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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2015	2014	Year-on-Year
	RMB'000	*RMB'000*	Change[(1)]
	(audited)	(audited)	%
Revenue	**2,424,606**	2,201,989	10.1
Restaurant level operating profit[(1)(3)]	**495,154**	450,257	10.0
Profit before tax	**323,120**	186,043	73.7
Profit and total comprehensive income for the year attributable to owners of the Company	**263,363**	141,193	86.5
Adjusted net profit[(2)(3)]	**269,886**	185,998	45.1

(1) Restaurant level operating profit is calculated by deducting raw materials and consumables cost and restaurant level staff costs, restaurant level rental and property related expenses, restaurant level depreciation and amortization and other restaurant level expenses from the Group's revenue.

(2) Adjusted net profit is calculated by deducting expense related to equity-settled share-based payments from the Group's staff costs and expenses related to the listing from the Group's other expenses.

(3) Restaurant level operating profit and adjusted net profit are unaudited non-GAAP items. To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Group has presented these non-GAAP items as additional measures to evaluate the financial performance of the Group by considering the impact of items that the Group believes are frequently used by analysts, investors and other interested parties in the evaluation of companies in the industry the Group operates and by eliminating the impact of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the Group's business.

OPERATIONAL HIGHLIGHTS

Key operational information for the Group's restaurants

Set forth below are certain key performance indicators of the Group's restaurants:

	As of or for the years ended 31 December	
	2015	**2014**
Total restaurants (#)	**552**	452
Seat turnover rate (X)[1]	**3.4**	3.8
Average spending per customer (RMB)[2]	**46.8**	44.4

(1) Calculated by dividing total customer traffic by total restaurant operation days and average seat count during the year.

(2) Calculated by dividing revenue for the year by total customer traffic for the year.

PROPOSED FINAL DIVIDEND

Proposed final dividend of RMB0.054 per share (equivalent to HK$0.064 per share), amounting to approximately a total of RMB57.3 million for the year ended 31 December 2015 and representing approximately 40% of the Group's net profit for the six months ended 31 December 2015.

The board of directors (the "**Board**") of Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015. The annual results have been prepared in accordance with International Financial Reporting Standards (the "**IFRS**"). In addition, the annual results have also been reviewed by the audit committee of the Company (the "**Audit Committee**").

BUSINESS REVIEW AND OUTLOOK

Overview

In 2015, the Group opened a total of 100 new restaurants, which is in line with the Group's overall restaurant network expansion plan for the year. The Group extended its restaurant network into Heilongjiang and Hubei provinces in 2015. As of 31 December 2015, the Group owned and operated 552 restaurants in 39 cities over eight provinces and in three centrally administered municipalities, namely Beijing, Tianjin and Shanghai, in China.

Despite the overall economic instability in China, the Group's revenue still increased by 10.1% from RMB2,202.0 million in 2014 to RMB2,424.6 million in 2015 primarily due to the Group's effort to expand its restaurant network. Meanwhile, the Group's efforts in controlling procurement costs for raw materials by products combination optimization and price bargaining power enhancement, resulted in the Group's restaurant level operating profit grew by 10.0% from RMB450.3 million in 2014 to RMB495.2 million in 2015. As of 31 December 2015, the Group's net current assets increased by 17.8% to RMB1,044.6 million from RMB887.1 million as of 31 December 2014.

Industry review

In 2015, China's catering service market was slowly recovering despite the slowdown in China's economic growth. In 2015, China's gross domestic product grew by 6.9% from 2014 to reach RMB67,670.8 billion, being the lowest growth rate since the first quarter of 2009. According to the China Cuisine Association, China's catering service market grew by 11.7% from 2014 to reach RMB3,231 billion. In particular, the catering service providers with an annual income of more than RMB2 million grew by approximately 7% from 2014 to reach RMB866.7 billion in 2015. As of December 31, 2015, China had a total of 5,074,852 restaurants, and the number of restaurants in first-tier cities such as Guangzhou and Shenzhen increased by more than 50,000 on average, representing a growth rate of over 50% according to data compiled by Dianping.com. In addition, the Internet continues to penetrate into the catering service industry and changes consumers' consumption patterns. As a result, the operation and marketing in the traditional catering service industry are experiencing significant changes. The Group expects a more stably growing catering service market in 2016 with various favorable policies continue to be launched by the government. Leveraging the favorable industry trend as well as its leading position within the fast casual dining market, the Group, with persistent efforts, was able to record satisfactory results of operations. In particular, favorable government policies and reshuffled market resulted in more rational and quality-oriented consumption patterns, which drive the growth in China's catering service market.

Overall Business and Financial Performance

The Group's restaurant network

In 2015, the Group adhered to its restaurant network expansion plan and opened a total of 100 new restaurants. The Group also commenced the operation of 13 restaurants which did not possess the relevant fire safety certificates and which were suspended shortly before the date of listing of the Company (the "**Listing Date**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). In addition, the Group closed a total of 13 restaurants in 2015 due to commercial reasons. In aggregate, the Group's restaurants in operation increased by 100 in 2015. The table below sets forth the breakdown of the Group's system wide restaurants by region as of the dates indicated:

	As of 31 December			
	2015		2014	
	#	%	#	%
Beijing	**275**	**49.8**	246	54.4
Shanghai	**58**	**10.5**	58	12.8
Tianjin	**49**	**8.9**	42	9.3
Other regions(1)	**170**	**30.8**	106	23.5
Total	**552**	**100.0**	452	100.0

(1) Including 39 cities in Hebei, Liaoning, Jiangsu, Shandong, Shanxi, Henan, Hubei and Heilongjiang provinces.

Key operational information for the Group's restaurants

Set forth below are certain key performance indicators of the Group's system wide restaurants by region:

	As of or for the years ended 31 December	
	2015	2014
Revenue (in RMB thousands)		
Beijing	**1,525,953**	1,525,380
Shanghai	**202,861**	214,815
Tianjin	**184,311**	155,154
Other regions(1)	**511,481**	306,640
Total	**2,424,606**	2,201,989
Seat turnover rate (X)(2)		
Beijing	**3.9**	4.3
Shanghai	**2.4**	2.6
Tianjin	**3.1**	3.3
Other regions(1)	**2.8**	3.0
Total	**3.4**	3.8

	As of or for the years ended 31 December	
	2015	**2014**
Average spending per customer (RMB)[3]		
Beijing	**47.0**	44.4
Shanghai	**48.4**	47.6
Tianjin	**46.0**	43.6
Other regions[1]	**45.6**	43.2
Total	**46.8**	44.4

(1) Including 39 cities in Hebei, Liaoning, Jiangsu, Shandong, Shanxi, Henan, Hubei and Heilongjiang provinces.

(2) Calculated by dividing total customer traffic by total restaurant operation days and average seat count during the year.

(3) Calculated by dividing revenue for the year by total customer traffic for the year.

In 2015, Beijing continued to be the Group's most important geographical market both in terms of restaurant count and revenue contribution. However, as the Group successfully expanded into additional markets, the Group's revenue generated from restaurants in Beijing decreased as a percentage of the Group's total revenue in 2015. Meanwhile, in 2015, average customer spending continued to increase, primarily due to the increase in sales of premium menu items with high profit margin as the Group continued to optimize its product combinations and launch new products.

The table below sets forth the Group's same-store sales for the years indicated. The Group's same-store base is defined as those restaurants that were in operation throughout the periods under comparison.

<table>
<tr><th></th><th colspan="2">Year ended 31 December</th><th colspan="2">Year ended 31 December</th></tr>
<tr><th></th><th>2014</th><th>2015</th><th>2013</th><th>2014</th></tr>
<tr><td>Number of same-store (#)</td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Beijing</td><td colspan="2">223</td><td colspan="2">213</td></tr>
<tr><td>Shanghai</td><td colspan="2">51</td><td colspan="2">50</td></tr>
<tr><td>Tianjin</td><td colspan="2">37</td><td colspan="2">29</td></tr>
<tr><td>Other regions[1]</td><td colspan="2">86</td><td colspan="2">46</td></tr>
<tr><td>Total</td><td colspan="2">397</td><td colspan="2">338</td></tr>
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	Year ended 31 December		Year ended 31 December	
	2014	**2015**	**2013**	**2014**
Same-store sales (in RMB millions)				
Beijing	**1,408.1**	**1,365.3**	1,275.1	1,286.4
Shanghai	**211.6**	**189.5**	179.9	188.0
Tianjin	**149.2**	**153.0**	104.5	109.7
Other regions(1)	**329.5**	**305.9**	156.3	156.8
Total	**2,098.4**	**2,013.7**	1,715.8	1,740.9
Same-store sales growth (%)				
Beijing	**(3.0)**		0.9	
Shanghai	**(10.4)**		4.5	
Tianjin	**2.6**		5.0	
Other regions(1)	**(7.2)**		0.4	
Nationwide	**(4.0)**		1.5	

(1) Including 39 cities in Hebei, Liaoning, Jiangsu, Shandong, Shanxi, Henan, Hubei and Heilongjiang provinces.

In 2015, the Group's nationwide same-store sales decreased by 4.0%, primarily due to a slowdown in China's economic growth, which in turn resulted in a more cautious discretionary spending by consumers on dine-out.

Outlook for 2016

Business Outlook

During 2016, the Group will continue its efforts to achieve its goal of becoming the leading operator of fast casual restaurant industry and maintaining its leading position as a hotpot restaurant chain operator in China. The Group intends to continue to pursue the following:

- *Additional growth driver* – Based on its fast casual hotpot business the Group endeavors to develop additional growth drivers, including the "Xiabu Fresh" delivery business, Xiabuxiabu 2.0 restaurant upgrade and its second brand concept "Coucou", a casual hotpot dining concept, targeting mid- to high-end market. The Group plans to leverage the strong recognition of its Xiabuxiabu brand to further develop these additional business lines. In addition, the Group continues to enhance its information system management to support its existing business and future development.

- *Drive same-store sales growth* – In addition to branding and promotion initiatives, the Group will accelerate its exploration on the new "Xiabu Fresh" delivery business and implement the Xiabuxiabu 2.0 restaurant upgrade to fully utilize business hours beyond rush hours during lunch and dinner time to improve its operating results. Marketing with a focus on customer relationship management will also further increase customer stickiness. The Group also plans to fully utilize its over 60 million customer flow and initiate joint promotion programs with renowned brands in this era of big data.

- *Expansion of restaurant network* – The Group will follow its five-year strategic plan to steadily expand the Group's business. In 2016, the Group plans to open a total of 100 restaurant. The Group plans to consolidate its leading position and further its penetration in its existing markets, while open restaurants in Shenzhen as a starting point explore the Southern China market. During the expansion, the Group will continue to focus on new markets research and create synergies among functions of the Group's internal departments such as business development, sales and marketing and operations departments so as to ensure the success of new restaurants in emerging markets.

- *Cost control* – The Group plans to further control its procurement cost while maintain a stringent quality standard. The Group plans to further enhances its procurement system and devise tailored cost control measures for different categories of supplies. To control its staff cost, the Group also intends to optimize restaurant layout, introduce new technologies and continuously improve operation management efficiency in response to the increasing labor cost. In addition, the Group intends to enhance its brand value, strengthen strategic alliance with well-known real estate companies, as well as open smaller size and higher return restaurants, thereby effectively control rental expenses.

- *Strengthen organization and human resources management* – In order to better understand the market, the Group will enhance its accountability system and encourage the proactivity of general manager of specific markets to take overall responsibility for marketing and sales, restaurant openings and profit management in the respective local market. As to employee development, in addition to constantly implementing the management trainee project, the Group will continuously enhance its system of employee appraisal, training and promotion, to ensure a sustainable supply of talents. At the same time, the Group will also explore on the establishment of an efficient long-term store manager incentive system.

- *Maintain stringent food safety and quality standard* – The Group will further its commitment to food safety and quality, including the following aspects: (i) implement stringent food safety and quality control standards and measures throughout different aspects of the Group's operations, including supply chain, logistics, food processing plants and restaurants; (ii) continue the Group's centralized procurement system; (iii) cooperate exclusively with reputable and high-quality suppliers; (iv) eliminate intermediaries in the supply chain through direct delivery to restaurant from suppliers or the Group's logistics centers; and (v) continuous self-evaluation and enhancement on the Group's food safety and quality control standards and measures.

Industry Outlook

The Group believes that the growing per capita disposable income and urbanization rate, changing consumer lifestyle and quicker living tempo as well as favorable government policies will continue to support the development of China's catering service market. In particular, the Group expects China's catering service industry to experience the following trends:

- *Increasing scrutiny on food safety* – The Food Safety Law of the People's Republic of China went into effect in October 1, 2015, and it is expected that the Chinese government will apply more stringent scrutiny on the providers of catering services.

- *Consolidation by restaurant chains* – China's catering service industry, particularly the QSR industry, is likely to be more consolidated by chained restaurants with greater quality and reputation.

- *Increasing attention from the capital market* – China's catering service industry experienced a strong growth in 2015, and catering service providers have also diversified their access to the capital market, which is expected to provide additional opportunities for growth in China's catering service industry. The global capital market also shows stronger interest in China-based restaurant operator. In addition, large international restaurant operators shows increasing interest in Chinese- and Asian-style QSRs.

- *Demand for dining convenience* – O2O dining, mobile apps for restaurants and dining, online and mobile order and delivery platforms, WeChat, customer relationship management system and other modern IT measurements to enable customers to order, make reservation, queue and pay through mobile devices or website have become the prevailing trend in China's catering service market. Restaurant operators, particularly QSR operators, are under pressure to strengthen their information system management capability.

- *Challenges* – China's catering service industry continues to face challenges including intensified competition among industry participants, rising food ingredients price and increasing cost for labor and rent in first-tier cities.

The Group expects to further its long-standing dedication in China's catering service market and leverages on its dining concept and value proposition, brand recognition scalable and standardized business model and commitment to the safety and quality ingredients to ride the wave of industry growth and cope with industry challenges. In particular, the Group believes its dedication on high-quality healthy cuisine, food safety and mass-market oriented position combine with its strong brand recognition will position the Group well in capitalizing the government-led development trend of healthy mass-market dining with highest food safety standard.

MANAGEMENT DISCUSSION AND ANALYSIS

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 years indicated, together with the change (expressed in percentages) from 2014 to 2015:

	Year Ended 31 December				Year-on-Year Change
	2015		2014		
	RMB	*%*	*RMB*	*%*	*%*
	(In thousands, except for percentages and per share data)				
Consolidated Statement of Profit or Loss and Other Comprehensive Income					
Revenue	**2,424,606**	**100.0**	**2,201,989**	**100.0**	**10.1**
Other income	**26,658**	**1.1**	11,787	0.5	126.2
Raw materials and consumables used	**(946,164)**	**(39.0)**	(871,562)	(39.6)	8.6
Staff cost	**(542,980)**	**(22.4)**	(523,595)	(23.8)	3.7
Property rentals and related expenses	**(328,416)**	**(13.5)**	(283,809)	(12.9)	15.7
Utilities expenses	**(101,375)**	**(4.2)**	(93,230)	(4.2)	8.7
Depreciation and amortization	**(120,022)**	**(5.0)**	(91,716)	(4.2)	30.9
Other expenses	**(139,297)**	**(5.7)**	(164,811)	(7.5)	(15.5)
Other gains and losses	**50,110**	**2.1**	990	–	4,961.6
Profit before tax	**323,120**	**13.3**	**186,043**	**8.4**	**73.7**
Income tax	**(59,757)**	**2.5**	(44,850)	(2.0)	33.2
Profit for the year	**263,363**	**10.9**	**141,193**	**6.4**	**86.5**
Earnings per share					
Basic (RMB cents per share)	**24.76**		16.88		
Diluted (RMB cents per share)	**24.59**		16.76		

Revenue

The Group's revenue increased by 10.1% from RMB2,202.0 million in 2014 to RMB2,424.6 million in 2015, primarily due to the increase in the number of the Group's restaurants from 452 as of 31 December 2014 to 552 as of 31 December 2015. The Group opened or re-opened a total of 113 restaurants throughout China in 2015 to capture the growth in the fast casual restaurant market.

Other income

The Group's other income increased by 126.2% from RMB11.8 million in 2014 to RMB26.7 million in 2015, primarily due to a significant increase in the Group's interest income on its bank deposit, which in turn was due to the proceeds received from the Group's initial public offering (the "**Global Offering**") in the Group's bank account.

Raw materials and consumables used

The Group's raw materials and consumables costs increased by 8.6% from RMB871.6 million in 2014 to RMB946.2 million in 2015 as the scale of the Group's operations further increased, which included the number of the restaurants in the Group's network and the Group's system-wide sales. As a percentage of the Group's revenue, the Group's raw materials and consumables costs decreased from 39.6% in 2014 to 39.0% in 2015, primarily due to (i) the increase in sales of premium menu items with high profit margin as the Group continued to optimize its menus, adjust products combination and launch new products; and (ii) the Group's continued procurement cost control efforts.

Staff cost

The Group's staff cost increased by 3.7% from RMB523.6 million in 2014 to RMB543.0 million in 2015, primarily due to an increase in the number of the Group's employees from 13,282 as of 31 December 2014 to 13,582 as of 31 December 2015. As a percentage of the Group's revenue, the Group's staff cost decreased from 23.8% in 2014 to 22.4% in 2015, primarily as a result of the Group's efforts to optimize staffing arrangements in its restaurants. In 2015, in connection with the pre-IPO share incentive plan adopted by the Company on 28 August 2009 (the "**Pre-IPO Share Incentive Plan**"), the Group incurred equity-settled share-based expenses of RMB6.5 million (2014: RMB12.1 million).

Property rentals and related expenses

The Group's property rentals and related expenses increased by 15.7% from RMB283.8 million in 2014 to RMB328.4 million in 2015, primarily due to an increase in the number of the Group's restaurants. As the majority of the Group's leases are subject to fixed rent arrangement, the increase in the Group's property rentals and related expenses outpaced the increase in the Group's revenue, and the Group's property rentals and related expenses increased from 12.9% in 2014 to 13.5% in 2015 as a percentage of the Group's revenue.

Utilities expenses

The Group's utilities expenses increased by 8.7% from RMB93.2 million in 2014 to RMB101.4 million in 2015 as the scale of the Group's operation in terms of number of restaurants continued to increase. As a percentage of the Group's revenue, utilities expenses remained at 4.2% in 2015.

Depreciation and amortization

The Group's depreciation and amortization increased by 30.9% from RMB91.7 million in 2014 to RMB120.0 million in 2015, primarily due to an increase in the Group's property, plant and equipment as the Group continued to open new restaurants and accelerated depreciation. As a percentage of the Group's revenue, depreciation and amortization increased to 5.0% in 2015 from 4.2% in 2014.

Other expenses

The Group's other expenses decreased by 15.5% from RMB164.8 million in 2014 to RMB139.3 million in 2015. As a percentage of the Group's revenue, the Group's other expenses decreased from 7.5% in 2014 to 5.7% in 2015. This decrease was primarily due to the expenses of RMB32.7 million the Group incurred in connection with the Global Offering in 2014. By comparison, the Group did not incur any expense in this respect in 2015.

Other gains and losses

The Group's other gains increased significantly from RMB1.0 million in 2014 to RMB50.1 million in 2015, primarily as a result of the investment income on the net proceeds from the Global Offering and a significant increase in the Group's foreign exchange gain in 2015. As a percentage of the Group's revenue, other gains increased from 0.04% in 2014 to 2.1% in 2015.

Profit before tax

As a result of the foregoing, the Group's profit before tax increased by 73.7% from RMB186.0 million in 2014 to RMB323.1 million in 2015, and as a percentage of the Group's revenue, the Group's profit before tax increased from 8.4% in 2014 to 13.3% in 2015.

Without taking into account the expenses the Group incurred in connection with the Pre-IPO Share Incentive Plan of RMB6.5 million (2014: RMB12.1 million) and the Global Offering of nil (2014: RMB32.7 million), the Group's profit before tax would have increased by 42.8% from RMB230.8 million in 2014 to RMB329.6 million in 2015, and increased from 10.5% in 2014 to 13.6% in 2015 as a percentage of the Group's revenue.

Income tax expense

The Group's income tax expenses increased by 33.2% from RMB44.9 million in 2014 to RMB59.8 million in 2015, primarily as a result of the increase in the Group's taxable income. The Group's effective tax rate, calculated by dividing the Group's income tax expense by the Group's profit before tax, decreased from 24.1% in 2014 to 18.5% in 2015, primarily due to (i) the Group incurred certain expenses at offshore level in 2014, which could not be deducted against the Group's taxable income in China; and (ii) certain of the Group's gain arose at offshore level in 2015, which was not subject to enterprise income tax in China.

Profit for the year

As a result of the cumulative effect of the above factors, the Group's profit for the year increased by 86.5% from RMB141.2 million in 2014 to RMB263.4 million in 2015, and as a percentage of the Group's revenue, the Group's profit for the year increased from 6.4% in 2014 to 10.9% in 2015.

Without taking into account the expenses the Group incurred in connection with the Pre-IPO Share Incentive Plan of RMB6.5 million (2014: RMB12.1 million) and the Global Offering of nil (2014: RMB32.7 million), the Group's profit for the year would have increased by 45.1% from RMB186.0 million in 2014 to RMB269.9 million in 2015, and increased from 8.4% in 2014 to 11.1% in 2015 as a percentage of the Group's revenue. For further details, please refer to the section headed "Non-IFRS Measure – (b) Adjusted net profit" below.

Non-IFRS Measure

(a) Restaurant level operating profit

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Group also uses restaurant level operating profit as an additional financial measure to evaluate the Group's financial performance at the restaurant level. Restaurant level operating profit is calculated by deducting raw materials and consumables cost and restaurant level staff costs, restaurant level rental and property related expenses, restaurant level depreciation and amortization and other restaurant level expenses from the Group's revenue.

The table below sets forth the Group's revenue breakdown by geographical regions, each presented as a percentage of the Group's total revenue for the years indicated, as well as the geographical breakdown of the Group's restaurant level operating profit, each presented as a percentage of the Group's regional revenue for the years indicated:

	Year Ended 31 December			
	2015		2014	
	RMB	*%*	*RMB*	*%*
	(In thousands, except for percentages)			
Revenue:				
Beijing	**1,525,953**	**62.9**	1,525,380	69.3
Shanghai	**202,861**	**8.4**	214,815	9.8
Tianjin	**184,311**	**7.6**	155,154	7.0
Other regions[1]	**511,481**	**21.1**	306,640	13.9
Total	**2,424,606**	**100.0**	2,201,989	100.0
Restaurant Level Operating Profit and Margin Performance[2]:				
Beijing	**365,387**	**23.9**	358,132	23.5
Shanghai	**11,105**	**5.5**	22,046	10.3
Tianjin	**37,629**	**20.4**	26,355	17.0
Other regions[1]	**81,033**	**15.8**	43,724	14.3
Total	**495,154**	**20.4**	450,257	20.4

(1) Including 39 cities in Hebei, Liaoning, Jiangsu, Shandong, Shanxi, Henan, Hubei and Heilongjiang provinces.

(2) Restaurant level operating profit is an unaudited non-GAAP item. The Group has presented this non-GAAP item because the Group considers it important supplemental measures of the Group's operating performance and believe it is frequently used by analysts, investors and other interested parties in the evaluation of companies in the industry the Group operates in. The Group's management uses such non-GAAP item as an additional measurement tool for purposes of business decision-making. Other companies in the industry the Group operates in may calculate this non-GAAP item differently than the Group does. This non-GAAP item is not a measure of operating performance or liquidity under IFRS and should not be considered as a substitute for, or superior to, profit before tax or cash flow from operating activities in accordance with IFRS. This non-GAAP item has limitation as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of the Group's results as reported under IFRS. The Group's presentation of this non-GAAP item should not be construed as an inference that the Group's future results will be unaffected by unusual or non-recurring items.

In 2015, Beijing continued to be the Group's most important geographical market both in terms of restaurant count and revenue contribution. However, as the Group successfully expanded into additional markets, the Group's revenue generated from restaurants in Beijing decreased as a percentage of the Group's total revenue from 69.3% in 2014 to 62.9% in 2015.

In 2015, the Group's restaurant level operating profit grew at a similar rate as the Group's revenue. As a percentage of the Group's revenue, the Group's restaurant level operating profit remained stable at 20.4% in 2015.

(b) Adjusted net profit

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Group also uses adjusted net profit as an additional financial measure to evaluate the Group's financial performance without taking into account certain unusual and non-recurring items. Adjusted net profit is calculated by deducting expense related to equity-settled share-based payments from the Group's staff costs and expenses related to the listing from the Group's other expenses. The table below sets forth the reconciliation of profit for the year to adjusted net profit:

	Year ended 31 December	
	2015	**2014**
	(In RMB thousands)	
Profit for the year	**263,363**	141,193
Equity-settled share-based payments	**6,523**	12,125
Listing expenses	**–**	32,680
Adjusted net profit	**269,886**	185,998

(1) Adjusted net profit is an unaudited non-GAAP item. The Group uses such unaudited non-IFRS adjusted net profit as an additional financial measure to supplement the consolidated financial statements which are presented in accordance with IFRS and to evaluate the financial performance of the Group by eliminating the impact of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the business of the Group. Other companies in the industry the Group operates in may calculate this non-GAAP item differently than the Group does. This non-GAAP item is not a measure of operating performance or liquidity under IFRS and should not be considered as a substitute for, or superior to, profit before tax or cash flow from operating activities in accordance with IFRS. This non-GAAP item has limitation as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of the Group's results as reported under IFRS. The Group's presentation of this non-GAAP item should not be construed as an inference that the Group's future results will be unaffected by unusual or non-recurring items.

Liquidity and capital resources

In 2015, the Group financed its operations primarily through cash from the Group's operations. The Group intends to finance its expansion and business operations by internal resources and through organic and sustainable growth, as well as the net proceeds received from the Global Offering.

Cash and cash equivalents

As of 31 December 2015, the Group had cash and cash equivalents of RMB1,354.5 million as compared with RMB1,122.8 million as of 31 December 2014, which primarily consisted of cash on hand and demand deposits and which were mainly denominated in Renminbi (as to 58.9%), Hong Kong dollars (as to 40.5%), and U.S. dollars (as to 0.6%).

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.

Net proceeds from the Global Offering (including the partial exercise of the over-allotment option on 9 January 2015), after deducting the underwriting commission and other estimated expenses in connection with the Global Offering which the Company received amounted to an aggregate of approximately HK$1,043.5 million, comprising HK$1,001.5 million raised from the Global Offering and HK$42.0 million raised from the issue of shares pursuant to the partial exercise of the over-allotment option. Up to 31 December 2015, the net proceeds from the Global Offering had not yet been utilized as the Group had sufficient financial resources to fund its expansion plan. All of the net proceeds has been deposited into short-term demand deposits in the bank account maintained by the Group. In 2016 and in the upcoming years, the Group will start utilizing the net proceeds from the Global Offering and for purposes consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 5 December 2014 (the "**Prospectus**").

Indebtedness

As of 31 December 2015, the Group did not have any outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection thereof.

Capital expenditures

The Group made payment for the capital expenditures representing the purchase of property, plant and equipment of RMB130.2 million in 2015 in connection with new restaurant opening. In 2014, the Group made payment for the capital expenditures of RMB129.2 million. The Group's capital expenditure in 2015 was funded primarily by cash generated from its operating activities. In particular, after considering the Group's restaurant opening plan, the Group funded the opening of 100 restaurants that the Group planned to fund with the net proceeds from the Global Offering with its existing cash instead. In 2015, the Group opened a total of 100 new restaurants. As of 31 December 2015, the Company did not have any charge over its assets.

Contingent liabilities and guarantees

As of 31 December 2015, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against us.

Material acquisitions and future plans for major investment

In 2015, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Employee and staff cost

As of 31 December 2015, the Group had a total of 13,582 employees. In particular, 133 employees worked at the Group's food processing facilities, 1,218 are responsible for restaurant management and 11,513 are restaurant staff.

The Group offers competitive wages and other benefits to the Group's restaurant employees to manage employee attrition. The Group also offers discretionary performance bonus as further incentive to the Group's restaurant staff if a specific restaurant target is 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 year ended 31 December 2015, the total staff cost of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to RMB543.0 million, representing approximately 22.4% of the total revenue of the Group.

Pursuant to the Pre-IPO Share Incentive Plan, options to subscribe for an aggregate of 30,793,620 shares (representing approximately 2.89% of the total issued share capital of the Company as at the date of this announcement) granted by the Company under the Pre-IPO Share Incentive Plan remained outstanding as at 31 December 2015. The Company has also adopted a restricted share unit scheme (the "**RSU Scheme**") on 28 November 2014 which became effective upon the Listing Date. As of 31 December 2015, no restricted share unit has been granted or agreed to be granted under the RSU Scheme. Further details of the Pre-IPO Share Incentive Plan and the RSU Scheme, together with, among others, the details of the options granted under the Pre-IPO Share Incentive Plan, will be set out in the section headed "Report of Directors" in the Company's 2015 annual report to be issued in due course.

Final Dividend

The Board recommends the payment of a final dividend of RMB0.054 per share (equivalent to HK$0.064 per share), amounting to approximately a total of RMB57.3 million for the year ended 31 December 2015 (the "**2015 Final Dividend**"), representing approximately 40% of the Group's net profit for the six months ended 31 December 2015. The 2015 Final Dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (the "**AGM**").

FINANCIAL INFORMATION

The audited consolidated annual results of the Group for the year ended 31 December 2015 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

		For the year ended 31 December	
		2015	**2014**
	Notes	***RMB'000***	***RMB'000***
Revenue	*3*	**2,424,606**	2,201,989
Other income	*4*	**26,658**	11,787
Raw materials and consumables used		**(946,164)**	(871,562)
Staff costs		**(542,980)**	(523,595)
Property rentals and related expenses		**(328,416)**	(283,809)
Utilities expenses		**(101,375)**	(93,230)
Depreciation and amortization		**(120,022)**	(91,716)
Other expenses		**(139,297)**	(164,811)
Other gains and losses	*5*	**50,110**	990
Profit before tax	*6*	**323,120**	186,043
Income tax expense	*7*	**(59,757)**	(44,850)
Profit and total comprehensive income for the year attributable to owners of the Company		**263,363**	141,193
Earnings per share			
– basic (RMB cents per share)	*8*	**24.76**	16.88
– diluted (RMB cents per share)	*8*	**24.59**	16.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		As at 31 December	
		2015	**2014**
	Notes	***RMB'000***	***RMB'000***
Non-current assets			
Property, plant and equipment		**333,709**	311,857
Intangible assets		**984**	2,679
Lease prepayments for land use right		**23,010**	23,544
Deferred tax assets		**47,729**	26,730
Rental deposits		**46,982**	39,413
		452,414	404,223
Current assets			
Inventories		**103,869**	122,545
Trade and other receivables and prepayments	*10*	**53,351**	32,600
Bank balances and cash		**1,354,497**	1,122,782
		1,511,717	1,277,927
Current liabilities			
Trade payables	*11*	**148,985**	113,822
Accrual and other payables		**278,283**	262,532
Tax payables		**34,381**	10,819
Provision		**1,106**	–
Deferred income		**4,338**	3,646
		467,093	390,819
Net current assets		**1,044,624**	887,108
Total assets less current liabilities		**1,497,038**	1,291,331
Non-current liability			
Deferred income		**16,555**	17,465
Net assets		**1,480,483**	1,273,866
Capital and reserves			
Share capital	*12*	**172**	171
Share premium		**1,005,193**	970,769
Reserves		**475,118**	302,926
Total equity		**1,480,483**	1,273,866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its shares have been listed on the main board of The Stock Exchange of Hong Kong Limited ("**the Stock Exchange**") on 17 December 2014. The registered office of the Company is Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands. The Company is an investment holding company and the Group is principally engaged in Chinese hotpot restaurant operations in the 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 consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied, for the first time, certain amendments to IFRSs that are mandatorily effective in the current year:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRs 2010- 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRs 2011- 2013 Cycle

New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IAS 7	Disclosure Initiative[5]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for annual periods beginning on or after a date to be determined
[5] Effective for annual periods beginning on or after 1 January 2017

Except for those as stated below, the adoption of these new and revised IFRS is not expected to have material impact on the results and the financial position of the Group.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("**FVTOCI**") measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described as follows:

All recognised financial assets that are within the scope of IAS 39 Financial Instruments:

Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of IFRS 9 will not have significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities based on the Group's financial instruments reported at the end of the year.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Group is in the process of making an assessment of the impact of IFRS 15 and it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors anticipate that the application of IFRS 16 in the future may have a material impact on the amounts reported and/or disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the Group performs a detailed review.

Other than set out above, the Directors do not anticipate that the application of other new and revised IFRSs will have a material impact on amounts reported in the Group's consolidated financial statements and/or disclosures set out these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

During the year, the Group's revenue which represents the amount received and receivable from the operation of restaurant net of discount and sales related taxes, are as follows:

	For the year ended 31 December	
	2015	**2014**
	RMB'000	***RMB'000***
Restaurant operations	**2,424,606**	2,201,989

Information reported to the executive directors of the Company, who are identified as the chief operating decision maker (the "**CODM**") of the Group, in order to allocate resources and to assess performance, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group's operations are located in the PRC. The Group's revenue from external customers and all of its non-current assets are located in PRC based on geographical location of assets.

No revenue from individual external customer contributing over 10% of total revenue of the Group.

4. OTHER INCOME

	For the year ended 31 December	
	2015	**2014**
	RMB'000	***RMB'000***
Interest income on:		
– bank deposits	**18,247**	1,347
– short-term investments	**–**	1,996
	18,247	3,343
Promotion service income	**808**	2,290
Government grant		
– subsidy received *(Note i)*	**2,114**	2,086
– release from deferred income	**910**	910
	3,024	2,996
Others	**4,579**	3,158
	26,658	11,787

Note:

(i) The amounts represent the subsidy received from the local government for the Group's local business development. There were no unfulfilled conditions in the year in which they were recognized.

5. OTHER GAINS AND LOSSES

	For the year ended 31 December	
	2015	**2014**
	RMB'000	***RMB'000***
Gain (loss) on disposal of property, plant and equipment, net	**385**	(191)
Foreign exchange gain, net	**38,401**	966
Loss on closure of restaurants	**(1,009)**	(915)
Provision for the probable losses to the pending lawsuits	**(1,106)**	–
Reversal of impairment loss on trade receivables	**474**	2,455
Reversal of impairment loss on rental deposit	**1,082**	–
Impairment loss on continrental deposit	**(1,086)**	(1,325)
Gain on disposal of short-term investments	**12,969**	–
	50,110	990

6. PROFIT BEFORE TAX

The Group's profit for the year has been arrived at after charging:

	For the year ended 31 December	
	2015	**2014**
	RMB'000	***RMB'000***
Depreciation of property, plant and equipment	**117,313**	88,861
Amortization of intangible assets	**2,175**	2,321
Release of lease prepayments for land use right	**534**	534
Total depreciation and amortization	**120,022**	91,716
Operating lease rentals in respect of		
– rented premises (minimum lease payments)	**9,009**	9,297
– restaurants		
– minimum lease payments	**293,956**	244,071
– contingent rent *(Note i)*	**25,451**	30,441
	319,407	274,512
Total property rentals and related expenses	**328,416**	283,809
Directors' emoluments	**6,547**	12,273
Other staff cost		
Salaries and other allowance	**495,662**	468,496
Equity-settled share-based payments	**3,904**	6,649
Retirement benefit contribution	**36,867**	36,177
Total staff costs	**542,980**	523,595
Auditor's remuneration	**2,420**	4,580
Expense in relation to the listing (included in other expenses)	**–**	32,680

Note i: The contingent rent refers to the operating rentals based on pre-determined percentages to revenue less minimum rentals of the respective leases.

7. INCOME TAX EXPENSE

	For the year ended 31 December	
	2015	**2014**
	RMB'000	***RMB'000***
Enterprise income tax ("**EIT**")		
Current tax in the PRC	**69,562**	43,415
Withholding EIT-current year	**11,194**	10,662
Deferred tax	**(20,999)**	(9,227)
Total income tax recognized in profit or loss	**59,757**	44,850

The Company is tax exempted company incorporated in the Cayman Islands.

The Company's subsidiary incorporated in Hong Kong is subject to the Hong Kong Profits Tax at 16.5% on estimated assessable profit and no taxable profit derived from Xiabuxiabu Catering Management (HK) Holdings Co., Ltd. ("**Xiabu Hong Kong**") for the years ended 31 December 2015 and 2014. Under the Law of the PRC on Enterprise Income Tax ("**EIT Law**") effective from 1 January 2008 and Implementation Regulation of the EIT Law, the statutory EIT rate of PRC subsidiaries of the Company is 25%.

Further, in the PRC, 10% withholding income tax is generally imposed on the assessable profits earned by foreign investors from the foreign investment enterprises established in the PRC from 16 September 2008 onwards. During the year ended 31 December 2015, Xiabu Hong Kong recognized taxable royalty income determined with reference to revenue earned by the PRC subsidiary and interest income from a PRC subsidiary, and the corresponding amounts of which are deductible expenses for the PRC subsidiary. Such royalty income and the interest income are subject to withholding tax of 10% during the years ended 31 December 2014 and 2015.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the year is as following:

	For the year ended 31 December	
	2015	**2014**
	RMB'000	***RMB'000***
Earnings		
Profit for the year attributable to owners of the Company	**263,363**	141,193
Less: Undistributed earnings attributable to convertible preferred shares	**–**	(61,055)
Earnings for the purpose of basic earnings per share	**263,363**	80,138
Add: Undistributed earnings attributable to convertible preferred shares	**–**	61,055
Earnings for the purpose of diluted earnings per share	**263,363**	141,193

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

	For the year ended 31 December	
	2015	**2014**
	'000	***'000***
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	**1,063,473**	474,837
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**7,454**	3,883
Outstanding over-allotment options	**–**	1,867
Convertible preferred shares	**–**	361,760
Weighted average number of ordinary shares for the purpose of diluted earnings per share calculation	**1,070,927**	842,347

9. DIVIDENDS

	For the year ended 31 December	
	2015	**2014**
	RMB'000	***RMB'000***
Dividends recognized as distributions during the year	**97,551**	220,000

On 17 January 2014, the Company declared a dividend of RMB0.1808 per ordinary share and per convertible preferred share with total dividends of RMB150,000,000 to shareholders of ordinary and convertible preferred shares for the year ended 31 December 2013. The dividend was paid in February 2014.

On 11 September 2014, the Company declared a dividend of RMB0.0846 per ordinary share and per convertible preferred share with total dividends of RMB70,000,000 to shareholders of ordinary and convertible preferred shares for the six months ended 30 June 2014. The dividend was paid in September 2014.

On 18 March 2015, the Company declared a dividend of RMB0.047 per share with total dividends of RMB49,521,000 to shareholders for the year ended 31 December 2014. The dividend was paid in June 2015.

On 18 August 2015,the Company declared a dividend of RMB0.044 per share with total dividends of RMB48,030,000 to shareholders for the six months ended 30 June 2015. The dividend was paid in September 2015.

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2015 of RMB0.054 per share, amounting to approximately RMB57,315,000 has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming general meeting. The dividend has not been included as a liability in these consolidated financial statements.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2015	**2014**
	RMB'000	***RMB'000***
Trade receivables	**21,113**	9,122
Less: allowance for doubtful debts	**(1,706)**	(2,180)
	19,407	6,942
Prepaid operating expenses	**21,970**	20,464
Prepayments to suppliers	**17**	590
Current portion of lease prepayments for land use right	**534**	534
Interest receivable	**7,215**	–
Other receivables	**4,208**	4,070
	53,351	32,600

The following is an aged analysis of trade receivables presented based on the invoice date:

	As at 31 December	
	2015	**2014**
	RMB'000	***RMB'000***
Within 60 days	**17,906**	3,363
61 to 180 days	**561**	268
181 days to 1 year	**–**	903
Above 1 year	**940**	2,408
	19,407	6,942

11. TRADE PAYABLES

Trade payables are non-interest bearing and are normally granted on 60-days credit term. An aged analysis of the Group's trade payables, as at the end of each year, based on the goods received date, is as follows:

	As at 31 December	
	2015	**2014**
	RMB'000	***RMB'000***
Within 60 days	**142,941**	101,933
61 to 180 days	**5,144**	10,703
181 days to 1 year	**117**	207
Over 1 year	**783**	979
	148,985	113,822

12. SHARE CAPITAL

Issued and fully paid-up:

	As at 31 December	
	2015	**2014**
	USD'000	***USD'000***
Share capital of US$0.000025 each	**27**	27
	RMB'000	***RMB'000***
Presented as:		
Ordinary shares	**172**	171

	As at 31 December	
	2015	**2014**
	'000	***'000***
Number of shares:		
Fully paid ordinary shares	**1,064,186**	1,054,364

Ordinary shares

	Authorized shares		Issued capital	
	Number of shares	Amount	Number of shares	Amount
	'000	*RMB'000*	*'000*	*RMB'000*
Balance at 1 January 2014	1,622,736	277	450,000	77
Increase in authorised capital and conversion from convertible preferred shares	377,264	59	377,264	59
New issue of shares to the public	–	–	227,100	35
Balance at 31 December 2014	2,000,000	336	1,054,364	171
Increase in authorised capital and				
New issue of shares to the public *(Note i)*	–	–	9,437	1
Exercise of issued share option	–	–	385	–
Balance at 31 December 2015	2,000,000	336	1,064,186	172

Notes:

(i) On 9 January 2015, 9,436,500 ordinary shares with par value of US$0.000025 each of the Company were issued at HK$4.70 by way of placing and public offer. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Save for the issue of shares of the Company pursuant to the partial exercise of the over-allotment option as part of the Global Offering as described in the Prospectus and the announcement of the Company dated 9 January 2015, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the year ended 31 December 2015.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board recommends the payment of the 2015 Final Dividend of RMB0.054 per share for the year ended 31 December 2015 and is subject to the approval of the Company's shareholders at the forthcoming AGM, which will be held on 30 May 2016. Adopting an exchange rate of HK$1 = RMB0.84375, the 2015 Final Dividend is equivalent to HK$0.064 per share.

The register of members of the Company will be closed from 26 May 2016 to 30 May 2016 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the forthcoming AGM to be held on 30 May 2016, all transfer 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 25 May 2016.

Subject to the approval of the declaration of the 2015 Final Dividend at the forthcoming AGM, the register of members of the Company will also be closed from 6 June 2016 to 8 June 2016 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed 2015 Final Dividend, all transfer 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 3 June 2016. The 2015 Final Dividend, if approved by the Company's shareholders at the forthcoming AGM, will be paid on or about 20 June 2016 to those shareholders whose name appear on the register of member of the Company on 8 June 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2015, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

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

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 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 year ended 31 December 2015.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the Code. As at the date of this announcement, the Audit Committee comprises two independent non-executive Directors, namely, Ms. Hsieh Lily Hui-yun and Mr. Hon Ping Cho Terence and a non-executive Director, namely Mr. Wei Ke. Ms. Hsieh Lily Hui-yun is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the annual results for the year ended 31 December 2015. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.xiabu.com). The annual report will be despatched to the shareholders 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, 29 March 2016

As at the date of this announcement, the Board comprises Mr. HO Kuang-Chi and Ms. YANG Shuling as executive Directors; Ms. CHEN Su-Yin and Mr. WEI Ke as non-executive Directors; and Ms. HSIEH Lily Hui-yun, Mr. HON Ping Cho Terence and Ms. CHEUNG Sze Man as independent non-executive Directors.