

上海 | 小南国

SHANGHAI XNG HOLDINGS LIMITED

Shanghai XNG Holdings Limited

上海小南国控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code: 3666

1987  
SINCE.

上海 | 小南国

SHANGHAI MIN

2023 INTERIM REPORT



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### Non-executive Directors

Ms. Wang Huili  
Ms. Wu Wen

### Independent Non-executive Directors

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

## COMPANY SECRETARY

Ms. Chu Cheuk Ting

## AUTHORIZED REPRESENTATIVES

Mr. Gu Dorson  
Ms. Chu Cheuk Ting

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## RISK MANAGEMENT COMMITTEE

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

## EXECUTIVE COMMITTEE

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

## REGISTERED OFFICE

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG SHARE REGISTRAR

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

**LEGAL ADVISERS**

**As to Hong Kong law:**

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

**As to Cayman Islands law:**

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

**AUDITOR**

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

**STOCK CODE**

03666

**COMPANY'S WEBSITE**

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

**INVESTOR RELATIONS**

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

## FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		% Change (decrease)/ increase
	2023 (unaudited)	2022 (unaudited)	
Revenue (RMB'000)	<b>242,268</b>	145,120	66.9%
Gross profit <sup>1</sup> (RMB'000)	<b>162,394</b>	97,381	66.8%
Gross profit margin <sup>2</sup>	<b>67.0%</b>	67.1%	(0.1%)
Loss for the period (RMB'000)	<b>(3,407)</b>	(68,488)	(95.0%)
Net loss margin <sup>3</sup>	<b>(1.4%)</b>	(47.2%)	45.8%
Number of restaurants (as at 30 June)	<b>31</b>	45	

*Notes:*

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

For the six months ended 30 June 2023, the Group's revenue amounted to RMB242.3 million, which mainly comprised the revenue of restaurant operations of RMB236.7 million and other revenue of RMB5.6 million (including the revenue from sales of packed goods of RMB4.2 million), with an increase of RMB97.2 million or 66.9% from RMB145.1 million in the corresponding period of last year; the Group's gross profit amounted to RMB162.4 million, with an increase of approximately RMB65.0 million or 66.8% from RMB97.4 million in the corresponding period of last year. During the six months ended 30 June 2023, the loss attributable to the parent company owner was approximately RMB3.1 million, representing a decrease of RMB67.7 million as compared with the corresponding period of last year.

As of 30 June 2023, the Group operated a restaurant network of 25 "Shanghai Min" restaurants, 1 "Maison De L'Hui" restaurant, 4 "The Dining Room" restaurants, 1 "Wolfgang Puck" restaurant, which covers some of the most affluent and fast-growing cities in Mainland China (*Note(iii)*) and Hong Kong. The following table sets forth the revenue and the number of the restaurants in operation, by geographical region and brand, for the six-month periods ended 30 June 2023 and 2022, respectively:

	For the six months ended 30 June			
	2023		2022	
	Number of restaurants	Revenue RMB'000	Number of restaurants	Revenue RMB'000
	(Note (iii))	(unaudited)	(Note (iii))	(unaudited)
The PRC ( <i>Note (iii)</i> )				
– Shanghai Min and Maison De L'Hui	24	181,220	34	102,015
– The Dining Room	2	13,035	4	10,231
– Other brands ( <i>Note (iv)</i> )	1	12,065	2	4,880
Hong Kong				
– Shanghai Min	2	16,808	2	9,622
– The Dining Room	2	13,515	3	10,342
Total Revenue of restaurant operations ( <i>Note (ii)</i> )	31	236,643	45	137,090
Other revenue		5,625		8,030
Total Revenue		242,268		145,120

### Notes:

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

Revenue of the Group increased by RMB97.2 million or 66.9%, from RMB145.1 million for the six months ended 30 June 2022 to RMB242.3 million for the six months ended 30 June 2023. Our results rose significantly with the recovery of the economy.

#### Revenue of restaurant operations

Total revenue of restaurant operations increased by RMB99.6 million, or 72.6% from RMB137.1 million for the six months ended 30 June 2022 to RMB236.7 million for the six months ended 30 June 2023:

- For the six months ended 30 June 2023, the revenue from newly opened restaurants increased by RMB25.8 million;
- A increase of RMB97.5 million in revenue in comparable restaurant sales for the six months ended 30 June 2023 as compared to the six months ended 30 June 2022; and
- A decrease of RMB23.7 million in revenue as a result of a decrease in the number of stores and suspension of business due to store renovation for the six months ended 30 June 2023.

#### Other revenue

For the six months ended 30 June 2023, other revenue amounted to RMB5.6 million, which mainly comprised income from sales of packed goods amounting to RMB4.2 million.

### COST OF SALES

The cost of sales increased by RMB32.2 million, or 67.5% from RMB47.7 million for the six months ended 30 June 2022 to RMB79.9 million for the six months ended 30 June 2023.

The cost of sales as a percentage of revenue increased from 32.9% for the six months ended 30 June 2022 to 33.0% for the six months ended 30 June 2023.

### OTHER INCOME

Other income decreased by RMB2.4 million from RMB14.7 million for the six months ended 30 June 2022 to RMB12.3 million for the six months ended 30 June 2023, which included mainly the VAT tax related income of RMB5.3 million and the reversal of the impairment loss on right-of-use assets of RMB3.0 million for the current period.

### SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by RMB0.9 million, or 0.6% from RMB142.6 million for the six months ended 30 June 2022 to RMB143.5 million for the six months ended 30 June 2023.

Labor expenses increased by RMB15.0 million from RMB52.7 million for the six months ended 30 June 2022 to RMB67.7 million for the six months ended 30 June 2023. The labor costs as a percentage of revenue decreased from 36.3% for the six months ended 30 June 2022 to 27.9% for the six months ended 30 June 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

Rental expenses and building management fees decreased by RMB1.5 million, or 9% from RMB16.6 million for the six months ended 30 June 2022 to RMB15.1 million for the six months ended 30 June 2023. The rental expenses and building management fees as a percentage of revenue decreased from 11.4% for the six months ended 30 June 2022 to 6.2% for the six months ended 30 June 2023.

Depreciation expenses decreased by RMB4.0 million, or 8.9% from RMB45.1 million for the six months ended 30 June 2022 to RMB41.1 million for the six months ended 30 June 2023. The depreciation expenses as a percentage of the sale revenue decreased from 31.1% for the six months ended 30 June 2022 to 17.0% for the six months ended 30 June 2023.

### ADMINISTRATIVE EXPENSES

Administrative expenses decreased by RMB2.2 million, or 9.4% from RMB23.6 million for the six months ended 30 June 2022 to RMB21.4 million for the six months ended 30 June 2023.

### OTHER EXPENSES

Other expenses amounted to RMB5.5 million for the six months ended 30 June 2023, representing a decrease of RMB6.5 million as compared with the corresponding period of last year, which was mainly due to the disposal of assets related to the closure of stores of approximately RMB4.6 million for the Reporting Period.

### FINANCE COSTS

Finance costs amounted to RMB5.9 million for the six months ended 30 June 2023, representing a decrease of RMB1.8 million as compared with the same period of last year.

### INCOME TAX EXPENSE

Income tax expense increased by RMB7.2 million from the credit of RMB5.4 million for the six months ended 30 June 2022 to the expense of RMB1.8 million for the six months ended 30 June 2023.

### LOSS FOR THE PERIOD

As a result of the foregoing reasons, the loss for the Reporting Period of the Group decreased by RMB65.1 million from RMB68.5 million for the six months ended 30 June 2022 to RMB3.4 million for the six months ended 30 June 2023. Net loss margin decreased from 47.2% for the six months ended 30 June 2022 to 1.4% for the six months ended 30 June 2023.

### DIVIDENDS PAYABLE

As at 30 June 2023, there were no outstanding dividends payable.

### LIQUIDITY, CAPITAL RESOURCES AND CASH FLOW

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

As at 30 June 2023, the Group's interest-bearing bank loans amounted to RMB31.6 million. The gearing ratio was 139.9%, and the gearing ratio was net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank borrowings, trade payables and other payables and accruals, less cash and cash equivalents. Capital represents equity attributable to owners of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2023, the Group had net cash inflows generated from operating activities of RMB43.2 million (for the six months ended 30 June 2022: inflow of RMB37.3 million). As at 30 June 2023, the Group had RMB66.4 million in cash and cash equivalents (30 June 2022: RMB53.9 million). The following table sets out certain information regarding the consolidated cash flows for the periods ended 30 June 2023 and 2022.

	For the six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Net cash flows generated from operating activities	<b>43,208</b>	37,271
Net cash flows generated from/(used in) investing activities	<b>3,228</b>	(5,621)
Net cash flows used in financing activities	<b>(33,077)</b>	(56,727)
Net increase in cash and cash equivalents	<b>13,359</b>	(25,077)
Cash and cash equivalents at the beginning of the period	<b>52,255</b>	78,453
Effect of foreign exchange rate changes, net	<b>752</b>	567
Cash and cash equivalents at the end of the period	<b>66,366</b>	53,943

### OPERATING ACTIVITIES

Net cash inflow generated from operating activities increased by RMB5.9 million, from inflows of RMB37.3 million for the six months ended 30 June 2022 to inflows of RMB43.2 million for the six months ended 30 June 2023.

### INVESTING ACTIVITIES

For the six months ended 30 June 2023, net cash flow generated from investing activities was RMB3.2 million, and outflows of RMB5.6 million for the same period in 2022. The investment in fixed assets for the period was approximately RMB2.0 million.

### FINANCING ACTIVITIES

Net cash flow used in financing activities decreased from RMB56.7 million for the six months ended 30 June 2022 to RMB33.1 million for the six months ended 30 June 2023. During the period, the Group had an additional loan of RMB21.5 million. RMB18.6 million and RMB44.4 million were paid for bank loans and lease liabilities, respectively.

### FOREIGN CURRENCY EXPOSURE

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in a different currency from the functional currency of the relevant subsidiaries of the Group). None of the Group's purchase for the six months ended 30 June 2023 and 30 June 2022 was denominated in currencies other than the functional currency of the relevant subsidiaries. The Group has minimal exposure to foreign exchange risk.

### CAPITAL COMMITMENT

Capital commitments were approximately RMBNil and RMB5.3 million, respectively, as at 30 June 2023 and 31 December 2022.

### PLEDGE OF GROUP ASSETS

As at 30 June 2023, bank loans of HK\$5.0 million (equivalent to RMB4.6 million) were guaranteed by the pledge of certain fixed deposits of RMB5.1 million by the Group.

### SIGNIFICANT INVESTMENTS

The Group did not have any significant investments for the six months ended 30 June 2023.

### MATERIAL ACQUISITION AND DISPOSAL

For the six months ended 30 June 2023, there were no other material acquisitions or disposals by the Group and its subsidiaries and associated companies.

### HUMAN RESOURCES

As at 30 June 2023, the Group employed approximately 647 staff in Mainland China and Hong Kong. In 2023, the Group continued to use a three-dimensional labor structure for full-time employees, hourly employees and trainees and also entered into long-term cooperation plans with a number of domestic education institutions. The Group continued to carry out a number of incentive assessment policies formulated, so as to increase the overall income of employees and to achieve the sharing of benefits between the Company and employees, as well as to improve employee work enthusiasm.

For the six months ended 30 June 2023, total staff cost was RMB81.6 million, accounting for 33.7% of the revenue (for the six months ended 30 June 2022: RMB68.2 million), which mainly comprised wages and salaries.

### FUTURE OUTLOOK

At the beginning of 2023, with the easing of the COVID-19 pandemic and relaxing of anti-epidemic measures, the domestic tourism and consumer markets have ushered in a recovery and development. The Group's adjustment of business policies in recent years has also achieved preliminary results.

Meanwhile, we have also seen some fundamental irreversible changes in the market environment after several brutal years of the pandemic. As the operating environment was increasingly challenging for the market, each sector has formed a situation of stock competition.

The Group will adapt to changes in market environment, and adhere to lean and efficient operation, so as to provide consumers with higher cost-effectiveness and more product choices. We strategically prioritize the expansion and diversification of product lines and store models of Chinese cuisine brands, and proactively select locations to leverage on the Group's advantages to expand its business portfolio at a faster pace in the second half of the year; in addition, the Group will actively explore new models for products, new brands and new business other than full meals to reserve resources for development in the future.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six-month period ended 30 June 2023

	Notes	Six-month period ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>REVENUE</b>	4	<b>242,268</b>	145,120
Cost of sales		<b>(79,874)</b>	(47,739)
Gross profit		<b>162,394</b>	97,381
Other income and gains	4	<b>12,262</b>	14,661
Selling and distribution expenses		<b>(143,504)</b>	(142,617)
Administrative expenses		<b>(21,358)</b>	(23,578)
Other expenses		<b>(5,523)</b>	(12,024)
Finance costs	6	<b>(5,855)</b>	(7,667)
<b>LOSS BEFORE TAX</b>	5	<b>(1,584)</b>	(73,844)
Income tax (expense)/credit	7	<b>(1,823)</b>	5,356
<b>LOSS FOR THE PERIOD</b>		<b>(3,407)</b>	(68,488)
Attributable to:			
Owners of the parent		<b>(3,141)</b>	(70,773)
Non-controlling interests		<b>(266)</b>	2,285
		<b>(3,407)</b>	(68,488)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six-month period ended 30 June 2023

	Six-month period ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>LOSS FOR THE PERIOD</b>	<b>(3,407)</b>	(68,488)
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>(328)</b>	(729)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<b>(328)</b>	(729)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(3,735)</b>	(69,217)
Attributable to:		
Owners of the parent	<b>(3,466)</b>	(71,499)
Non-controlling interests	<b>(269)</b>	2,282
	<b>(3,735)</b>	(69,217)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property and equipment	10	30,938	40,451
Right-of-use assets		127,714	164,329
Other intangible assets		1,304	1,440
Equity investments designated at fair value through other comprehensive income		–	5,000
Long-term rental deposits		28,161	31,059
Deferred tax assets		30,645	32,675
<b>Total non-current assets</b>		<b>218,762</b>	274,954
<b>CURRENT ASSETS</b>			
Inventories	11	6,369	8,069
Trade receivables	12	5,596	4,760
Prepayments, other receivables and other assets	13	19,092	23,253
Pledged deposits	14	5,100	15,045
Cash and cash equivalents	14	66,366	52,255
<b>Total current assets</b>		<b>102,523</b>	103,382
<b>CURRENT LIABILITIES</b>			
Trade payables	15	56,394	44,699
Other payables and accruals		99,453	120,036
Interest-bearing bank loans	16	31,611	28,400
Lease liabilities		72,739	86,885
Tax payables		361	647
<b>Total current liabilities</b>		<b>260,558</b>	280,667
<b>NET CURRENT LIABILITIES</b>		<b>(158,035)</b>	(177,285)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>60,727</b>	97,669

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>89,239</b>	122,366
Long-term payables		<b>5,264</b>	5,443
<hr/>			
Total non-current liabilities		<b>94,503</b>	127,809
<hr/>			
Net liabilities		<b>(33,776)</b>	(30,140)
<hr/>			
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	17	<b>18,393</b>	18,393
Treasury shares	17	<b>(1,523)</b>	(894)
Other reserves		<b>(49,954)</b>	(47,216)
<hr/>			
<b>Non-controlling interests</b>			
		<b>(33,084)</b>	(29,717)
		<b>(692)</b>	(423)
<hr/>			
<b>Total deficit</b>		<b>(33,776)</b>	(30,140)

**Gu Dorson**

*Director*

**Ping Guoqin**

*Director*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 2023

	Share capital	Treasury shares	Share premium	Capital redemption reserves	Capital reserve	Merger reserve	Statutory surplus reserve	Exchange fluctuation reserve	Share option reserve	Share award scheme reserve	Fair value reserve of financial asset at fair value through other comprehensive income	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As 1 January 2023	18,393	(894)	723,723	27	59,728	(69,246)	15,752	(34,929)	13,495	-	(4,336)	(751,430)	(29,717)	(423)	(30,140)
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	(3,141)	(3,141)	(266)	(3,407)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	(325)	-	-	-	-	(325)	(3)	(328)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(325)	-	-	-	(3,141)	(3,466)	(269)	(3,735)
Share Award Scheme expenses	-	-	-	-	-	-	-	-	-	728	-	-	728	-	728
Repurchase of shares for the Share Award Scheme	-	(629)	-	-	-	-	-	-	-	-	-	-	(629)	-	(629)
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	-	(451)	-	-	451	-	-	-
As at 30 June 2023 (unaudited)	18,393	(1,523)	723,723	27	59,728	(69,246)	15,752	(35,254)	13,044	728	(4,336)	(754,120)	(33,084)	(692)	(33,776)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 2023

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2023

	Notes	Six month period ended 30 June	
		2023	2022
		RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Cash flows from operating activities</b>			
Loss before tax		(1,584)	(73,844)
Adjustments for:			
Finance cost	6	5,855	7,667
Interest income	4	(264)	(268)
Depreciation of property and equipment	5	9,349	10,705
Depreciation of right-of-use assets	5	33,235	36,341
Amortisation of other intangible assets	5	136	258
Loss on disposal of items of property and equipment	5	2,210	6,256
Gain on disposal of right-of-use assets for early terminated lease	5	(1,345)	(10,387)
Reversal of impairment of right-of-use assets	5	(3,002)	–
Reversal of impairment of trade receivables	5	(284)	–
Reversal of impairment of the financial assets included in prepayments and other receivables	5	(1,019)	(439)
Share Award Scheme expense	18	728	2,547
<b>Operating profit/(loss) before working capital changes</b>		<b>44,015</b>	<b>(21,164)</b>
Decrease in inventories		1,748	504
(Increase)/decrease in trade receivables		(440)	1,597
Decrease in prepayments, other receivables and other assets		7,203	36,616
Increase in trade payables		10,981	2,278
(Decrease)/increase in other payables and accruals		(23,454)	15,243
Decrease in long-term rental deposits		3,334	2,497
Increase/(decrease) in long-term payables		(179)	(270)
<b>Cash generated from operating activities</b>		<b>43,208</b>	<b>37,301</b>
Income tax paid		–	(30)
<b>Net cash from operating activities</b>		<b>43,208</b>	<b>37,271</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,036)	(5,882)
Purchase of intangible assets		–	(7)
Interest received		264	268
Proceeds from disposals of equity investments designated at fair value through other comprehensive income		5,000	–
<b>Net cash from/(used in) investing activities</b>		<b>3,228</b>	<b>(5,621)</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2023

	Notes	Six month period ended 30 June	
		2023	2022
		RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Cash flows from financing activities</b>			
Decrease in pledged deposits and time deposits over three months		9,945	4,976
Repayment of bank loans		(18,615)	(17,546)
Proceeds from new bank loans		21,467	13,364
Principal portion of lease payments		(44,423)	(55,062)
Repurchase of shares		(629)	(1,932)
Interest paid		(822)	(527)
Net cash flows used in financing activities		(33,077)	(56,727)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalent at beginning of the period		52,255	78,453
Effect of foreign exchange rate changes, net		752	567
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>66,366</b>	<b>53,943</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	14	66,366	53,943

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

## 1. CORPORATE AND GROUP INFORMATION

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

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

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

#### Net liability

As at 30 June 2023, the liabilities of the Group exceeded its assets by approximately RMB33.7 million. In the opinion of the directors, the net liability position was mainly caused by the loss from restaurant operations influenced by covid-19 pandemic. The directors have prepared these financial statements on a going concern basis based on the cash flow forecast which indicated the Group will generate sufficient cash inflows from operating activities and financing from bank loans, to meet its financial obligations when they fall due.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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

### **Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies**

IAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

### **Amendments to IAS 8 Definition of Accounting Estimates**

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

### **Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Group is still in the process of assessing the full impact of the application of the amendments.

### **IFRS 17 Insurance contracts**

IFRS 17, which replaces IFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of IFRS 17.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

### 3. OPERATING SEGMENT INFORMATION

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

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

##### *Geographical information*

(a) Revenue from external customers

	Six-month period ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Mainland China	211,945	125,156
Hong Kong	30,323	19,964
	<b>242,268</b>	145,120

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

(b) Non-current assets

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
	Mainland China	147,284
Hong Kong	12,672	10,495
	<b>159,956</b>	206,220

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

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

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the Six-month period ended 30 June 2023 and 2022 segment information is not presented in accordance with IFRS 8 *Operating Segments*.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six-month period ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	242,268	145,120

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

	Six-month period ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Types of goods or services</b>		
Restaurant operations	236,643	137,090
Sale of packed foods	4,168	6,042
Management fee from franchisee	1,457	1,988
Total revenue from contracts with customers	242,268	145,120

#### Other income and gains

	Six-month period ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grants*	555	1,931
Interest income	264	268
Management fee income	110	41
Gain on disposal of right-of-use assets for early terminated leases	1,345	10,387
Dividend income from equity investments		
at fair value through other comprehensive income	300	–
Reversal of impairment loss on trade receivables	284	–
Reversal of impairment loss on other receivables	1,019	439
Reversal of impairment loss on right of use assets	3,002	–
VAT related income	5,335	259
Others	48	1,336
	12,262	14,661

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

### 5. LOSS BEFORE TAX

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

	Six-month period ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories consumed	79,874	47,739
Depreciation of property and equipment	9,349	10,705
Amortisation of other intangible assets	136	258
Lease expenses	3,503	3,131
Depreciation of right-of-use assets	33,235	36,341
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	72,648	55,869
Defined contribution pension scheme	8,193	9,774
Share Award Scheme expenses	728	2,547
	81,569	68,190
Interest income	(264)	(268)
Loss on disposal of items of property and equipment	2,210	6,256

### 6. FINANCE COSTS

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

	Six-month period ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expense on lease liabilities	5,032	7,140
Interest on bank loans	823	527
	5,855	7,667

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

### 7. INCOME TAX

	Six-month period ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current – Chinese Mainland charged for the period	(168)	164
Current – Hong Kong and elsewhere charged for the period	–	21
Deferred tax	1,991	(5,541)
<b>Total tax expenses/(credit) for the period</b>	<b>1,823</b>	<b>(5,356)</b>

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

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

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

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

### 8. DIVIDENDS

No interim dividend was proposed during the Six-month period ended 30 June 2023 (six-month period ended 30 June 2022: Nil).

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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

The calculation of basic loss per share is based on the consolidated loss attributable to ordinary equity holders of the parent and weighted average number of ordinary shares of 2,188,297,000 (30 June 2022: 2,151,482,000) in issue throughout the period.

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

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

	Six-month period ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Losses</b>		
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>(3,141)</b>	(70,773)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation*	<b>2,188,297,000</b>	2,151,482,000

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

### 10. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets with a cost of RMB2,036,000 (the six months ended 30 June 2022: RMB5,882,000).

Items of property and equipment with a net book value of RMB2,210,000 were disposed of by the Group during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB6,256,000).

As at 30 June 2023, the balance of impairment provision was RMB12,402,000, and impairment provision amounting to RMB3,520,000 was written off during the period ended 30 June 2023 (the six months ended 30 June 2022: RMB6,404,000), and no impairment provision reversed during the period ended 30 June 2023 (the six months ended 30 June 2022: Nil) and no impairment provision was recognised in the period ended 30 June 2023 (the six months ended 30 June 2022: Nil).

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

### 11. INVENTORIES

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Food and beverages, and other operating items for restaurant operations, at cost	<b>6,369</b>	8,069

### 12. TRADE RECEIVABLES

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

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

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Within 1 month	<b>4,195</b>	2,805
1 to 2 months	<b>25</b>	651
2 to 3 months	<b>151</b>	27
Over 3 months	<b>1,225</b>	1,277
	<b>5,596</b>	4,760

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Deposits and other receivables		28,221	32,491
Deductible input VAT		3,592	1,600
Prepaid expense		6,130	4,959
Amounts due from companies owned by the Controlling Shareholder		1,243	4,321
Prepayments		8,229	8,504
		<b>47,415</b>	51,875
Impairment allowance	(i)	<b>(28,323)</b>	(28,622)
		<b>19,092</b>	23,253

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

As at 30 June 2023, the above provision for impairment of other receivables included provision individually impaired on rental deposit, prepayment and other receivables from counterparty of RMB28,323,000, in which included uncollectible amount written off amounted to approximately RMB720,000 as at 30 June 2023.

As at 30 June 2023, except for the impairment allowance provided above, none of the other assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Cash and bank balances	<b>61,676</b>	47,356
Other restricted bank balances (Note)	<b>4,690</b>	4,680
Time deposits with original maturity of less than three months	<b>300</b>	10,319
Time deposits with original maturity of over three months	<b>4,800</b>	4,945
	<b>71,466</b>	67,300
Less: Pledged time deposits for bank loans:		
– Current portion	<b>(5,100)</b>	(15,045)
Cash and cash equivalents	<b>66,366</b>	52,255

As at 30 June 2023, RMB5,100,000 of time deposits were pledged for bank loans borrowed by the Group, for details please refer to Note 16(a) (31 December 2022: RMB15,045,000).

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to RMB61,161,000 (31 December 2022: RMB44,596,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

*Note:* As at 30 June 2023, bank balances of approximately RMB4,690,000 (31 December 2022: RMB4,680,000) was restricted for a pending legal dispute ordered by the court in the PRC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

### 15. TRADE PAYABLES

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

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Within 3 months	<b>22,088</b>	13,206
3 months to 1 year	<b>30,517</b>	28,071
Over 1 year	<b>3,789</b>	3,422
	<b>56,394</b>	44,699

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

### 16. INTEREST-BEARING BANK LOANS AND OTHER LOAN

	30 June 2023			31 December 2022		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans – unsecured	–	–	–	3.70%	2023	5,000
Bank loans – unsecured	<b>4.20%</b>	<b>2023</b>	<b>10,000</b>	4.20%	2023	10,000
Bank loans – unsecured	<b>3.60%</b>	<b>2023</b>	<b>2,400</b>	–	–	–
Bank loans – unsecured	<b>3.65%</b>	<b>2024</b>	<b>5,000</b>	–	–	–
Bank loans – unsecured	<b>4.20%</b>	<b>2024</b>	<b>5,000</b>	–	–	–
Other loan – unsecured	<b>0.01%</b>	<b>2023</b>	<b>4,610</b>	–	–	–
Bank loans – secured	–	–	–	5.70%	On demand	4,466
Bank loans – secured	–	–	–	7.84%	On demand	4,467
Bank loans – secured	–	–	–	8.25%	On demand	4,467
Bank loans – secured	<b>7.53%</b>	<b>On demand</b>	<b>4,601</b>			
			<b>31,611</b>			28,400
<b>Analysed into:</b>						
Bank and other loans repayable:						
Within one year or on demand			<b>31,611</b>			28,400

- (a) The bank loans borrowed by the Group are secured by the pledge of certain Group's time deposits amounting to RMB5,100,000 (31 December 2022: RMB15,045,000).

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

### 17. SHARE CAPITAL

#### Shares

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Authorised:		
Ordinary shares of HK\$0.01 each	10,000,000,000	10,000,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each	2,213,031,000	2,213,031,000
Equivalent to RMB'000	18,393	18,393

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

	Share capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Capital redemption reserve RMB'000	Total RMB'000
At 31 December 2022 and 1 January 2023	18,393	(894)	723,723	27	741,249
Repurchase of shares for the Share Award Scheme	–	(629)	–	–	(629)
At 30 June 2023	18,393	(1,523)	723,723	27	740,620

The trustee under the Share Award Scheme purchased 10,372,000 shares and all of the shares were through the Share Award Scheme on the Hong Kong Stock Exchange during 2023 for a total consideration of HK\$714,000 and no shares vested on 30 June 2023 under the Share Award Scheme.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

### 18. SHARE-BASED PAYMENTS

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

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

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

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

The following share options were outstanding under the Pre-IPO Share Option Schemes during the Six-month period ended 30 June 2023 and 2022:

	Six-month period ended 30 June 2023		Six-month period ended 30 June 2022	
	Weighted average exercise price per share RMB	Number of options ‘000	Weighted average exercise price per share RMB	Number of options ‘000
At the beginning of the period		-		2,282
Forfeited during the period		-	1.166	(60)
Expired during the period		-	1.166	(2,222)
At the end of the period		-		-

No share options were exercised during the Six-month period ended 30 June 2023 and 2022.

There were no share options granted under the Pre-IPO Share Option Schemes after 4 July 2012, the Company’s listing date. The Group recognised no share option expense under the Pre-IPO Share Option Schemes during the six-month periods ended 30 June 2023 and 2022.

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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

#### (2) Share Option Scheme

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

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

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

There were no share options granted during the period ended 30 June 2023.

The following share options were outstanding under the Share Option Scheme during the six-month periods ended 30 June 2023 and 2022:

	Six-month period ended 30 June 2023		Six-month period ended 30 June 2022	
	Weighted average exercise price per share RMB	Number of options '000	Weighted average exercise price per share RMB	Number of options '000
At the beginning of the period		13,576		16,378
Forfeited during the period	1.401	(494)	1.410	(388)
At the end of the period		13,082		15,990

No share options under the Share Option Scheme were exercised during the six-month periods ended 30 June 2023 and 2022.

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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

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

The exercise prices and exercise periods of the share options under the Share Option Scheme outstanding as at 30 June 2023 are as follows:

Number of option '000	Exercise price (after adjustment due to Rights Issue) RMB per share	Exercise period
3,598	1.49	23 August 2013 to 22 August 2023
1,875	1.49	1 July 2015 to 29 June 2024
2,710	1.29	1 July 2015 to 29 June 2024
438	1.29	1 January 2016 to 31 December 2024
1,961	0.99	1 January 2016 to 31 December 2024
2,500	0.20	21 October 2019 to 21 October 2029
13,082		

The Group didn't recognise share option expense for the Six-month period ended 30 June 2023 (six-month period ended 30 June 2022: nil).

As at 30 June 2023, the Company had Nil and 13,082,000 share options outstanding under the Pre-IPO Share Option Schemes and the Share Option Scheme, respectively. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 13,082,000 additional ordinary shares of the Company and additional share capital of RMB120,616 and share premium of RMB13,386,410 (before issue expense).

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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

#### (3) Share Award Scheme

##### *The Share Award Scheme*

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

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

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

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

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

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

Up to 30 June 2023, 173,390,975 Shares were granted to the Selected Employees, among which, 110,651,550 Shares were granted to Mr. Gu Dorson and 62,739,425 Shares granted to Ms. Ping Guoqin, both are the executive directors.

### 19. COMMITMENTS

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

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Contracted, but not provided for:		
Leasehold improvements	–	5,256

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

### 20. RELATED PARTY TRANSACTIONS

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

	Notes	Six-month period ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Actual Spending of Pre-paid Cards	(i)	1,544	1,077
Commission paid for Pre-paid Cards	(i)	10	8

Notes:

- (i) The Group entered into a Pre-paid Cards Agreement in 2014 with Shanghai Hui Feng Restaurant Management Co., Ltd. ("Hui Feng Management", formerly named Shanghai Xiao Nan Guo Enterprises Service Information Development Limited), a company indirectly owned by Bai Xuan Tiffany Wang, who is the close family member of the Beneficial Owner of the Company. Pursuant to the agreement, the pre-paid cards can be used at the Shanghai Min Restaurants, the Fei SPA operated by an independent third party. The actual spending is the amount which the pre-paid card holders have actually spent at the Shanghai Min Restaurants (including Shanghai Min, Maison De L'Hui, the dining room and Shanghai Min's family restaurants) via the pre-paid cards, which amounted to RMB1,544,000 (30 June 2022: RMB1,077,000).

The commission paid to Hui Feng Management amounted to RMB10,000 (30 June 2022: RMB8,000), for pre-paid cards at the Shanghai Min Restaurants.

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

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

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

	Six-month period ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Short-term employee benefits	3,462	2,128
Share Award Scheme expenses	728	2,547
Total compensation paid to key management personnel	4,190	4,675

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

### 21. FINANCIAL INSTRUMENTS BY CATEGORY

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

#### 30 June 2023 (unaudited)

##### *Financial assets*

	Financial assets at fair value through other comprehensive income: equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Long-term rental deposits	–	28,161	28,161
Trade receivables	–	5,596	5,596
Financial assets included in prepayments, other receivables and other assets	–	5,689	5,689
Pledged deposits	–	5,100	5,100
Cash and cash equivalents	–	66,366	66,366
	–	110,912	110,912

##### *Financial liabilities*

	Financial liabilities at amortised cost RMB'000
Trade payables	56,394
Financial liabilities included in other payables and accruals	85,870
Interest-bearing bank loans	31,611
Lease liabilities	161,978
	335,853

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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

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

#### 31 December 2022 (audited)

##### Financial assets

	Financial assets at fair value through other comprehensive Income: equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	5,000	–	5,000
Long-term rental deposits	–	31,059	31,059
Trade receivables	–	4,760	4,760
Financial assets included in prepayments, other receivables and other assets	–	12,737	12,737
Pledged deposits	–	15,045	15,045
Cash and cash equivalents	–	52,255	52,255
	5,000	115,856	120,856

##### Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	44,699
Financial liabilities included in other payables and accruals	107,310
Interest-bearing bank loans	28,400
Lease Liabilities	209,251
	389,660

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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

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

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

The following table provides the fair value measurement hierarchy of the Company's financial instruments measured at fair value as at 30 June 2023:

#### Financial assets measured at fair value

As at 30 June 2023

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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

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

As at 31 December 2022

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

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

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

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

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

### 23. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 August 2023.

## OTHER INFORMATION

### SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to 30 June 2023, the Group did not have any significant events.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023.

### CHANGES OF DIRECTORS AND SENIOR MANAGEMENT

As at the date of this report, there were no significant changes in the information related to the directors of the Company (the “**Director(s)**”) and senior management as compared to the particulars set out in the Company’s 2022 Annual Report.

There are no changes in respect of each Director or chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

As at of 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or its any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”), which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to notify to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules, are set out as follows:

Name of Directors	Nature of Interest	Number of Shares/ Underlying Shares <sup>(1)</sup>	Approximate percentage of shareholding
Gu Dorson	Beneficial owner	221,257,550 (L) <sup>(2)</sup>	10.00%
Ping Guoqin	Beneficial owner	62,739,425 (L) <sup>(2)</sup>	2.83%
Wu Wen	Interest in controlled corporation	62,592,681 (L) <sup>(3)</sup>	2.83%
	Beneficial owner	24,228,000 (L)	1.09%
Wang Huili	Interest in controlled corporation	12,260,625 (L) <sup>(4)</sup>	0.55%
	Beneficial owner	126,150,000 (L)	5.70%
Lui Wai Ming	Beneficial owner	1,000,000 (L) <sup>(5)</sup>	0.05%
Zhang Zhenyu	Beneficial owner	500,000 (L) <sup>(6)</sup>	0.02%

## OTHER INFORMATION

### Notes:

- (1) "L" denotes long position in the Shares held by the Directors.
- (2) On 25 November 2021, 110,651,550 and 62,739,425 awarded shares were granted to Mr. Gu Dorson and Ms. Ping Guoqin respectively pursuant to the share award scheme adopted by the Board on 20 December 2019 and amended on 25 November 2021. As at 30 June 2023, 74,136,539 shares had been vested to Mr. Gu Dorson and 42,035,415 shares had been vested to Ms. Ping Guoqin.
- (3) The relevant Shares were held by Well Reach Limited. Ms. Wu Wen, a non-executive Director, owned the entire issued share capital of Brilliant South Limited, which beneficially owned 100% of the issued share capital in Well Reach Limited. Therefore, Ms. Wu Wen was deemed to be interested in the Shares held by Well Reach Limited under the SFO.
- (4) The relevant Shares were held by Fast Thinker Limited. Ms. Wang Huili, a non-executive Director, owned the entire issued share capital of Ever Project Investments Limited, which beneficially owned 100% of the issued share capital in Fast Thinker Limited. Therefore, Ms. Wang Huili was deemed to be interested in the Shares held by Fast Thinker Limited under the SFO.
- (5) Mr. Lui Wai Ming, an independent non-executive Director, was entitled as a grantee of options to subscribe for up to 1,000,000 Shares under the Share Option Scheme (as stated in the announcements dated 2 May 2017 and 21 October 2019, respectively).
- (6) Mr. Zhang Zhenyu, an independent non-executive Director, was entitled as a grantee of options to subscribe for up to 500,000 Shares under the Share Option Scheme (as stated in the announcement dated 21 October 2019).
- (7) The percentage of shareholding was calculated based on the Company's total number of issued shares as at 30 June 2023 (i.e. 2,213,031,000 Shares).

Save as disclosed above, as at 30 June 2023, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

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

As of 30 June 2023, the following persons (other than Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Capacity/Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding
Alpadis Group Holding AG (formerly known as Alpadis Group Holding SA)	Interest in controlled corporation	655,087,500 (L) <sup>(2)</sup>	29.60%
Alpadis Trust (HK) Limited	Interest in controlled corporation	655,087,500 (L) <sup>(2)</sup>	29.60%
ESSEIVA Alain	Interest in controlled corporation	655,087,500 (L) <sup>(3)</sup>	29.60%
HEER Dominik Philipp	Interest in controlled corporation	655,087,500 (L) <sup>(3)</sup>	29.60%
HEER Krinya	Interest of spouse	655,087,500 (L) <sup>(4)</sup>	29.60%
TEO Wei Lee	Interest of spouse	655,087,500 (L) <sup>(5)</sup>	29.60%
Shen Xia	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) <sup>(6)</sup>	7.59%
Elite Converge Limited	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) <sup>(6)</sup>	7.59%
Sunshine Property I Limited	Beneficial owner	167,887,000 (L)	7.59%
		167,887,000 (S) <sup>(6)</sup>	7.59%
Shining Capital Holdings L.P.	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) <sup>(6)</sup>	7.59%
Shining Capital Management Limited	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) <sup>(6)</sup>	7.59%
Shining (BVI) Limited	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) <sup>(6)</sup>	7.59%
Li Shuming	Beneficial owner	164,763,575 (L)	7.45%

#### Notes:

- (1) The letter "L" denotes long position in the shares and the letter "S" denotes short position in the shares.
- (2) The underlying shares were held by Alpadis Trust (HK) Limited as a professional trustee.
- (3) Mr. ESSEIVA Alain and Mr. HEER Dominik Philipp indirectly held 53.34% and 40.60% of the shares of Alpadis Trust (HK) Limited respectively.
- (4) Mrs. HEER Krinya is the spouse of Mr. HEER Dominik Philipp. Under the SFO, Mrs. HEER is deemed to be interested in the same number of shares of the Company which Mr. HEER Dominik Philipp is interested in.
- (5) Ms. TEO Wei Lee is the spouse of Mr. ESSEIVA Alain. Under the SFO, Ms. TEO is deemed to be interested in the same number of shares of the Company which Mr. ESSEIVA Alain is interested in.
- (6) The 167,887,000 Shares were held by Sunshine Property I Limited. Mr. Weng Xiangwei owned the entire issued share capital of Shining (BVI) Limited, which beneficially owned 50% of the issued share capital of Shining Capital Management Limited. The remaining of 50% equity interest held by Elite Converge Limited, of which Mr. Shen Xia owned 100% of the issued share capital. Shining Capital Management Limited in turn beneficially owned the entire issued share capital of Shining Capital Holdings L.P., which in turn beneficially owned the entire issued share capital of Sunshine Property I Limited. Therefore, Mr. Weng Xiangwei, Mr. Shen Xia, Elite Converge Limited, Shining (BVI) Limited, Shining Capital Management Limited and Shining Capital Holdings L.P. were deemed to be interested in the Shares held by Sunshine Property I Limited under the SFO.
- (7) The percentage of shareholding was calculated based on the Company's total number of issued shares as at 30 June 2023 (i.e. 2,213,031,000 Shares).

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## OTHER INFORMATION

### SHARE OPTION SCHEMES

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

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

The Company had adopted two Pre-IPO share option schemes (the “**Pre-IPO Share Option Schemes**”) on 10 February 2010 and 15 March 2011 respectively. As at 1 January 2023, all outstanding share options granted under the Pre-IPO Share Option Schemes have lapsed. No further share options have been, nor will be, granted under the schemes.

#### (2) Share Option Scheme

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

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

The total number of Shares issued and to be issued upon the exercise of the options granted or to be granted to each eligible participant under the Share Option Scheme and any other schemes of the Group (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue. The Share Option Scheme was in force for a period of 10 years from 4 July 2012 and has expired on 4 July 2022. Therefore, no further option was available for grant under the Share Option Scheme as at 1 January 2023 and 30 June 2023.

## OTHER INFORMATION

The summary of the share options granted under the Share Option Scheme that were still outstanding as at 1 January 2023 and 30 June 2023 are as follows:

Name of the grantee	As at	During the	During the	During the	During the	As at
	1 January 2023	period ended 30 June 2023	period ended 30 June 2023	period ended 30 June 2023	period ended 30 June 2023	30 June 2023
	No. of share options outstanding	No. of share options granted	No. of share options exercised	No. of share options cancelled	No. of share options lapsed	No. of share options outstanding
<b>Directors</b>						
Mr. Lui Wai Ming	1,000,000	–	–	–	–	1,000,000
Mr. Zhang Zhenyu	500,000	–	–	–	–	500,000
<b>Consultant</b>						
Dr. Wu Chun Wah	1,000,000	–	–	–	–	1,000,000
<b>Employees</b>						
	11,076,257	–	–	–	493,920	10,582,337
Directors, consultant and employees (in aggregate)	13,576,257	–	–	–	493,920	13,082,337

Details regarding the number of options, date of grant, exercise period and exercise price of those options that were still outstanding as at 30 June 2023 are set out below:

Participants	Date of grant of option	Exercise period of option	Vesting Period	Exercise Price of Option HK\$ per share	Closing price of the Shares immediately before the date of grants	No. of outstanding option as at 30 June 2023
Directors	21 October 2019	21 October 2019 to 21 October 2029	No vesting period. All options are vested upon grant.	0.20	0.182	1,500,000
Consultant (Note)	21 October 2019	21 October 2019 to 21 October 2029	No vesting period. All options are vested upon grant.	0.20	0.182	1,000,000
Employees	23 August 2013	1 July 2014 to 22 August 2023	25% on each of 1 July 2014, 1 July 2015, 1 July 2016 and 1 July 2017	1.49	1.250	3,597,986
	30 June 2014	1 July 2015 to 29 June 2024	25% on each of 1 July 2015, 1 July 2016, 1 July 2017 and 1 July 2018	1.49	1.141	1,874,880
	30 June 2014	1 July 2015 to 29 June 2024	25% on each of 1 July 2015, 1 July 2016, 1 July 2017 and 1 July 2018	1.29	1.141	2,710,431
	1 January 2015	1 January 2016 to 31 December 2024	25% on each of 1 January 2016, 1 January 2017, 1 January 2018 and 1 January 2019	1.29	0.992	438,480
	1 January 2015	1 January 2016 to 31 December 2024	50% on each of 1 January 2016 and 1 January 2017	0.99	0.992	1,960,560
Total						13,082,337

Note: The Consultant is Dr. Wu Chun Wah.

There is no performance target for those options.

## OTHER INFORMATION

### SHARE AWARD SCHEMES

#### 2019 Share Award Scheme

To recognize the contributions by certain employees and to provide the incentives in order to retain them for the continual operation and development of the Group, the Board has approved a share award scheme (the "2019 Share Award Scheme") on 20 December 2019. The 2019 Share Award Scheme shall be valid for 5 years commencing from 20 December 2019 until 19 December 2024.

The total number of shares available for grant under the 2019 Share Award Scheme is 221,303,100 shares, representing 10% of the shares in issue as at the date of this interim report. The maximum number of shares that may be granted to an elected employee at any time or in aggregate (the "Individual Limit") shall not exceed 1% of the issued share capital of the Company, i.e. 22,130,310 shares. The Executive Committee may determine the vesting schedule and vesting date of any award. The award shares are transferred to the grantee at nil consideration and no payment is required to be made by the grantee upon acceptance of the Award. The Executive Committee may from time to time cause to be paid an amount to the trustee for the purchase or subscription of Shares.

The revision of the 2019 Share Award Scheme in November 2021 was for the purpose of strengthening the retention of the Company's core management team to enable mid-term and long-term structural reform and transformation of the Company. The Board approved on 25 November 2021 to revise the Individual Limit to 5% of the issued share capital of the Company, i.e. 110,651,550 Shares as at the date of revision.

The participants involve any employee of any member of the Group. The total number of Shares available under the revised 2019 Share Award Scheme was 221,303,100 Shares, representing 10% of the issued shares as at the date of this interim report.

During the six months ended 30 June 2023, there was no awards granted, vested, cancelled or lapsed under the 2019 Share Award Scheme.

The following table sets out the awarded shares granted to selected employees under the 2019 Share Award Scheme and their movements during the six months ended 30 June 2023:

Grantees	Date of grant	Award price (HK\$)	Vesting period	Weighted average closing price of the Shares immediately before the date of awards (HK\$)	Unvested awards as at 1 January 2023	Granted during the period	Vested during the period	Cancelled/ lapsed during the period	Unvested as at 30 June 2023
<b>DIRECTORS</b>									
Mr. Gu Dorson ( <i>Executive Director</i> )	25 November 2021	0.062	25 November 2021– 24 November 2023	0.061	36,515,011	–	–	–	36,515,011
Ms. Ping Guoqin ( <i>Executive Director</i> )	25 November 2021	0.062	25 November 2021– 24 November 2023	0.061	20,704,010	–	–	–	20,704,010

The awards are not subject to any performance target.

The number of awards available for grant under the 2019 Share Award Scheme as at 1 January 2023 and 30 June 2023 was 10,069,294 shares.

All award shares were purchased from secondary market and there were no new shares issued.

### **2021 Share Award Scheme**

To recognize the contributions by certain employees and to provide the incentives in order to retain them for the continual operation and development of the Group, the Board has approved another share award scheme (the “**2021 Share Award Scheme**”) on 25 November 2021. The 2021 Share Award Scheme shall be valid for 3 years commencing from 25 November 2021 until 24 November 2024.

The participants involve any employee of the Group. The total number of Shares available for grant under the 2021 Share Award Scheme was 221,303,100 Shares, representing 10% of the issued shares as at the date of this interim report. The maximum number of Shares which may be granted to a selected employee at any time or in aggregate may not exceed 1% of the Company’s issued share capital, i.e. 22,130,310 Shares. The Executive Committee may determine the vesting schedule and vesting date of any award. The awarded shares are transferred to the grantees at no cost and the grantees are not required to pay upon acceptance of the awards. The Executive Committee may from time to time cause to be paid an amount to the trustee for the purchase or subscription of Shares.

During the six months ended 30 June 2023, there was no awards granted, cancelled or lapsed under the 2021 Share Award Scheme. There was no outstanding unvested awards as at 1 January 2023 and 30 June 2023.

The number of awards available for grant under the 2021 Share Award Scheme as at 1 January 2023 and 30 June 2023 was 221,303,100.

The number of Shares that may be issued in respect of all share options and share awards granted under the Share Option Scheme, the 2019 Share Award Scheme and the 2021 Share Award Scheme during the six months ended 30 June 2023 represented approximately 0.59% of the weight average number of Shares in issue for the said period (i.e. 2,213,031,000 Shares).

## OTHER INFORMATION

### CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its code of corporate governance. For the six months ended 30 June 2023, the Company has complied with the applicable code provisions set out in the CG Code.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company regarding directors’ transactions of securities. After specific enquiries to all Directors, all the Directors have confirmed that they have complied with the required standard of dealings set out in the Model Code for the six months ended 30 June 2023.

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

Save as the purchase pursuant to the Share Award Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2023.

### INTERIM RESULTS REVIEW

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

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

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023.