balance of RMB40,162,000 (as at 31 December 2022: RMB19,140,000) presents the unredeemed performance obligation relating to the customer loyalty programme.

ii. The prepaid cards and advance from customers of the Group are refundable. However, no material refund was raised historically and the management of the Group expects the amounts to be refunded in the future reporting periods are insignificant.

20. BORROWINGS

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unsecured	**61,451**	350
Secured *(Note)*	**146,423**	58,328
	207,874	58,678

As at 30 June 2023, the bank borrowings carry fixed interest rate from 2.25% to 4.35% (As at 31 December 2022: 3.50% to 4.35%) per annum.

Notes:

i: During the current interim period, the Group discounted inter-group bills receivables with recourse in an aggregate amount of RMB52,423,000 (As at 31 December 2022: Nil) to banks for short-term financing. As at 30 June 2023, the associated borrowings are amounting to RMB52,423,000 (As at 31 December 2022: Nil).

ii: As at 30 June 2023, the bank borrowings are guaranteed by a subsidiary of the Group and secured by certain property, plant and equipment with the carrying amount of RMB11,511,000 (As at 31 December 2022: RMB14,264,000).

21. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

(1) RESTRICTED SHARE UNIT SCHEME

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

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

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

i. *Purchase of treasury share under the RSU Scheme*

During the six months ended 30 June 2023, the Company did not acquire its existing shares from the market while during the year ended 31 December 2022, the RSU Trustee acquired 29,577,421 shares with consideration of HK$120,156,000, equivalent to approximately RMB104,282,000 from the market. The shares were held on trust for the benefit of the RSU participants pursuant to the RSU Scheme and the trust deed. The shares so purchased were used as awards for relevant participants in the RSU Scheme.

As at 30 June 2023, an amount of RMB: 756,000 (as at 31 December 2022: RMB756,000) was held by the RSU Trustee to purchase ordinary shares from the market in the forthcoming period according to the instruction of the Company.

21. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(1) RESTRICTED SHARE UNIT SCHEME *(Continued)*

ii. Details of granted RSUs

RSUs tranche	Number of awarded shares	Grant date	Expiry date	Fair value at grant date	Vesting period
				HKD	
RSUs tranche A	2,910,920	17/11/2016	17/11/2026	4.83	25% for each of 4 years after 01/04/2018
RSUs tranche B	3,993,190	08/05/2017	08/05/2027	6.99	25% for each of 4 years after 01/04/2019
RSUs tranche D	33,378	31/01/2018	31/01/2028	14.98	25% for each of 4 years after 01/04/2019
RSUs tranche E	1,000,981	14/12/2018	14/12/2028	11.20	25% for each of 4 years after 01/04/2020
RSUs tranche F	44,326	22/01/2019	22/01/2029	11.28	25% for each of 4 years after 01/04/2019
RSUs tranche G	1,346,707	30/09/2020	30/09/2030	9.49	25% for each of 4 years after 01/04/2021
RSUs tranche H	4,407,078	30/09/2020	30/09/2030	9.49	25% for each of 4 years after 01/04/2022

The grantees of the RSUs are not required to pay for the grant of any RSUs under the RSU Scheme or for the exercise of the RSUs. The RSUs shall be exercisable over a period of ten years commencing from the date on which the RSUs are granted and the RSU would be forfeited when the staff resigned before the vesting day.

21. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(1) RESTRICTED SHARE UNIT SCHEME *(Continued)*

ii. Details of granted RSUs *(Continued)*

The following table discloses the movement of the Company's RSUs granted to the selected participants for the period ended 30 June 2023 and outstanding as at 30 June 2023:

	Number of Awarded Shares			
	Outstanding at 1 January 2023	**Exercised during the period**	**Forfeited during the period**	**Outstanding at 30 June 2023**
RSU tranches				
RSUs granted to				
Directors	1,653,950	(691,599)	–	962,351
Other staff	338,193	(130,130)	(37,687)	170,376
Total	1,992,143	(821,729)	(37,687)	1,132,727

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

The Group recognised the total expense of RMB1,476,000 for the period ended 30 June 2023 (six months ended 30 June 2022: RMB2,652,000) in relation to RSUs granted by the Company.

22. COMMITMENTS

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Capital expenditure contracted for but not provided in respect of acquisition of property, plant and equipment	**36,705**	28,289

23. RELATED PARTY TRANSACTIONS

(a) Related party transactions

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

Relationship	Nature of transactions	For the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Related companies controlled by the Controlling Shareholder	Purchase of food ingredients	**–**	48
	Royalty fee	**21,147**	10,515
	Short-term lease expense	**600**	600

Relationship	Nature of balances	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Related companies controlled by the Controlling Shareholder	Trade and other receivables and prepayments	**7,393**	2,103
	Accrual and other payables	**1,714**	3,889
Joint venture	Other payables	**–**	57,085

The balances with these related parties are unsecured and interest-free.

(b) Remuneration of key management personnel of the Group

	For the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Short term employee benefits	**1,488**	1,587
	1,488	1,587

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

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

Financial assets	Fair value as at *(RMB'000)*		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2023	31 December 2022				
Financial assets at FVTPL	**530,434**	390,203	Level 3	Discounted cash flow. Future cash flows are estimated based on estimated return.	Estimated return	The higher the estimated return, the higher the fair value, vice versa

A1% decrease in the estimated return rates holding all other variables constant would decrease the carrying amount of the short-term investments by RMB1,999,000 (31 December 2022: RMB355,000).

A1% increase in the estimated return rates holding all other variables constant would increase the carrying amount of the short-term investments by RMB1,193,000 (31 December 2022: RMB566,000).

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

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Reconciliation of Level 3 fair value measurement of financial assets

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

	RMB'000
At 1 January 2022 (audited)	–
Purchase of financial assets at FVTPL	684,900
Redemption of financial assets at FVTPL	(206,903)
Net gains on financial assets at FVTPL	9,993
At 30 June 2022 (unaudited)	487,990
At 1 January 2023 (audited)	390,203
Purchase of financial assets at FVTPL	837,443
Redemption of financial assets at FVTPL	(720,100)
Net gains on financial assets at FVTPL	22,888
At 30 June 2023 (unaudited)	530,434

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

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

OTHER INFORMATION

INTERIM DIVIDEND

Based on the current liquidity position of the Company and Directors' current outlook for the Company's financial performance in the second half of 2023 and overall financial position, the Group plans to pay an interim dividend (the "**2023 Interim Dividend**") of RMB0.028 per share of the Company (the "**Share(s)**"), amounting to a total of approximately RMB30.4 million. The planned dividend payout ratio will be subject to the full year financial performance and business plan of the Company and market outlook early next year, therefore a final dividend for the full year of 2023 may or may not be paid. The 2023 Interim Dividend is declared in Renminbi and will be paid in Hong Kong dollars, the exchange rate of which will be calculated based on the rate of exchange as quoted to the Company by The Hong Kong and Shanghai Banking Corporation Limited at its middle rate of exchange prevailing on 11 October 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 October 2023 to 11 October 2023 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the 2023 Interim Dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 6 October 2023. The 2023 Interim Dividend will be paid on or about 20 October 2023 to those Shareholders whose names appear on the register of members of the Company on 11 October 2023.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2023 and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has applied the principles of good corporate governance and complied with the applicable code provisions of Part 2 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"), except for a deviation from code provision C.2.1 of the Corporate Governance Code which states that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual.

As Mr. Ho Kuang-Chi, the founder of the Company, is familiar with and has extensive knowledge and experience in the Group's business, the Board considers that vesting the roles of both chairman of the Board and chief executive officer in the same person provides the Group with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategy. The balance of power and authority is adequately ensured by the operations of the senior management and the Board, which comprises experienced and high-caliber individuals. As at the date of this announcement, the Board comprises an executive Director (i.e. Mr. Ho Kuang-Chi), two non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. Furthermore, decisions of the Board are made by way of majority votes. The Board will nevertheless review the Company's management structure from time to time in light of the prevailing circumstances.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company relevant employees was noted by the Company during the Reporting Period.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the Reporting Period, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. As at the date of this announcement, the Audit Committee comprises two independent non-executive Directors, namely Mr. Hon Ping Cho Terence and Mr. Kot Man Tat and a non-executive Director, namely Ms. Li Jie. Mr. Hon Ping Cho Terence is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.xiabu.com). The interim report of the Company for the six months ended 30 June 2023 will be dispatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board of
Xiabuxiabu Catering Management (China) Holdings Co., Ltd.
HO Kuang-Chi
Chairman

Hong Kong, 27 August 2023

As at the date of this announcement, the Board comprises Mr. HO Kuang-Chi as executive Director; Ms. CHEN Su-Yin and Ms. LI Jie as non-executive Directors; and Mr. HON Ping Cho Terence, Ms. CHEUNG Sze Man and Mr. KOT Man Tat as independent non-executive Directors.