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 2016

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2016	2015	Year-on-Year
	RMB'000	*RMB'000*	Change(1)
	(audited)	(audited)	%
Revenue	**2,758,137**	2,424,606	13.8
Restaurant level operating profit(1)(3)	**639,830**	495,154	29.2
Profit before tax	**473,122**	323,120	46.4
Profit for the year attributable to owners of the Company	**368,028**	263,363	39.7
Adjusted net profit(2)(3)	**372,467**	269,886	38.0

(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.

(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	
	2016	**2015**
Total restaurants (#)	**639**	552
Seat turnover rate (X)[1]	**3.4**	3.4
Average spending per customer (RMB)[2]	**47.7**	46.8

(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 RMB0.086 per share, amounting to approximately a total of RMB91.26 million for the year ended 31 December 2016 and representing approximately 40% of the Group's net profit for the six months ended 31 December 2016.

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 2016. 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 2016, the Group opened a total of 112 new restaurants, in line with the Group's overall restaurant network expansion plan for the year. The Group extended its restaurant network into Anhui, Jilin and Shaanxi provinces and Ningxia and Inner Mongolia autonomous regions in 2016. In particular, the Group also launched its mid- to high-end casual dining brand, "Coucou" (湊湊), in 2016, with two of the 112 new restaurants opened by the Group during the year being established under the Coucou brand in Beijing. As of 31 December 2016, the Group owned and operated 639 restaurants in 58 cities over 11 provinces, two autonomous regions and in three centrally administered municipalities, namely Beijing, Tianjin and Shanghai, in China.

Despite the slowdown in China's economic growth, the Group managed to grow its revenue by 13.8% from RMB2,424.6 million in 2015 to RMB2,758.1 million in 2016 primarily due to the Group's effort to expand its restaurant network and a robust nationwide same-store sales growth of 3.0%. Meanwhile, the Group's efforts in controlling procurement costs for raw materials by economies of scale and price bargaining power enhancement, coupled with the reduction in the tax burden on the Company as a result of the PRC tax reform starting in May 2016 whereby existing business tax is being replaced by value-added tax, resulted in a 29.2% growth in the Group's restaurant level operating profit from RMB495.2 million in 2015 to RMB639.8 million in 2016. As of 31 December 2016, the Group's net current assets increased by 8.9% to RMB1,137.1 million from RMB1,044.6 million as of 31 December 2015.

Industry review

In 2016, China's catering service market was slowly recovering despite the slowdown in China's economic growth. China's gross domestic product grew by 6.7% in 2016 to reach RMB74,413 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 10.8% from 2015 to reach RMB3,580 billion. In addition, the Internet continues to penetrate into the catering service industry and changes consumers' consumption behavior. As a result, the operation and marketing in the traditional catering service industry are experiencing significant changes.

Overall Business and Financial Performance

The Group's restaurant network

In 2016, the Group adhered to its restaurant network expansion plan and opened a total of 112 new restaurants. In addition, the Group closed a total of 25 restaurants in 2016 due to commercial reasons. In aggregate, the Group's restaurants in operation increased by 87 in 2016. 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			
	2016		2015	
	#	%	#	%
Beijing	**285**	**44.6**	275	49.8
Shanghai	**54**	**8.5**	58	10.5
Tianjin	**60**	**9.4**	49	8.9
Other regions[1]	**240**	**37.5**	170	30.8
Total	**639**	**100.0**	552	100.0

(1) Including 58 cities in Hebei, Liaoning, Jiangsu, Shandong, Shanxi, Henan, Hubei, Heilongjiang, Anhui, Jilin and Shaanxi provinces and Ningxia and Inner Mongolia Autonomous Regions.

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	
	2016	2015
Revenue (in RMB thousands)		
Beijing	**1,635,159**	1,525,953
Shanghai	**192,915**	202,861
Tianjin	**222,385**	184,311
Other regions[1]	**707,678**	511,481
Total	**2,758,137**	2,424,606
Seat turnover rate (X)[2]		
Beijing	**4.0**	3.9
Shanghai	**2.4**	2.4
Tianjin	**3.1**	3.1
Other regions[1]	**2.8**	2.8
Total	**3.4**	3.4

	As of or for the years ended 31 December	
	2016	**2015**
Average spending per customer (RMB)[3]		
Beijing	**48.6**	47.0
Shanghai	**50.0**	48.4
Tianjin	**46.3**	46.0
Other regions[1]	**45.6**	45.6
Total	**47.7**	46.8

(1) Including 58 cities in Hebei, Liaoning, Jiangsu, Shandong, Shanxi, Henan, Hubei, Heilongjiang, Anhui, Jilin and Shaanxi provinces and Ningxia and Inner Mongolia Autonomous Regions.

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

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

In 2016, Beijing continued to be the Group's most important geographical market both in terms of restaurant count and revenue contribution. Meanwhile, as the Group successfully implemented its nationwide expansion plan, the Group's revenue generated from restaurants outside Beijing increased in absolute terms and as a percentage of the Group's total revenue in 2016. On the other hand, average customer spending continued to increase in 2016, primarily due to the increase in sales of premium menu items with higher profit margin as the Group continued to optimize its product combinations and launch new products regularly.

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>2015</th><th>2016</th><th>2014</th><th>2015</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">233</td><td colspan="2">223</td></tr>
<tr><td>Shanghai</td><td colspan="2">52</td><td colspan="2">51</td></tr>
<tr><td>Tianjin</td><td colspan="2">43</td><td colspan="2">37</td></tr>
<tr><td>Other regions[1]</td><td colspan="2">139</td><td colspan="2">86</td></tr>
<tr><td>Total</td><td colspan="2">467</td><td colspan="2">397</td></tr>
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	Year ended 31 December		Year ended 31 December	
	2015	**2016**	**2014**	**2015**
Same-store sales (in RMB millions)				
Beijing	**1,457.3**	**1,519.2**	1,408.1	1,365.3
Shanghai	**188.3**	**190.8**	211.6	189.5
Tianjin	**187.8**	**195.4**	149.2	153.0
Other regions[1]	**503.2**	**501.5**	329.5	305.9
Total	**2,336.6**	**2,406.9**	2,098.4	2,013.7
Same-store sales growth (%)				
Beijing	**4.2**		(3.0)	
Shanghai	**1.3**		(10.4)	
Tianjin	**4.0**		2.6	
Other regions[1]	**(0.3)**		(7.2)	
Nationwide	**3.0**		(4.0)	

(1) Including 58 cities in Hebei, Liaoning, Jiangsu, Shandong, Shanxi, Henan, Hubei, Heilongjiang, Anhui, Jilin and Shaanxi provinces and Ningxia and Inner Mongolia Autonomous Regions.

In 2016, the Group's nationwide same-store sales increased by 3.0%, primarily due to the effective promotion campaign and enhanced branding initiatives by the Group.

Outlook for 2017

Business Outlook

During 2017, 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 drivers* – Based on its casual hotpot business, the Group endeavors to develop additional growth drivers, including "Xiabu Fresh" delivery business, "Coucou" restaurants, tea stands and the condiment products to be developed by Xiabuxiabu (China) Food Holdings Co., Limited (呷哺呷哺(中國)食品控股有限公司) and its subsidiary (collectively, the "**Condiment JV Companies**"). The Group plans to continue to customize and optimize its menu to suit its new development. Meanwhile, the Group will optimize its brand positioning and pricing strategies of the menu items in Xiabuxiabu and Coucou restaurants and the condiment products in response to the ever changing market conditions. The Group expects to further extend the business hours of Coucou and introduce new products to improve the sales density of restaurants. In addition, the Group will actively manage the distribution network of the condiment products to be developed by the Condiment JV Companies and proactively monitoring the retail price and preventing counterfeiting of its products. The Group plans to leverage on the strong recognition of its Xiabuxiabu brand to further develop these additional business lines.

- *Expansion of restaurant network* – The Group will follow its five-year strategic plan to steadily expand the Group's business. In 2017, the Group plans to open 100 new restaurants. The Group plans to consolidate its leading position and deepens its penetration in its existing markets. 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 when the Group ventures into mature and emerging markets.

- *Drive same-store growth* – In addition to branding and promotion initiatives such as an enhanced visual and space identity system, the Group will accelerate its exploration on the "Xiabu Fresh" delivery business to fully utilize business hours during rush hours such as lunch and dinner time to improve its sales density. The Group endeavors to shorten the construction time for the Xiabuxiabu 2.0 restaurant upgrade to improve the Group's operating results. The Group will continue to collaborate with leading online and mobile meal ordering and delivery platforms to promote its "Xiabu Fresh" delivery business and the Group currently plans to extend such delivery business to 50 additional restaurants in 2017. To improve customer experience, the Group plans to improve the packaging and shorten the delivery time of "Xiabu Fresh". In addition, the Group endeavors to enhance interactions with customer through customer relationship management ("**CRM**") program, which is expected to further increase customer loyalty and brand stickiness. The Group also plans to fully utilize its 1.6 million members and continue to increase the size of the members via attractive reward program and further rollout targeted marketing initiatives to fully leverage on big data.

- *Cost control* – The Group plans to continue to control its procurement cost while maintaining a stringent quality standard. The Group plans to further enhance its procurement system and design cost control measures tailored for different categories of supplies. As the Group launches new stores and expands its restaurant network, the Group plans to update its list of approved suppliers and deepen the cooperation with farmers and agricultural cooperatives to ensure sufficient supply of quality ingredients. The Group also plans to adjust its inventory strategy in accordance with market condition and constantly monitor its level of inventory. To control its staff costs, the Group intends to optimize restaurant layout, introduce new technologies and continuously improve operation management efficiency in response to the challenging labor market. In addition, the Group intends to continue to strictly follow the tender procedures for the selection of suppliers for the construction and decoration of Xiabuxiabu 2.0 restaurants to control the relevant costs. Furthermore, the Group intends to enhance its brand value, strengthen strategic alliance with well-known real estate developers to 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 managers of specific markets to take full responsibility for marketing and sales, restaurant openings and profit management in the respective local markets. As to employee development, in addition to constantly implementing the management trainee project, the Group will continuously enhance its employee appraisal, training and promotion system as well as remuneration system, to ensure the Group remains competitive to attract talents.

- *Maintain stringent food safety and quality standard* – The Group is committed to enforcing 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 to enhance 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) continue to enforce self-evaluation and stringent control on the Group's food safety and quality control standards and measures.

Industry Outlook

The Group believes that the growth 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:

- *Stronger demand for mass-market oriented restaurants* – Demand for mass-market oriented restaurants is always rigid, offering value for money and convenience, these restaurants have gained stronger market recognition and well-liked by consumers. The growth of sales from mass-market oriented restaurants was the driving force behind the recovery of China's catering industry in 2016, and the trend is expected to persist in 2017.

- *Increasing attention from the capital market* – China's catering service industry continued to recover in 2016, despite at a slow pace. Meanwhile, catering service providers have also diversified their access to the capital market, which is expected to boost the growth in China's catering service industry. The global capital market also shows stronger interest in restaurant operators focusing on the Chinese market. Many large international restaurant operators has shown increasing interest in Chinese- and Asian-style quick service restaurants ("**QSRs**") and might expand their operations accordingly.

- *Demand for dining convenience* – O2O dining, mobile apps for restaurants and dining, online and mobile order and delivery platforms, WeChat, CRM system and other modern information technologies are enabling customers to make reservation, order, 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.

- *Food processing becomes a new growth driver* – A number of catering services providers began to explore food processing business as a supplement to their existing business models and have obtained impressive success. It is expected that the food processing business will continue to be a potential growth driver for catering service providers in 2017.

- *Restaurants become more popular among commercial complexes operators* – As e-commerce continues to impact the retail business, restaurants' ability to bring people flow has become especially attractive for operators of commercial complexes. Such growing popularity is expected to affect the site selection strategy of catering service providers in 2017 and going forward.

- *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, as well as pressure for business model innovation.

The Group expects to further its long-standing dedication in China's catering service market and leverages on its dining concepts and value propositions, 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 2015 to 2016:

	Year Ended 31 December				Year-on-Year Change
	2016		2015		
	RMB	*%*	*RMB*	*%*	*%*
	(In thousands, except for percentages and per share data)				
Consolidated Statement of Profit or Loss and Other Comprehensive Income					
Revenue	**2,758,137**	**100.0**	2,424,606	100.0	13.8
Other income	**31,496**	**1.1**	26,658	1.1	18.1
Raw materials and consumables used	**(979,258)**	**(35.5)**	(946,164)	(39.0)	3.5
Staff costs	**(651,956)**	**(23.6)**	(542,980)	(22.4)	20.1
Property rentals and related expenses	**(356,971)**	**(12.9)**	(328,416)	(13.5)	8.7
Utilities expenses	**(108,951)**	**(4.0)**	(101,375)	(4.2)	7.5
Depreciation and amortization	**(113,968)**	**(4.1)**	(120,022)	(5.0)	(5.0)
Other expenses	**(146,947)**	**(5.3)**	(139,297)	(5.7)	5.5
Other gains and losses	**41,540**	**1.5**	50,110	2.1	(17.1)
Profit before tax	**473,122**	**17.2**	323,120	13.3	46.4
Income tax expense	**(105,094)**	**(3.8)**	(59,757)	(2.5)	75.9
Profit for the year attributable to owners of the Company	**368,028**	**13.3**	263,363	10.9	39.7
Other comprehensive expense for the year	**(1,232)**	**(0.0)**	–	–	–
Profit and total comprehensive income for the year attributable to owners of the Company	**366,796**	**13.3**	263,363	10.9	39.3
Earnings per share					
Basic (RMB cents per share)	**34.71**		24.76		
Diluted (RMB cents per share)	**34.48**		24.59		

Revenue

The Group's revenue increased by 13.8% from RMB2,424.6 million in 2015 to RMB2,758.1 million in 2016, primarily due to (i) the increase in the number of the Group's restaurants from 552 as of 31 December 2015 to 639 as of 31 December 2016 and (ii) the nationwide same-store sales growth of 3.0%. The Group opened a total of 112 restaurants throughout China in 2016 to further expand the Group's restaurant network by opening stores in more desirable locations with more customer traffic. Meanwhile, as a result of the Group's effective initiatives in promotion and branding, the Group recorded a robust same-store sales growth of 3.0% nationwide.

Other income

The Group's other income increased by 18.1% from RMB26.7 million in 2015 to RMB31.5 million in 2016, primarily due to a government subsidy of approximately RMB4.4 million the Group received from the local government for the Group's local business development in 2016. There were no unfulfilled conditions in the period in which they were recognised.

Raw materials and consumables used

The Group's raw materials and consumables costs increased by 3.5% from RMB946.2 million in 2015 to RMB979.3 million in 2016 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 39.0% in 2015 to 35.5% in 2016, primarily due to (i) the Group's continued procurement cost control efforts, in particular, the implementation of a more stringent control of bidding process for the procurement of food ingredients; (ii) the increase in sales of premium menu items with high profit margin as the Group continued to optimize its menu, adjust products mix and launch of new products; and (iii) the transition from business tax to value-added tax effective from 1 May 2016, which enables the Group to deduct certain input value-added tax and lower the raw material and consumables costs.

Staff costs

The Group's staff costs increased by 20.1% from RMB543.0 million in 2015 to RMB652.0 million in 2016, primarily due to an increase in the number of the Group's employees from 13,582 as of 31 December 2015 to 15,544 as of 31 December 2016, as well as an increase in per capita wages, which in turn was generally in line with China's labor market. As a percentage of the Group's revenue, the Group's staff costs increased from 22.4% in 2015 to 23.6% in 2016, primarily as a result of an increase in per capita wages. In 2016, in connection with the pre-IPO share incentive plan adopted by the Company on 28 August 2009 (the "**Pre-IPO Share Incentive Plan**") and the restricted share unit scheme adopted by the Company on 28 November 2014 (the "**RSU Scheme**"), the Group incurred equity-settled share-based expenses of RMB4.4 million (2015: RMB6.5 million).

Property rentals and related expenses

The Group's property rentals and related expenses increased by 8.7% from RMB328.4 million in 2015 to RMB357.0 million in 2016, 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 revenue outpaced the increase in the Group's property rentals and related expenses, and the Group's property rentals and related expenses decreased from 13.5% in 2015 to 12.9% in 2016 as a percentage of the Group's revenue.

Utilities expenses

The Group's utilities expenses increased by 7.5% from RMB101.4 million in 2015 to RMB109.0 million in 2016 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 relatively stable at 4.0% in 2016 as compared with 4.2% in 2015.

Depreciation and amortization

The Group's depreciation and amortization decreased by 5.0% from RMB120.0 million in 2015 to RMB114.0 million in 2016, primarily attributable to the fact that a number of restaurants and the associated assets had been fully depreciated in 2015. As a percentage of the Group's revenue, depreciation and amortization decreased from 5.0% in 2015 to 4.1% in 2016.

Other expenses

The Group's other expenses increased by 5.5% from RMB139.3 million in 2015 to RMB146.9 million in 2016. The increase in absolute amount of the Group's other expenses was primarily due to (i) the increase of logistics expenses as a result of the increase in restaurant count; and (ii) the increase in delivery expenses as a result of the expansion of Xiabu Fresh. As a percentage of the Group's revenue, the Group's other expenses decreased from 5.7% in 2015 to 5.3% in 2016 as the growth in revenue outpaced the growth in other expenses.

Other gains and losses

The Group's other gains decreased by 17.1% from RMB50.1 million in 2015 to RMB41.5 million in 2016, primarily as a result of (i) the decrease in the net foreign exchange gain recorded by the Company from RMB38.4 million in 2015 to RMB29.1 million in 2016 and (ii) the impairment loss recognised in respect of leasehold improvement of RMB6.7 million in 2016 (2015: Nil). Such decrease was partially offset by an increase in the gains from changes in fair value of financial assets designated at fair value through profit or loss, which represent the short-term investment the Group made as part of the Group's treasury policy, from RMB13.0 million in 2015 to RMB22.5 million in 2016. As a percentage of the Group's revenue, other gains decreased from 2.1% in 2015 to 1.5% in 2016.

Profit before tax

As a result of the foregoing, the Group's profit before tax increased by 46.4% from RMB323.1 million in 2015 to RMB473.1 million in 2016, and as a percentage of the Group's revenue, the Group's profit before tax increased from 13.3% in 2015 to 17.2% in 2016.

Without taking into account the expenses the Group incurred in connection with the Pre-IPO Share Incentive Plan and the RSU Scheme of RMB4.4 million (2015: RMB6.5 million), the Group's profit before tax would have increased by 44.9% from RMB329.6 million in 2015 to RMB477.6 million in 2016, and increased from 13.6% in 2015 to 17.3% in 2016 as a percentage of the Group's revenue.

Income tax expense

The Group's income tax expenses increased by 75.9% from RMB59.8 million in 2015 to RMB105.1 million in 2016, 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, increased from 18.5% in 2015 to 22.2% in 2016, primarily due to a decrease in the profits generated by the Company that were not subject to EIT in China as a percentage of the Group's profit before tax from 2015 to 2016.

Profit for the year

As a result of the cumulative effect of the above factors, the Group's profit for the year increased by 39.7% from RMB263.4 million in 2015 to RMB368.0 million in 2016, and as a percentage of the Group's revenue, the Group's profit for the year increased from 10.9% in 2015 to 13.3% in 2016.

Without taking into account the expenses the Group incurred in connection with the Pre-IPO Share Incentive Plan and the RSU Scheme of RMB4.4 million (2015: RMB6.5 million), the Group's profit for the year would have increased by 38.0% from RMB269.9 million in 2015 to RMB372.5 million in 2016, and increased from 11.1% in 2015 to 13.5% in 2016 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			
	2016		2015	
	RMB	*%*	***RMB***	*%*
	(In thousands, except for percentages)			
Revenue:				
Beijing	**1,635,159**	**59.3**	1,525,953	62.9
Shanghai	**192,915**	**7.0**	202,861	8.4
Tianjin	**222,385**	**8.1**	184,311	7.6
Other regions(1)	**707,678**	**25.6**	511,481	21.1
Total	**2,758,137**	**100.0**	2,424,606	100.0
Restaurant Level Operating Profit and Margin Performance(2):				
Beijing	**447,389**	**27.4**	365,387	23.9
Shanghai	**13,010**	**6.7**	11,105	5.5
Tianjin	**52,109**	**23.4**	37,629	20.4
Other regions(1)	**127,322**	**18.0**	81,033	15.8
Total	**639,830**	**23.2**	495,154	20.4

(1) Including 58 cities in Hebei, Liaoning, Jiangsu, Shandong, Shanxi, Henan, Hubei, Heilongjiang, Anhui, Jilin and Shaanxi provinces and Ningxia and Inner Mongolia Autonomous Regions.

(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 2016, 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 62.9% in 2015 to 59.3% in 2016.

In 2016, as a result of the Group's efforts in optimizing its menu and products combinations and controlling its procurement costs, in particular, the implementation of a more stringent control of bidding process for the procurement of food ingredients, as well as controlling its rental expenses for the restaurants, the growth in the Group's restaurant level operating profit outpaced the growth in the Group's revenue. The growth in the Group's restaurant level operating profit was also attributable to the reduction in the tax burden on the Company as a result of the PRC tax reform starting in May 2016 whereby existing business tax was replaced by value-added tax. As a percentage of the Group's revenue, the Group's restaurant level operating profit increased from 20.4% in 2015 to 23.2% in 2016.

(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. The table below sets forth the reconciliation of profit for the year to adjusted net profit:

	Year ended 31 December	
	2016	**2015**
	(In RMB thousands)	
Profit for the year	**368,028**	263,363
Equity-settled share-based payments	**4,439**	6,523
Adjusted net profit	**372,467**	269,886

(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 2016, 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 Company's initial public offering (the "**Global Offering**").

Cash and cash equivalents

As of 31 December 2016, the Group had cash and cash equivalents of RMB1,479.2 million as compared with RMB1,354.5 million as of 31 December 2015, which primarily consisted of cash on hand and demand deposits and which were mainly denominated in Renminbi (as to 70.2%), Hong Kong dollars (as to 7.7%), and U.S. dollars (as to 22.1%).

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 2016, 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 from the Global Offering has been deposited into short-term demand deposits and money market instruments such as short-term financial products issued by reputable commercial banks as well as bonds. In 2017 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**").

Short-term investments

The Company subscribed for and held various short-term investments throughout the year ended 31 December 2016, which mainly represented short-term investments in financial products ("**Financial Products**") issued by Bank of Communications Co., Ltd., China Merchants Bank Co., Ltd. and Shanghai Pudong Development Bank Co., Ltd. The Financial Products were not principal protected nor with pre-determined or guaranteed return. The Company generally subscribed for the Financial Products on a revolving basis, which means that the Company would subscribe for additional Financial Products when the terms of certain Financial Products previously subscribed for by the Company expired. As of 31 December 2016, all the Financial Products had expired, thus the Group did not have any financial assets designated at fair value through profit or loss as of that date.

The Financial Products which the Company subscribed for during the year ended 31 December 2016 were with a term ranging from 2 days to 180 days and an expected return rate ranging from 2.61% to 4.65% per annum. As of 31 December 2016, all Financial Products subscribed for by the Company in 2016 had been fully redeemed or matured and the Group had totally recovered the principal and received the expected returns upon the redemption or maturity of the Financial Products. The gain the Group realized from the Financial Product which was recorded as changes in fair value of financial assets designated at fair value through profit or loss amounted to approximately RMB22.5 million for the year ended 31 December 2016.

The underlying investments of the Financial Products were primarily (i) fixed income products such as corporate and government bonds with AA rating if a rating has been obtained, deposits and other money market funds; (ii) structured equities or securities investment products and/or other asset management plans or funds; and (iii) non-standardized debts instruments such as entrustment loans, acceptance bills and/or letter of credits.

Subscriptions of Financial Products were made for treasury management purpose to maximize the return on the unutilized funds of the Company after taking into account, among others, the level of risk, return on investment and the term to maturity. Generally, the Company had in the past selected standard short-term financial products issued by reputable commercial banks that had relatively low associated risk. Prior to making an investment, the Company had also ensured that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments in such Financial Products. However, in accordance with the relevant accounting standards, the Financial Products are accounted for as financial assets designated at fair value through profit or loss.

Although the Financial Products were marketed as wealth management products which were not principal protected nor with pre-determined or guaranteed return, the underlying investments were considered to have relatively low risk and are also in line with the internal risk management, cash management and investment policies of the Group as the Company had totally recovered the principal and received the expected returns upon the redemption or maturity of the Financial Products. In addition, the Financial Products were with flexible redemption terms or a relatively short term of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return.

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

Details of subscriptions of Financial Products during the year ended 31 December 2016 which constituted notifiable transactions of the Company under Chapter 14 of the Listing Rules were disclosed in the announcements of the Company dated 30 September 2016, 26 October 2016, 14 November 2016, 29 November 2016, 5 December 2016 and 16 December 2016. Save as otherwise disclosed in these announcements, there was no other single short-term investment, including those accounted for as available-for-sale investments and financial assets at fair value through profit or loss, in the Group's investment portfolio that was considered a significant investment as none of the investments has a carrying amount that account for more than 5% of the Group's total assets.

Indebtedness

As of 31 December 2016, 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 RMB137.0 million in 2016 in connection with new restaurant opening and re-decoration and furnishing of existing stores. In 2015, the Group made payment for the capital expenditures of RMB130.2 million. The Group's capital expenditure in 2016 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 2016, the Group opened a total of 112 new restaurants. As of 31 December 2016, the Company did not have any charge over its assets.

Contingent liabilities and guarantees

As of 31 December 2016, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against the Group.

Material acquisitions and future plans for major investment

On 18 October 2016, the Company and Mr. Ho Kuang-Chi, the Chairman of the Board and an executive Director, entered into a joint venture agreement (the "**JV Agreement**") pursuant to which the Company and Mr. Ho agreed to establish a joint venture company, to be named Xiabuxiabu (China) Food Holdings Co., Limited (呷哺呷哺(中國)食品控股有限公司) (the "**JV Company**"), in the Cayman Islands. Pursuant to the JV Agreement, the Company shall initially contribute US$600,000, representing 60% of the total issued share capital of the JV Company, to the JV Company. The Company also committed to further invest US$6,000,000 into the JV Company by subscribing for its shares and/or providing shareholders' loans to the JV Company in proportion to its shareholding as the business of the JV Company develops. Pursuant to the JV Agreement, the JV Company will establish a wholly-owned operating subsidiary in the PRC, to be named Xiabuxiabu (China) Food Co., Limited (呷哺呷哺(中國)食品有限公司) (the "**JV Subsidiary**"), to engage in the research, development, production and sale of condiment products including soup bases, dipping sauces, seasoning sauces and products and various compound condiments, and products with gift-wrapping and limited editions which target mid- to high-end customers. As of the date of this announcement, the establishment of the joint venture structure has not yet been completed and it is currently expected that the establishment of the joint venture structure will be completed in the second quarter of 2017. Further details with respect to the JV Agreement and the establishment of the JV Company and the JV Subsidiary thereunder were set out in the announcement of the Company dated 18 October 2016 and will be set out in the section headed "Directors' Report – Connected Transactions" in the Company's 2016 annual report to be issued in due course.

Save as disclosed above, the Group did not conduct any material investments, acquisitions or disposals in 2016. 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 costs

As of 31 December 2016, the Group had a total of 15,544 employees. In particular, 133 employees worked at the Group's food processing facilities, 1,496 are responsible for restaurant management and 13,141 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 2016, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to RMB652.0 million, representing approximately 23.6% of the total revenue of the Group.

Pursuant to the Pre-IPO Share Incentive Plan, options to subscribe for an aggregate of 22,675,624 shares (representing approximately 2.12% 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 of 31 December 2016. The Company has also adopted the RSU Scheme which became effective upon the date of listing of the Company. Computershare Hong Kong Trustees Limited has been appointed as the trustee for the administration of the RSU Scheme pursuant to the rules of the RSU Scheme (the "**RSU Trustee**"). During the year ended 31 December 2016, the RSU Trustee purchased an aggregate of 7,954,500 shares at a total cash consideration of approximately HK$28,780,000 on-market to hold on trust for the benefit of the participants of the RSU Scheme (the "**RSU Participants**") pursuant to the rules of the RSU Scheme and the trust deed entered into between the Company and the RSU Trustee. Such shares will be used as awards for relevant RSU Participants upon the grant and vesting of restricted share units ("**RSUs**"). On 17 November 2016, an executive Director and the chief executive officer of the Company, the chief financial officer of the Company and 13 employees of the Group were granted RSUs in respect of an aggregate of 2,910,920 shares. The grantees of the RSUs are not required to pay for the grant of any RSUs under the RSU Scheme or for the exercise of the RSUs. As of 31 December 2016, RSUs in respect of an aggregate of 2,910,920 shares (representing approximately 0.27% of the total issued share capital of the Company as at the date of this announcement) granted by the Company under the RSU Scheme remained outstanding. 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 and the RSUs granted under the RSU Scheme, will be set out in the section headed "Directors' Report" in the Company's 2016 annual report to be issued in due course.

Final Dividend

The Board recommends the payment of a final dividend of RMB0.086 per share, amounting to approximately a total of RMB91.26 million for the year ended 31 December 2016 (the "**2016 Final Dividend**"), representing approximately 40% of the Group's net profit for the six months ended 31 December 2016. The 2016 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 2016 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

		For the year ended 31 December	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**2,758,137**	2,424,606
Other income	*4*	**31,496**	26,658
Raw materials and consumables used		**(979,258)**	(946,164)
Staff costs		**(651,956)**	(542,980)
Property rentals and related expenses		**(356,971)**	(328,416)
Utilities expenses		**(108,951)**	(101,375)
Depreciation and amortization		**(113,968)**	(120,022)
Other expenses		**(146,947)**	(139,297)
Other gains and losses	*5*	**41,540**	50,110
Profit before tax	*6*	**473,122**	323,120
Income tax expense	*7*	**(105,094)**	(59,757)
Profit for the year attributable to owners of the Company		**368,028**	263,363
Other comprehensive expense for the year		**(1,232)**	–
Profit and total comprehensive income for the year attributable to owners of the Company		**366,796**	263,363
Earnings per share			
– basic (RMB cents per share)	*8*	**34.71**	24.76
– diluted (RMB cents per share)	*8*	**34.48**	24.59

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

		As at 31 December	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**398,700**	333,709
Intangible assets		**1,241**	984
Lease prepayments for land use right		**22,476**	23,010
Available-for-sale investment	*9*	**35,071**	–
Deferred tax assets	*10*	**78,704**	47,729
Rental deposits		**58,655**	46,982
		594,847	452,414
Current assets			
Inventories		**124,515**	103,869
Trade and other receivables and prepayments	*12*	**96,347**	53,351
Available-for-sale investment	*9*	**17,687**	–
Bank balances and cash		**1,479,208**	1,354,497
		1,717,757	1,511,717
Current liabilities			
Trade payables	*13*	**167,360**	148,985
Accrual and other payables		**341,600**	278,283
Tax payables		**70,371**	34,381
Provision		**–**	1,106
Deferred income		**1,320**	4,338
		580,651	467,093
Net current assets		**1,137,106**	1,044,624
Total assets less current liabilities		**1,731,953**	1,497,038
Non-current liability			
Deferred income		**15,645**	16,555
Net assets		**1,716,308**	1,480,483

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2016

		As at 31 December	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
Capital and reserves			
Share capital	*15*	**172**	172
Reserves		**1,716,136**	1,480,311
Total equity		**1,716,308**	1,480,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. GENERAL INFORMATION

Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (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 Company and its subsidiaries (collectively referred to as "**the Group**") are 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 NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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

Amendments to IFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRSs	Annual Improvements to IFRs 2012-2014 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

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

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 7	Disclosure Initiative[4]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2014-2016 Cycle[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 a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5. Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

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 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

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

All recognised financial assets that are within the scope of IFRS 9 are required to be 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 fair value through other comprehensive income. All other debt 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.

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 Financial Instruments: Recognition and Measurement. 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.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the Directors anticipate that the adoption of IFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2016.

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.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors anticipate that the application of IFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest expense and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows by the Group.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of RMB1,458,389,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

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	
	2016	2015
	RMB'000	*RMB'000*
Restaurant operations	**2,758,137**	2,424,606

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	
	2016	2015
	RMB'000	*RMB'000*
Interest income on:		
– bank deposits	**15,537**	18,247
– AFS investments	**2,382**	–
	17,919	18,247
Promotion service income	**1,067**	808
Government grant		
– subsidy received *(Note)*	**4,394**	2,114
– release from deferred income	**910**	910
	5,304	3,024
Others	**7,206**	4,579
	31,496	26,658

Note:

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 recognised.

5. OTHER GAINS AND LOSSES

	For the year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
(Loss) gain on disposal of property, plant and equipment, net	**(2,998)**	385
Foreign exchange gain, net	**29,116**	38,401
Loss on closure of restaurants	**(545)**	(1,009)
Provision for the probable losses of the pending lawsuits	**–**	(1,106)
Reversal of impairment loss on trade receivables	**–**	474
Reversal of impairment loss on rental deposit	**898**	1,082
Impairment loss on rental deposit	**(783)**	(1,086)
Impairment loss recognised in respect of leasehold improvement	**(6,694)**	–
Gains from changes in fair value of financial assets designated as at FVTPL	**22,546**	12,969
	41,540	50,110

6. PROFIT BEFORE TAX

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

	For the year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**112,724**	117,313
Amortization of intangible assets	**710**	2,175
Release of lease prepayments for land use right	**534**	534
Total depreciation and amortization	**113,968**	120,022
Operating lease rentals in respect of		
– rented premises (minimum lease payments)	**9,671**	9,009
– restaurants		
– minimum lease payments	**318,200**	293,956
– contingent rent *(Note)*	**29,100**	25,451
	347,300	319,407
Total property rentals and related expenses	**356,971**	328,416
Directors' emoluments	**6,267**	6,547
Other staff cost		
Salaries and other allowance	**597,083**	495,662
Equity-settled share-based payments	**2,173**	3,904
Retirement benefit contribution	**46,433**	36,867
Total staff costs	**651,956**	542,980
Auditor's remuneration	**2,880**	2,420

Note:

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	
	2016	2015
	RMB'000	*RMB'000*
Enterprise income tax ("**EIT**")		
Current tax in the PRC	**120,465**	69,562
Withholding EIT-current year	**12,393**	11,194
Under provision in prior years	**3,211**	–
Deferred tax	**(30,975)**	(20,999)
Total income tax recognised in profit or loss	**105,094**	59,757

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 2016 and 2015. 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 2016, Xiabu Hong Kong recognised 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 2016 and 2015.

Under the EIT Law, withholding tax is also imposed on dividends declared and paid to non-PRC resident in respect of profits earned by a PRC subsidiary from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiary amounting to RMB726 million as at 31 December 2016 (2015: RMB492 million), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	For the year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Profit before tax	**473,122**	323,120
Tax calculated at applicable domestic tax rates at 25%	**118,281**	80,780
Tax effect of different tax rate on intra-group royalty income and interest income subject to withholding tax	**(18,589)**	(16,791)
Effect of different tax rates of company operating in other jurisdictions	**(4,297)**	(15,626)
Tax effect of expenses not deductible for tax purposes	**6,955**	6,816
Tax effect of tax losses and deductible temporary differences not recognised	**3,627**	4,578
Utilisation of tax losses and deductible temporary differences previously not recognised	**(4,094)**	–
Under provision in respect of prior year	**3,211**	–
Income tax expense	**105,094**	59,757

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	
	2016	2015
	RMB'000	*RMB'000*
Earnings for the purpose of calculating basic and diluted earnings per share		
Profit for the year attributable to owners of the Company	**368,028**	263,363

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	
	2016	2015
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,060,147**	1,063,473
Effect of dilutive potential ordinary shares:		
Non-vested share options issued by the Company	**6,969**	7,454
Non-vested shares under the RSU Scheme	**247**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,067,363**	1,070,927

9. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	As at 31 December	
	2016	2015
	RMB'000	*RMB'000*
Listed investments:		
Debt securities listed in the Stock Exchange *(Note)*	**52,758**	–
Analysed for reporting purposes as:		
Current	**17,687**	–
Non-current	**35,071**	–
	52,758	–

Note:

The listed debentures, amounting to RMB17,687,000 and RMB35,071,000 with fixed interest rate of 6.375% and 5.5% per annum respectively, will be matured on 26 September 2017 and 5 June 2018 respectively and are measured at fair value.

10. DEFERRED TAX ASSETS

The movements of the Group's deferred tax assets during the year are as follows:

	Accrued staff costs	**Deferred income**	**Allowance for doubtful debts**	**Impairment of leasehold improvement**	**Accrued expense not paid**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	20,434	5,183	922	–	–	191	26,730
Charge (credit) to profit or loss	(20,434)	(85)	(253)	–	41,938	(167)	20,999
At 31 December 2015	–	5,098	669	–	41,938	24	47,729
Charge (credit) to profit or loss	–	(887)	(625)	484	32,003	–	30,975
At 31 December 2016	–	4,211	44	484	73,941	24	78,704

11. DIVIDENDS

	For the year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Dividends recognised as distributions during the year	**113,675**	97,551

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.

On 29 March 2016, the Company declared a dividend of RMB0.054 per share with total dividends of RMB57,720,000 to shareholders for the year ended 31 December 2015. The dividend was paid in June 2016.

On 25 August 2016, the Company declared a dividend of RMB0.052 per share with total dividends of RMB55,955,000 to shareholders for the six months ended 30 June 2016. The dividend was paid in September 2016.

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2016 of RMB0.086 per share, amounting to approximately RMB91,256,000 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming general meeting, which will be held on 26 May 2017. The 2016 final dividend will be declared in RMB and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the rate of exchange as quoted to the Company by The Hongkong and Shanghai Banking Corporation Limited as its middle rate of exchange prevailing on 6 June 2017. The dividend has not been included as a liability in these consolidated financial statements.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**11,888**	21,113
Less: allowance for doubtful debts	**–**	(1,706)
	11,888	19,407
Prepaid operating expenses	**27,865**	21,970
Prepayments to suppliers	**3,727**	17
Current portion of lease prepayments for land use right	**534**	534
Interest receivable	**8,673**	7,215
Amounts prepaid to the RSU Trustee for purchase of ordinary shares	**10,037**	–
Prepayments for value-added tax	**26,740**	–
Other receivables	**6,883**	4,208
Total trade and other receivables and prepayments	**96,347**	53,351

The Group allows an average credit period of 1-30 days to its trade customers. The credit period provided to customers can vary based on a number of factors including nature of operations and the Group's relationship with the customer.

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

	As at 31 December	
	2016	2015
	RMB'000	*RMB'000*
Within 60 days	**11,888**	17,906
61 to 180 days	**–**	561
181 days to 1 year	**–**	–
Above 1 year	**–**	940
	11,888	19,407

Movement in the allowance for doubtful debts

	For the year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
At beginning of the year	**1,706**	2,180
Reversal of impairment losses on trade receivables	**–**	(474)
Amounts written off as uncollectible	**(1,706)**	–
At the end of the year	**–**	1,706

Aging of trade receivables that are past due but not impaired:

	As at 31 December	
	2016	2015
	RMB'000	*RMB'000*
Overdue by:		
91 to 180 days	**–**	–
181 to 1 year	**–**	–
Above 1 year	**–**	940
	–	940

At the end of the reporting period, there are no trade receivables that have expired but not impaired.

13. 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	
	2016	2015
	RMB'000	*RMB'000*
Within 60 days	**163,559**	142,941
61 to 180 days	**964**	5,144
181 days to 1 year	**1,930**	117
Over 1 year	**907**	783
	167,360	148,985

14. RESTRICTED SHARE UNIT SCHEME

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

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

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

During the year ended 31 December 2016, the RSU Trustee has purchased an aggregate of 7,954,500 Shares with consideration of HK$28,780,000 (equivalent to approximately RMB24,556,000) from the market. The shares will be held on trust for the benefit of the RSU Participants pursuant to the RSU Scheme and the trust deed. The shares so purchased will be used as awards for relevant participants in the RSU Scheme (the "RSU Participants").

During the year ended 31 December 2016, the Company purchased its own shares on the Stock Exchange as follows:

Month of repurchase	**Number of ordinary shares**	**Price per share**		**Aggregate consideration paid**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$'000*
January	2,992,500	2.78	2.75	8,311
June	2,141,000	4.00	3.93	8,580
July	2,000,000	3.97	3.97	8,017
November	821,000	5.11	4.70	3,872

As at 31 December 2016, amounts about RMB10,037,000 were held by the RSU Trustee to purchase ordinary share from the market in the forthcoming period according to the instruction of the Company.

On 17 November 2016, one director, one key management personnel and 13 employees of the Group were granted RSUs in respect of an aggregate of 2,910,920 shares. The Grantees of the RSUs are not required to pay for the grant of any RSUs under the RSU Scheme or for the exercise of the RSUs. Subject to certain vesting conditions and the satisfaction of certain performance targets, the RSUs shall be exercisable over a period of ten years commencing from the date on which the RSUs are granted.

The closing price of the Shares on the Stock Exchange as at the date of grant of the RSUs is HK$4.83 per share.

The newly granted RSUs shall vest as follows:

(i) as to 25% of the RSUs on 1 April 2018;

(ii) as to 25% of the RSUs on 1 April 2019;

(iii) as to 25% of the RSUs on 1 April 2020; and

(iv) as to the remaining 25% of the RSUs on 1 April 2021.

The following table discloses the movement of the Company's RSUs granted to the selected participants for the year ended 31 December 2016 and outstanding at 31 December 2016:

RSU tranches	**Number of Awarded Shares** Outstanding at 1 January 2016	Granted during the year	Outstanding at 31 December 2016	**Share price at grant date**	**Grant price**
				HK$	*HK$*
RSUs granted to					
Director	–	1,273,859	1,273,859	4.83	–
Other key management personnel	–	741,164	741,164	4.83	–
Other staff	–	895,897	895,897	4.83	–
Total	–	2,910,920	2,910,920		

The Group recognised the total expense of RMB629,000 for the year ended 31 December 2016 (2015: Nil) in relation to RSUs granted by the Company this year.

15. SHARE CAPITAL

Issued and fully paid-up:

	As at 31 December **2016**	2015
	USD'000	*USD'000*
Share capital of US$0.000025 each	**27**	27
	RMB'000	*RMB'000*
Presented as:		
Ordinary shares	**172**	172

	As at 31 December **2016**	2015
	'000	*'000*
Number of shares:		
Fully paid ordinary shares	**1,065,912**	1,064,186

Ordinary shares

	Authorized shares		Issued capital	
	Number of shares	Amount	Number of shares	Amount
	'000	*RMB'000*	*'000*	*RMB'000*
Balance at 1 January 2015	2,000,000	336	1,054,364	171
Increase in authorised capital and new issue of shares to the public *(Note)*	–	–	9,437	1
Exercise of issued share option	–	–	385	–
Balance at 31 December 2015	2,000,000	336	1,064,186	172
Exercise of issued share option	–	–	1,726	–
Balance at 31 December 2016	**2,000,000**	**336**	**1,065,912**	**172**

Note:

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, such shares were listed on the Main Board of the Stock Exchange.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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 2016.

For details of the shares purchased by the RSU Trustee for the purpose of the RSU Scheme during the year ended 31 December 2016, please refer to the section headed "Management Discussion and Analysis – Employee and staff costs" above.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board recommends the payment of the 2016 Final Dividend of RMB0.086 per share for the year ended 31 December 2016 and is subject to the approval of the Company's shareholders at the forthcoming AGM, which will be held on 26 May 2017. The 2016 Final Dividend will be declared in Renminbi and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the rate of exchange as quoted to the Company by The Hongkong and Shanghai Banking Corporation Limited at its middle rate of exchange prevailing on 6 June 2017.

The register of members of the Company will be closed from 23 May 2017 to 26 May 2017 (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 26 May 2017, 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 22 May 2017.

Subject to the approval of the declaration of the 2016 Final Dividend at the forthcoming AGM, the register of members of the Company will also be closed from 2 June 2017 to 6 June 2017 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the 2016 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 1 June 2017. The 2016 Final Dividend, if approved by the Company's shareholders at the forthcoming AGM, will be paid on or about 26 June 2017 to those shareholders whose names appear on the register of members of the Company on 6 June 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2016, 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 2016.

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 of the Group for the year ended 31 December 2016. 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 31 December 2016 as set out in this 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 this announcement.

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

The annual results announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and that of the Company (www.xiabu.com). The annual report will be despatched to the shareholders of the Company and will be available on the website of The Stock Exchange of Hong Kong Limited 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, 28 March 2017

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.