BEST FOOD HOLDING COMPANY LIMITED
百福控股有限公司

(Formerly known as Lee & Man Handbags Holding Limited 理文手袋集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01488)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

— Revenue of RMB338.69 million for the period, increased by 42.26% as compared to the last corresponding period.

— Net profit of RMB16.06 million for the period, increased by 1,169.49% as compared to the last corresponding period

— Gross profit margin increased from 33.78% to 47.78%.

— Net profit margin increased from 0.53% to 4.74%.

— Basic earnings per share increased from RMB0.15 cents to RMB1.64 cents.

COMMENTARY ON THE BUSINESS DEVELOPMENT

Business Review

For the six months ended 30 June 2017, Best Food Holding Company Limited (the "**Company**") and its subsidiaries (the "**Group**") recorded revenue of RMB338.69 million, increased by 42.26% as compared to last corresponding period, and a net profit of RMB16.06 million, increased by 1,169.49% as compared to last corresponding period.

For the six months ended 30 June 2017, for the food and beverage segment, the total revenue of invested companies amounted to RMB261.90 million. The revenue attributed to the Group amounted to RMB184.60 million. The gross margin of the food and beverage segment is 63.79%.

For the six months ended 30 June 2017, the manufacturing and sales of handbags segment recorded revenue of RMB154.09 million, representing a decrease of 35.28%, as compared to RMB238.07 million in the last corresponding period. The gross margin of the manufacturing and sales of handbags segment is 28.60%.

Food and Beverage Segment

Industry Review and Prospects

According to the National Bureau of Statistics of China, the domestic revenue of food and beverage industry exceeded RMB1.8 trillion in the first half year of 2017, with a growth of 11.2% compared to that of the last corresponding period. The year-on-year growth from January to June kept increasing and reached a peak of 11.9% in June, showing a strong growth momentum.

The Group believes that the food and beverage industry in China, especially the mass market of fast food and fast leisure catering business, will keep growing in the long run, due to the increasing per capita disposable income and urbanization level, as well as the accelerating pace of life.

We observed that although the overall market size keeps growing, the competition of the food and beverage industry intensifies, which indicates the significance of brands in the food and beverages industry, the core of which is built upon the products and consumer experience. Only the companies with strong brand power will shine out and keep improving their competitiveness. Meanwhile, in the trend of consumption upgrade, consumers still pursue products featuring safety, convenience, reasonable price and high quality. Thus, it is key for catering brands to competitively differentiate themselves by meeting the consumers' growing demands regarding their experience on this basis.

In the meantime, there are accelerating changes of food and beverage industry in China in the following areas:

Higher barriers to entry: With the rising requirements of the food hygiene management and the standardized supply chains in the food and beverage industry, individual restaurants mainly competing with low quality and low price are gradually replaced by chain catering brands with competitive strengths.

Upgrade of operating model promoted by internet technology: As delivery services become a key part of business, it is necessary for catering brands to bring the development of delivery services to a strategic level. Besides, along with the further concentration of the delivery services platform and the further increase of online traffic costs, the sole online catering brands become harder to survive. The integration and interaction of online and offline businesses will become one of the key factors for catering brands, especially for fast-food and quasi fast-food businesses, to succeed in the future.

Upgrade of core operations brought by technological innovation: The overall improvement of information dissemination speed and methods, the maturing technology of mobile payment, and the application of big data will jointly facilitate the food and beverage industry to innovate around costs, efficiency and consumer experience in the aspects of marketing, store operation, channel expansion and supply chain.

To conclusion, the nature of the food and beverage industry that centers on products and consumer experience does not change, neither does the Consumers' demand for products featuring safety, convenience, quality with upgrading consumer experience. Nevertheless, in the context of rapid technological innovation, only the catering brands with sufficient sensitivity to new trends, adequate size, integrating resources capabilities and continuous devotion will win the possibility of staying ahead.

Strategic Planning Review and Prospects

Since Hony Capital acquired Lee & Man Handbags Holding Limited through Sonic Tycoon Limited in August 2016, and changed its name to Best Food Holding Company Limited in December 2016, the Group set its core direction to the development of multi-brand catering business. Going forward, the Group will develop into a chain catering group with Controlling Brands and large Joint-Stock Brands.

Referring to the current development status of the food and beverage industry in China, the strategy of the Group in the current stage is to complete the construction of the chain catering operations and to promote continuous growth of the corporate value through a two-wheel drive of investment management and operation management.

For the brand that owned by the Group, Hehegu ("**HHG**") ("**Controlling Brand**"), the Group improves its profitability and accelerates its development through support of operational management. The revenue and the net profit of the holding brand are the key sources of income, forming the foundation of the Group as a multi-brand catering group.

For a number of brands with potential that the Group held non-controlling or minority interests (the "**Joint-Stock Brands**") of, the Group assists their fast development by synergies and resources-sharing inside the Group, and will benefit from the equity appreciation in the future.

Regarding the investment targets selection, the Group will continue focusing on chain catering brands among fast food, quasi fast food, casual dining categories and those representing emerging life styles, all of which are easy to standardize and able to be fast copied, while keeping a close eye on the emerging models brought by the technological innovations in the food and beverage industry.

In respect of the operational management, the Group and its brands will build core competitiveness in aspects of internet operation and information platforms development, brand marketing, supply chain management, channel expansion, as well as human resources and training, applying and converting the new internet technologies as the core measure to reduce costs, improve efficiency and improve consumer experience, while supporting its brands through resources-sharing.

Going forward, based on the powerful operation and management capabilities, the Group will build itself into a chain catering group integrating the Controlling Brand and the large Joint-Stock Brands, and polishes its investment management capacity to discover and invest in qualified brands with potential.

Business Progress

Development in Investment and Investment Management

In 2016, the Group acquired the controlling interest of HHG, a leading fast food chain in Beijing featuring rice meals, and acquired a non-controlling interest in Yujian Xiaomian, a prominent emerging brand, and West Master, a leading Chinese fast food brand in Beijing. In addition, the Group entered into an investment contract with Sexy Salad, a rapidly emerging and prominent brand of salad within the food and beverage industry in China, in March 2017 and completed the first round of investment in April. It entered into investment contracts with Yuepin in March 2017, who owns two iconic brands of Vietnamese cuisine, Muine and Pho Nam, with Clay Pot King in April 2017, a typical brand of Canton soup rice, and further with Dafulan in May 2017, an prominent emerging brand featuring Hunan rice noodle and traditional snacks. The Group completed investments in all these three brands in July 2017. In May 2017, the Group entered into an investment contract with Seesaw Coffee, a typical specialty coffee brand. Other than the above brands, the Group also has abundant project source in all major categories among the food and beverage industry.

Establishment of Management Platform

During the first half year of 2017, the platform management team of the Group has already been preliminarily formed with elementary management and value-added service ability in all key aspects of the operation. In respect of human resources and training, for example, the Group has successfully recommended a number of senior executives for key posts of its various brands, and has basically set up a management talent pool for the catering operation, and will continue to push forward this in the future. Regarding channel expansion, the Group provided support to store expansion for its brands by taking the advantages of relevant resources of Legend and Hony ecosystem. Meanwhile, in order to further expand its brands' potential, the operation team of the Group joined with HHG team to establish the first overseas store of HHG in London, and will continue investing to root the HHG brand in U.K. In the future, the Group will also assists in the overseas expansion of its other brands based on this.

Controlling Brand

HHG

Store Network: By the end of the first half year of 2017, HHG had 119 stores, of which 11 were newly opened. Meanwhile, HHG has many reserved stores it entered into contracts with, and will significantly fasten the opening of new stores in the second half of the year; and further consolidate its current leading market position, strengthen its business penetration, and continue its intensive business development in Beijing and North China. In addition, HHG has completed the market research for the first overseas store in U.K., and started site selection, menu development, image development, supply chain preparation and employee recruitment.

Sales Growth: HHG continues ameliorating its store service model, striving to improve the consumer experience. Meanwhile, HHG further upgrades its store image, enhancing the fashionableness while optimizing the store layout. In addition, HHG keeps improving overall consumer experience through optimizing the menu, launching new products, adjusting dish varieties, reviewing pricing strategy and improving dining environment. For the period ended 30 June 2017, the revenue of HHG amount to RMB184.60 million, increased by 9.26% as compared to last corresponding period.

Comparable Same-store Sales Growth: The comparable same-store sales growth rate of HHG for the first half year of 2017 was 3.60% (including the overall purchase from the take-out platform of Baidu), sustaining a fairly high same-store growth level. During this period, HHG launched varieties of new snacks and alcoholic drinks in afternoon tea and supper hours, so as to extend business hours and to improve overall operational performance, while enhancing its advantage in breakfast hours.

Online Channel Expansion: HHG has established a close relationship with the "big three" online take-out platforms, and completed the establishment of a highly efficient team for online operation. In the first half year of 2017, the revenue of take-out service of HHG accounted for over 36% of the whole, representing a great increase of 19.93%.

Supply Chain: In the first half year of 2017, HHG obtained the land in Baodi, Tianjin, which will be used for the setup of central kitchen, as well as the plant, property and equipment needed. The central kitchen in Tianjin now already has an elementary production capacity. Going forward, HHG will further expand the production capacity of the central kitchen to enhance the production efficiency and to support the store expansion.

Attached is the statement profit or loss of HHG for the six months ended 30 June 2017.

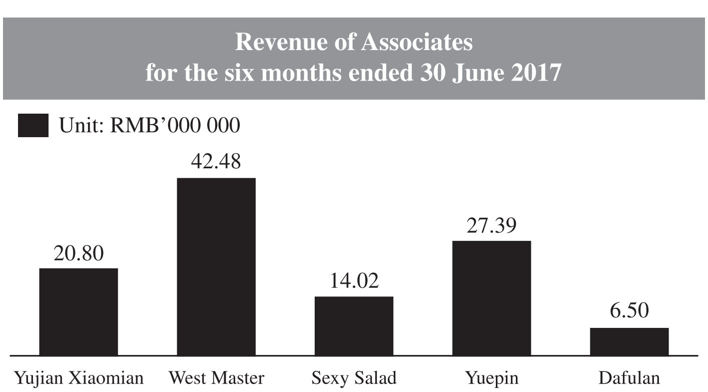
STATEMENT OF PROFIT OR LOSS OF HHG

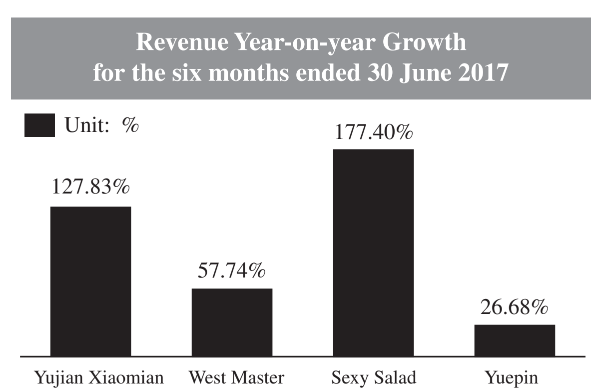
For the six months ended 30 June 2017

	2017	2016
	RMB'000	*RMB'000*
Revenue	**184,597**	168,952
Cost of sales	**(66,834)**	(76,454)
Gross Profit	**117,763**	92,498
Other income	**2,458**	1,264
Selling and distribution costs	**(87,397)**	(76,205)
General and administrative expenses	**(12,049)**	(13,232)
Finance costs	**54**	(575)
Profit before taxation	**20,829**	3,750
Income tax expense	**(5,705)**	(1,193)
Profit for the periods	**15,124**	2,557

Joint-Stock Brands

In the first half year of 2017, all Joint-Stock Brands of the Group achieved fairly rapid growth with the improvement of operating systems. The investment and support to all operating circles from the Group laid a solid foundation for the rapid development these brands in the future. The following is a summary of business data for the six months ended 30 June 2017 of the associates invested up to the date of this announcement.





Yujian Xiaomian

For the period ended 30 June 2017, the revenue of Yujian Xiaomian amount to RMB20.80 million, increased by 127.83% as compared to last corresponding period. For the period ended 30 June 2017, Yujian Xiaomian owns 11 stores, of which 1 is newly opened.

West Master

For the period ended 30 June 2017, the revenue of West Master amount to RMB42.48 million, increased by 57.74% as compared to last corresponding period. For the period ended 30 June 2017, West Master owns 19 stores, of which 5 are newly opened.

Sexy Salad

For the period ended 30 June 2017, the revenue of Sexy Salad amount to RMB14.02 million, increased by 177.40% as compared to last corresponding period. For the period ended 30 June 2017, Sexy Salad owns 6 stores, of which 2 are newly opened.

Yuepin

For the period ended 30 June 2017, the revenue of Yuepin amount to RMB27.39 million, increased by 26.68% as compared to last corresponding period. For the period ended 30 June 2017, Yuepin owns 8 stores, of which 2 are newly opened.

Dafulan

For the period ended 30 June 2017, the revenue of Dafulan amount to RMB6.50 million. For the period ended 30 June 2017, Dafulan owns 4 stores, of which 2 are newly opened.

Manufacturing and Sales of Handbags Segment

The manufacturing and sales of handbags segment recorded revenue of RMB154.09 million, decreased by 35.28% as compared to the last corresponding period. The recorded revenue decreased mainly due to manufacturers from other South-East Asia countries such as the Philippines and Vietnam exporting products with more competitive prices, which imposed certain pressure on sales order price. In order to enhance its market competitiveness, the Group continues pushing forward the construction of its new plant in Myanmar. The plant is currently in the phase of trial operation, and is expected to be officially put into use from this November. To further reduce production cost, some of employees have already been transferred to Myanmar for training, and the total number of employees is reduced. It is expected that the official operation of the Myanmar plant will reduce the overall production cost of the manufacturing and sales of handbag segment, thus enhancing the ability of order-acception.

INTERIM RESULTS

The board of directors (the "**Directors**") of the Company is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2017 together with comparative figures for the last corresponding period as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**338,685**	238,074
Cost of sales		**(176,847)**	(157,645)
Gross profit		**161,838**	80,429
Other income		**2,618**	4,394
Other gains and losses	*4*	**16,138**	3,255
Selling and distribution costs		**(103,957)**	(28,662)
General and administrative expenses		**(45,651)**	(52,714)
Share of loss of associates		**(648)**	—
Finance cost		**(7,551)**	(2,726)
Profit before taxation		**22,787**	3,976
Income tax expense	*5*	**(6,728)**	(2,711)
Profit for the period	*6*	**16,059**	1,265
Profit for the period attributable to:			
Owners of the Company		**13,561**	1,265
Non-controlling interest		**2,498**	—
		16,059	1,265
Other comprehensive (loss) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation		**(7,124)**	5,501
Other comprehensive (loss) income for the period		**(7,124)**	5,501
Total comprehensive income for the period		**8,935**	6,766

		Six months ended 30 June	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
Total comprehensive income for the period attributable to:			
Owners of the Company		**6,437**	6,766
Non-controlling interests		**2,498**	—
		8,935	6,766
Earnings per share (RMB cents) — Basic	*8*	**1.64**	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	**30.06.2017**	31.12.2016
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**105,941**	99,266
Prepaid lease payments		**45,114**	47,358
Investment properties		**32,282**	32,573
Interests in associates		**112,188**	85,698
Goodwill		**45,495**	45,495
Intangible assets		**101,551**	89,199
Derivative financial instrument		**13,019**	6,279
Other receivable from a former subsidiary		**17,914**	15,971
Other asset		**342**	353
Deposits paid for the acquisition of property, plant and equipment		**10,392**	6,865
Rental and utilities deposits		**15,358**	10,305
Defined benefit assets		**4,459**	4,596
Prepayment for equity investments		**32,081**	5,547
Deferred tax assets		**12,469**	15,122
		548,605	464,627
CURRENT ASSETS			
Inventories		**69,164**	62,853
Prepaid lease payments		**526**	1,189
Trade and other receivables	*9*	**86,301**	80,600
Amount due from an associate		**—**	290
Tax recoverable		**424**	1,097
Other financial assets		**—**	15,000
Bank balances and cash		**241,039**	109,542
		397,454	270,571

	Notes	**30.06.2017**	31.12.2016
		RMB'000	*RMB'000*
CURRENT LIABILITIES			
Trade and other payables	*10*	**162,473**	154,791
Amount due to a related party		**3,729**	969
Amount due to a related company		**—**	135
Tax payable		**7,471**	8,394
		173,673	164,289
NET CURRENT ASSETS		**223,781**	106,282
TOTAL ASSETS LESS CURRENT LIABILITIES		**772,386**	570,909
NON-CURRENT LIABILITY			
Deferred tax liability		**21,800**	21,800
Loan from a related party		**225,659**	232,573
Convertible bonds	*11*	**183,086**	—
Deferred government grants		**452**	1,569
		430,997	255,942
NET ASSETS		**341,389**	314,967
CAPITAL AND RESERVES			
Share capital		**69,054**	69,054
Reserves		**239,879**	197,308
Equity attributable to owners of the Company		**308,933**	266,362
Non-controlling interests		**32,456**	48,605
		341,389	314,967

Notes:

1. **BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. **PRINCIPAL ACCOUNTING POLICIES**

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statement for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's financial statements for the year ended 31 December 2016.

In prior years, the Group's consolidated financial statements were presented in HK dollar ("HK$"). After the acquisition of HHG and equity investment made in the Group's associates in 2016, the Group decided to change the Group's presentation currency from HK$ to RMB in order to better reflect the underlying performance of the Group.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and Interpretations issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs and Interpretations in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. **SEGMENT INFORMATION**

The following is an analysis of the Group's revenue and results by operating segments under HKFRS 8 Operating Segments, based on information reported to the Company's executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance, which focuses on types of goods or services delivered or provided.

The Group's operating and reportable segments under HKFRS 8 — Operating Segments are as follows:

(i) Manufacturing and sales of handbags; and

(ii) Food and beverage business.

Segment revenues and results

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

Six months ended 30 June 2017

	Manufacturing and sales of handbags *RMB'000*	**Food and beverage business** *RMB'000*	**Consolidated** *RMB'000*
Segment revenue — external	**154,088**	**184,597**	**338,685**
Segment profit	**99**	**19,301**	**19,400**
Change in fair value of:			
— derivative financial instruments			**6,985**
Share of loss of associates			**(648)**
Unallocated income			**7,960**
Unallocated expenses			**(3,359)**
Finance costs			**(7,551)**
Profit before taxation			**22,787**

Six months ended 30 June 2016

	Manufacturing and sales of handbags *RMB'000*	Food and beverage business *RMB'000*	Consolidated *RMB'000*
Segment revenue — external	238,074	—	238,074
Segment (loss) profit	8,493	—	8,493
Change on fair value of:			
— investment properties			—
— derivative financial instruments			(34)
Unallocated income			—
Unallocated expenses			(1,757)
Finance costs			(2,726)
Profit before taxation			3,976

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period.

For the six months ended 30 June 2017, segment result represents the profit earned by each segment without allocation of change in fair value of derivative financial instruments, share of loss of associates, gain on disposal of subsidiaries, unallocated income, unallocated expenses and financial costs. This is the measure reported to the CODM for the purpose of resources allocations and performance assessment.

For the six months ended 30 June 2016, the CODM reviewed the Group's performance as a whole for the purpose of resources allocation and performance assessment. The Group had only one reporting and operating segment for the six months ended 30 June 2016 and no segment analysis is presented other than entity-wide disclosures.

Geographical Information

The Group's revenue from external customers by geographical location during the period is as follows:

	Revenue from external customers Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
PRC	**193,681**	14,497
USA	**51,360**	84,507
Other Asian countries	**25,130**	25,656
Italy	**23,423**	27,229
Other European countries	**15,107**	22,808
Canada	**10,952**	20,348
Hong Kong	**7,927**	20,008
Germany	**4,635**	3,441
The Netherlands	**3,600**	14,789
The United Kingdom	**2,469**	4,791
The Middle East and Africa	**401**	—
	338,685	238,074

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Net exchange gain	**1,725**	3,285
Gain (Loss) on fair value changes on derivative financial instruments	**6,985**	(33)
Gain on disposal of property, plant and equipment	**16**	3
Fair value adjustment to other receivable from a former subsidiary	**7,412**	—
	16,138	3,255

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**465**	2,595
PRC Enterprise Income Tax	**3,622**	90
	4,087	2,685
Deferred tax:		
Current period	**2,641**	26
	6,728	2,711

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2016 and 2017.

PRC

Under the Law of the PRC on Enterprise Income Tax and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Myanmar

The Myanmar subsidiary is subjected to Myanmar Corporate Income Tax at a rate of 25%. No provision for Myanmar Corporate Income Tax has been made for both periods as the Myanmar subsidiary incurred losses for both periods.

Thailand

The Thailand subsidiary is subjected to Thailand Corporate Income Tax at a rate of 20%. No provision for Thailand Corporate Income Tax has been made for both periods as the Thailand subsidiary incurred losses for both periods.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Profit for the period has been arrived at after charging (crediting):		
Directors' emoluments	**1,423**	1,362
Staff salaries and other benefits, excluding those of directors	**68,998**	85,832
Retirement benefit schemes contributions (excluding directors)	**542**	5,071
Total employee benefit expense	**70,963**	92,265
Cost of inventories recognised as expenses	**176,760**	157,645
Depreciation of property, plant and equipment	**4,978**	7,171
Auditor's remuneration	**176**	—
Professional services fee	**886**	—
Release of prepaid lease payments	**31,397**	962
Amortisation of intangible assets	**363**	—
Amortisation of deferred government grants	**788**	—
Net loss on fair value changes on derivative financial instruments	**—**	34
Interest income on bank balances	**(127)**	(40)
Net exchange gain	**(1,725)**	(3,286)
Gain on disposal of property, plant and equipment	**(16)**	(3)

7. DIVIDENDS

The board of directors of the Company has determined not to declare interim dividend for the six months ended 30 June 2017 (2016: nil).

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of RMB13,561,000 (2016: RMB1,265,000) and 825,000,000 (2016: 825,000,000) shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company's potentially dilutive ordinary shares comprised shares which may be issued under the convertible bonds issued by the Company during the six months ended 30 June 2017. The convertible bonds are assumed to have been converted into ordinary shares and adjusted for the impact of interest expense of the convertible bonds. During the six months ended 30 June 2017, this potential adjustment results in an anti-dilutive effect in the calculation of diluted earnings per share.

9. TRADE AND OTHER RECEIVABLES

	At **30.06.2017** ***RMB'000***	At 31.12.2016 *RMB'000*
Trade receivables	**38,563**	41,438
Bills receivables	**4,181**	10,753
	42,744	52,191
Prepayments and deposits	**11,948**	17,546
Other receivables	**31,609**	10,863
	86,301	80,600

The aging analysis of trade and bills receivables based on the invoice date at the end of the reporting period is as follows:

	At **30.06.2017** ***RMB'000***	At 31.12.2016 *RMB'000*
Not exceeding 30 days	**27,724**	26,989
31–60 days	**13,318**	16,876
61–90 days	**990**	2,790
Over 90 days	**712**	5,536
	42,744	52,191

10. TRADE AND OTHER PAYABLES

	At **30.06.2017** ***RMB'000***	At 31.12.2016 *RMB'000*
Trade payables	**37,940**	36,504
Bills payables	**824**	324
	38,764	36,828
Other payables and accruals	**83,030**	93,874
Consideration payable for acquisition of subsidiaries	**40,679**	24,089
	162,473	154,791

The aging analysis of trade and bills payables at the end of the reporting period is as follows:

	At	At
	30.06.2017	31.12.2016
	RMB'000	*RMB'000*
Not exceeding 30 days	**33,195**	32,902
31–60 days	**3,796**	2,483
61–90 days	**508**	548
Over 90 days	**1,265**	895
	38,764	36,828

11. CONVERTIBLE BONDS

On 4 January 2017 and 31 May 2017, the Company issued convertible bonds (the "Convertible Bonds") in the aggregate principal amount of RMB234.34 million to Sonic Tycoon Limited (existing shareholders of the Company). The Convertible Bonds bears a minimum interest rate of 3% per annum and due on 4 January 2022 and 31 May 2022 (the "Maturity Date").

	At	At
	30.06.2017	31.12.2016
	RMB'000	*RMB'000*
Liability component as at the beginning of the period	**—**	—
1st issuance on 4 January	**102,953**	—
2nd issuance on 31 May	**74,468**	—
Interest expenses	**5,665**	—
Liability component as at the end of the period	**183,086**	—

The face value of the Convertible Bonds as at 30 June 2017 is RMB234.34 million. No part of the Convertible Bonds was converted to ordinary shares of the Company during the period or subsequent before the approval date of this consolidated financial information. The carrying value of the liability component is calculated using cash flows discounted at a risk adjusted market interest rate of 9.78% for 1st issuance and 8.60% for 2nd issuance respectively per annum. The carrying value of the liability component approximates its fair value as of 30 June 2017.

12. CAPITAL COMMITMENTS

	At **30.06.2017** *RMB'000*	At 31.12.2016 *RMB'000*
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment	**15,645**	7,864

13. The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Audit Committee.

INTERIM DIVIDEND

The Board has determined not to declare interim dividend for the six months ended 30 June 2017.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' equity of the Group as at 30 June 2017 was RMB341.39 million (31.12.2016: RMB314.97 million). As at 30 June 2017, the Group had current assets of RMB397.45 million (31.12.2016: RMB270.57 million) and current liabilities of RMB173.67 million (31.12.2016: RMB164.29 million). The current ratio was 2.29 as at 30 June 2017 as compared to 1.65 as at 31 December 2016.

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong. As at 30 June 2017, the Group had no outstanding bank borrowings (31.12.2016: nil). As at 30 June 2017, the Group maintained bank balances and cash of RMB241.04 million (31.12.2016: RMB109.54 million). The Group's net cash-to-equity ratio (cash and cash equivalents net of total borrowings over shareholders' equity) was 0.71 as at 30 June 2017 (31.12.2016: 0.35).

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

CAPITAL COMMITMENTS

As at 30 June 2017, the Group had capital expenditure contracted for but not provided in the consolidated financial statements in respect of the property, plant and equipment improvement in the amount of RMB15.65 million.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there were no significant events after the reporting period.

HUMAN RESOURCES

At 30 June 2017, the Group had a workforce of about 3,900 people (Food and beverage business: 1,600 people, Manufacturing and sales of handbags: 2,300 people). The Group maintains a good relationship with its employees, and provides them with proper training and competitive compensation and incentives. The staffs are remunerated based on their work performance, professional experience and prevailing market situation. Remuneration packages comprise salary and bonuses based on individual merits.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company held its annual general meeting for the year ended 31 December 2016 (the "**2016 AGM**") on 27 June 2017. Due to conflict of his schedules and other prior business engagement outside Hong Kong, Mr. Zhao John Huan, the Chairman, was unable to attend the 2016 AGM. Mr. Wang Xiaolong, Mr. Wang Yuanzheng, Mr. Leung Kwai Kei, Mr. Heng Victor Ja Wei, Mr. Tsang Hin Man Terence and the Company's external auditor attended the 2016 AGM and answered questions raised by the shareholders of the Company at the meeting physically.

Save as disclosed above, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2017.

COMPLIANCE WITH THE 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 own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code. The Company has made specific enquiry with all Directors and they have confirmed that they have complied with the Model Code during the reporting period.

AUDIT COMMITTEE

The Audit Committee, comprising all the independent non-executive Directors of the Company, has reviewed the unaudited interim result of the Group for the six months ended 30 June 2017 and have discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

INTERIM REPORT

This results announcement is published on The Stock Exchange of Hong Kong Limited's website (www.hkex.com.hk) and the Company's website (http://www.irasia.com/listco/hk/bestfood/index.htm). The interim report of the Company will be despatched to the shareholders and will be available on websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

On behalf of the Board
Zhao John Huan
Chairman

Hong Kong, 30 August 2017

As at the date of this announcement, the Board of the Company comprises 3 executive Directors, namely, Mr. Zhao John Huan, Mr. Wang Xiaolong and Mr. Wang Yuanzheng and 3 independent non-executive Directors, namely, Mr. Leung Kwai Kei, Mr. Heng Victor Ja Wei and Mr.Tsang Hin Man, Terence.