Tenfu (Cayman) Holdings Company Limited
天福（開曼）控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6868)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

Financial Highlights

- Revenue for the six months ended 30 June 2018 was approximately RMB818.9 million, increased by 5.0% as compared with approximately RMB779.8 million for the corresponding period in 2017;
- The gross profit of the Group increased by 5.2% from RMB475.9 million for the six months ended 30 June 2017 to RMB500.9 million for the six months ended 30 June 2018;
- Gross profit margin for the six months ended 30 June 2018 increased from approximately 61.0% for the six months ended 30 June 2017 to 61.2%;
- Profit for the six months ended 30 June 2018 increased from RMB115.3 million for the corresponding period in 2017 to RMB130.0 million;
- Basic earnings per share for the six months ended 30 June 2018 amounted to RMB0.11; and
- The Board resolved to pay an interim dividend of HKD0.06 (equivalent to RMB0.052) per share.

The board (the "**Board**") of directors (the "**Director**") of Tenfu (Cayman) Holdings Company Limited (the "**Company**" or "**Tenfu**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2018, together with the comparative figures for the corresponding period in the year 2017 as below.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June **2018** **Unaudited** ***RMB'000***	 2017 Unaudited *RMB'000*
Revenue	*6*	**818,941**	779,784
Cost of sales		**(318,091)**	(303,898)
Gross profit		**500,850**	475,886
Distribution costs		**(216,561)**	(222,584)
Administrative expenses		**(112,171)**	(106,239)
Other income	*7*	**10,099**	6,422
Other losses – net	*8*	**(374)**	(150)
Operating profit		**181,843**	153,335
Finance income		**5,099**	6,129
Finance costs		**(4,011)**	(5,790)
Finance income – net		**1,088**	339
Share of profits less losses of investments accounted for using the equity method		**828**	556
Profit before income tax		**183,759**	154,230
Income tax expense	*9*	**(53,725)**	(38,952)
Profit for the period, all attributable to the owners of the Company		**130,034**	115,278
Other comprehensive income for the period		**–**	–
Total comprehensive income for the period, all attributable to the owners of the Company		**130,034**	115,278
Earnings per share for profit attributable to the owners of the Company			
– Basic earnings per share	*10*	**RMB0.11**	RMB0.09
– Diluted earnings per share	*10*	**RMB0.11**	RMB0.09

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2018 Unaudited** *RMB'000*	As at 31 December 2017 Audited *RMB'000*
ASSETS			
Non-current assets			
Land use rights		**278,325**	269,703
Investment properties		**9,707**	10,011
Property, plant and equipment		**702,413**	717,325
Intangible assets		**3,688**	4,151
Investments accounted for using the equity method		**5,587**	5,984
Deferred income tax assets		**39,988**	38,050
Prepayments – non-current portion	*12(b)*	**17,554**	34,623
		1,057,262	1,079,847
Current assets			
Inventories		**587,800**	544,194
Trade receivables	*12(a)*	**178,678**	258,597
Other receivables		**7,355**	20,568
Prepayments	*12(b)*	**68,436**	72,720
Time deposits		**172,773**	223,981
Cash and cash equivalents		**672,286**	496,684
		1,687,328	1,616,744
Total assets		**2,744,590**	2,696,591

	Note	As at 30 June 2018 Unaudited *RMB'000*	As at 31 December 2017 Audited *RMB'000*
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	*13*	**100,816**	100,816
Other reserves	*14*	**516,288**	516,288
Retained earnings		**1,475,274**	1,484,818
Total equity		**2,092,378**	2,101,922
LIABILITIES			
Non-current liabilities			
Borrowings	*16*	**7,101**	7,489
Deferred income of government grants		**31,623**	31,216
Deferred income tax liabilities		**28,562**	20,504
		67,286	59,209
Current liabilities			
Trade payables	*15*	**98,696**	115,704
Other payables		**90,543**	171,714
Current income tax liabilities		**45,101**	56,560
Borrowings	*16*	**285,922**	172,543
Contract liabilities	*17*	**64,664**	–
Other liabilities		**–**	18,939
		584,926	535,460
Total liabilities		**652,212**	594,669
Total equity and liabilities		**2,744,590**	2,696,591

NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Group is engaged in the classification, packaging and sales of tea leaves, manufacture and sales of tea snacks, sales of tea ware, catering management, beverage production and sales of pre-packaged food. The Group has manufacturing plants in Fujian Province, Sichuan Province and Zhejiang Province, the People's Republic of China (the "PRC") and sells mainly to customers located in the PRC.

The Company was incorporated in the Cayman Islands on 22 April 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company's ordinary shares began to list on the main board of The Stock Exchange of Hong Kong Limited on 26 September 2011 (the "Listing").

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the board of directors (the "Board") of the Company on 27 August 2018.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This financial information is extracted from the full set of condensed consolidated interim financial information for the six months ended 30 June 2018 which has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies accordingly. The impact of adopting following standards are disclosed below:

(i) HKFRS 9 Financial Instruments, and

(ii) HKFRS 15 Revenue from contracts with customers

The impact of the adoption of these standards and the new accounting policies is disclosed in Note 4 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2018 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after	
HKFRS 16	Leases	1 January 2019	(i)
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019	
HKFRS 17	Insurance contracts	1 January 2021	
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined	

(i) HKFRS 16, Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB167,206,553. Part of these are related to payments for short-term and low-value leases which will be recognised on a straight-line basis as an expense in profit or loss.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

HKFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The Group used modified retrospective approach while adopting HKFRS 9. The reclassification and adjustments are therefore not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more detail by standard below.

Balance sheet (extract)	**31 December 2017 As Originally presented**	**HKFRS 9**	**HKFRS 15**	**1 January 2018 Restated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	287,418	–	(55,180)	232,238
Contract liabilities	–	–	74,119	74,119
Other liabilities	18,939	–	(18,939)	–

(b) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities which are subject to HKFRS 9.

The Group has trade receivables for sales of products that are subject to HKFRS 9's new expected credit loss model, and the Group was required to revise its impairment methodology under HKFRS 9 for these receivables.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The adoption of new approach did not result in any impact on the amounts reported in the opening balance sheet on 1 January 2018 and the financial information during the six months ended 30 June 2018.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than 140 days past due (credit terms).

While cash and cash equivalents and financial assets at amortised cost are also subject to the impairment requirements of HKFRS 9, no impairment loss was identified.

(c) HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

(i) Investments and other financial assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Impairment

From 1 January 2018, the Group assesses the expected credit losses associated with its financial assets on a forward looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(d) HKFRS 15 Revenue from contracts with customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated. Following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 January 2018):

	HKAS 18 Carrying amount 31 December 2017	**Reclassification**	**HKFRS 15 Carrying amount 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*
Trade and other payables	287,418	(55,180)	232,238
Contract liabilities	–	74,119	74,119
Other liabilities	18,939	(18,939)	–

There was no impact on the Group's retained earnings as at 1 January 2018 and 1 January 2017.

(i) Accounting for refunds

The Group's obligations to provide a refund for faulty products are under the standard warranty terms. Accumulated experience is used to estimate such returns at the time of sale. Because of the large size and low value of each individual product, the amount of products returned were immaterial. It is highly probable that a significant reversal in the cumulative revenue recognised will not occur. Therefore, no refund liability for goods return was recognised. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. As a result, no accounting impact for refunds while applying HKFRS 15.

(ii) Accounting for customer loyalty programme

In previous reporting periods, the consideration received from the sales of goods was allocated to the points and the goods sold based on the relative stand-alone selling prices, which aligns with the requirement of HKFRS 15. As a consequence, the contract liability recognised in relation to the customer loyalty programme on 1 January 2018 was RMB18,939,000, the same as the amount recognised as deferred revenue under the previous policy.

(iii) Presentation of assets and liabilities related to contracts with customers

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities in relation to advance receipts from customers were previously included in trade and other payables (RMB55,180,000 as at 1 January 2018).

- Contract liabilities in relation to the customer loyalty programme were previously presented as deferred revenue, see (ii) above.

(e) HKFRS 15 Revenue from contracts with customers – Accounting policies applied from 1 January 2018

(i) Sales of goods – wholesale

The Group processes/manufactures and sells a range of tea products in the wholesale market. Revenue from the sales of goods is recognised when the risks and rewards of the goods have been transferred to the wholesaler, which usually happens upon pick up of the products from a warehouse and the wholesaler accepts the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products.

Customers have a right to return faulty products in the wholesale market. Sales are recorded based on the price specified in the sales contracts, net of returns at the time of sale. Accumulated experience is used to estimate and provide for the returns. No element of financing is deemed present as the sales are made with a credit term of 140 days, which is consistent with the market practice.

(ii) Sales of goods – customer loyalty programme

The group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. Revenue from the award points is recognised when the points are redeemed or when they expire 12 months after the initial sale.

A contract liability is recognised until the points are redeemed or expire.

5 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2017.

6 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined the operating segments based on these reports.

The Board considers the business from a product perspective. The Board assesses the performance of the operating segments based on a measure of segment profit or loss.

The reportable operating segments derive their revenue primarily from the classification, packaging and sales of tea leaves, manufacture and sales of tea snacks, and sales of tea ware.

Others include revenue from restaurants, hotels, tourists, management services and catering management, beverage production and sales of pre-packaged food. These are not included within the reportable operating segments, as they are not presented separately in the reports provided to the Board.

No geographical segment information is presented as almost all the sales and operating profits of the Group are derived within the PRC and almost all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

The Board assesses the performance of the operating segments based on a measure of adjusted operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the condensed consolidated interim financial information. The common administrative expenses, other gains or losses, other income, financing (including finance costs and interest income), share of results of investments accounted for using equity method and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets consist primarily of land use rights, property, plant and equipment, intangible assets, inventories, trade and other receivables, prepayments, as well as time deposits, cash and cash equivalents and restricted cash held by subsidiaries in mainland China. They exclude investment properties, deferred income tax assets and prepaid tax, as well as time deposits, cash and cash equivalents and restricted cash held by the Company and overseas subsidiaries.

Segment liabilities comprise operating liabilities. They exclude borrowings, deferred income tax liabilities, current income tax liabilities, dividends payable and other payables due to related parties and directors' and senior management's emoluments payable.

Revenue

Revenue of the Group consists of the following revenues for the six months ended 30 June 2018 and 2017. All revenues are derived from external customers.

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Sales of tea leaves	**572,104**	539,966
Sales of tea snacks	**107,624**	110,697
Sales of tea ware	**97,323**	89,111
Others	**41,890**	40,010
	818,941	779,784

The segment results for the six months ended 30 June 2018:

	Unaudited				
	Tea leaves	**Tea snacks**	**Tea ware**	**All other segments**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Segment revenue	**572,104**	**107,624**	**97,323**	**41,890**	**818,941**
Segment results	**153,754**	**12,170**	**19,412**	**(2,806)**	**182,530**
Unallocated administrative expenses					**(10,412)**
Other income					**10,099**
Other losses – net					**(374)**
Finance income – net					**1,088**
Share of profits less losses of investments accounted for using the equity method					**828**
Profit before income tax					**183,759**
Income tax expense					**(53,725)**
Profit for the period					**130,034**

Other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2018:

	Unaudited					
	Tea leaves *RMB'000*	**Tea snacks** *RMB'000*	**Tea ware** *RMB'000*	**All other segments** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Depreciation of property, plant and equipment	**19,311**	**5,205**	**1,482**	**5,098**	**4,745**	**35,841**
Depreciation of investment properties	**–**	**–**	**–**	**–**	**304**	**304**
Amortisation of land use rights	**4,891**	**1,019**	**734**	**600**	**–**	**7,244**
Amortisation of intangible assets	**234**	**43**	**40**	**10**	**152**	**479**
Losses on disposal of property, plant and equipment, net	**194**	**51**	**16**	**65**	**–**	**326**

The segment assets and liabilities as at 30 June 2018 are as follows:

	Unaudited					
	Tea leaves *RMB'000*	**Tea snacks** *RMB'000*	**Tea ware** *RMB'000*	**All other segments** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Segment assets	**1,737,402**	**278,466**	**261,042**	**204,543**	**263,137**	**2,744,590**
Segment liabilities	**204,676**	**29,543**	**15,064**	**17,583**	**385,346**	**652,212**

The segment results for the six months ended 30 June 2017:

	Unaudited				
	Tea leaves *RMB'000*	Tea snacks *RMB'000*	Tea ware *RMB'000*	All other segments *RMB'000*	Total *RMB'000*
Segment revenue	539,966	110,697	89,111	40,010	779,784
Segment results	129,312	11,653	18,619	(65)	159,519
Unallocated administrative expenses					(12,456)
Other income					6,422
Other losses – net					(150)
Finance income – net					339
Share of profits less losses of investments accounted for using the equity method					556
Profit before income tax					154,230
Income tax expense					(38,952)
Profit for the period					115,278

Other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2017:

	Unaudited					
	Tea leaves *RMB'000*	Tea snacks *RMB'000*	Tea ware *RMB'000*	All other segments *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Depreciation of property, plant and equipment	19,360	5,215	1,445	3,510	4,452	33,982
Depreciation of investment properties	–	–	–	–	143	143
Amortisation of land use rights	4,324	994	736	600	–	6,654
Amortisation of intangible assets	221	41	26	12	152	452
Losses on disposal of property, plant and equipment, net	99	49	11	39	–	198

The segment assets and liabilities as at 31 December 2017 are as follows:

	Audited					
	Tea leaves *RMB'000*	Tea snacks *RMB'000*	Tea ware *RMB'000*	All other segments *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Segment assets	1,712,532	307,980	275,579	181,514	218,986	2,696,591
Segment liabilities	206,218	50,896	21,872	16,467	299,216	594,669

7 OTHER INCOME

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Government grants	**7,298**	4,659
Amortisation of deferred income	**1,593**	348
Income from investment properties	**954**	743
Others	**254**	672
	10,099	6,422

8 OTHER LOSSES – NET

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Losses on disposal of property, plant and equipment, net	**326**	198
Net foreign exchange losses/(gains)	**48**	(48)
	374	150

9 INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Current income tax		
– PRC corporate income tax	**47,605**	36,688
Deferred income tax	**6,120**	2,264
Income tax expense	**53,725**	38,952

(i) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

For the six months ended 30 June 2018 and 2017, Hong Kong profits tax has not been provided for subsidiaries incorporated in Hong Kong as these subsidiaries did not have estimated assessable profit for the period.

(iii) PRC corporate income tax ("CIT")

For the six months ended 30 June 2018 and 2017, CIT is provided at the rate of 25% on the assessable income of entities within the Group incorporated in mainland China.

(iv) PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies established outside the PRC when their PRC subsidiaries declare dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies, including those incorporated in Hong Kong.

Such withholding tax is recorded under deferred income tax. During the six months ended 30 June 2017, Tenfu (Hong Kong) Holdings Co., Ltd. ("Tenfu HK"), a subsidiary of the Group, acquired qualification for the lower tax rate of 5% for dividend received from its subsidiaries in mainland China. The Group revised its estimate of Tenfu HK for the accrual based on 5% instead of 10% and reversed previous years' charge to 2017's profit or loss.

10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
Profit attributable to the owners of the Company (RMB'000)	**130,034**	115,278
Weighted average number of ordinary shares in issue ('000)	**1,227,207**	1,227,207
Basic earnings per share (RMB)	**0.11**	0.09

Diluted earnings per share for the six months ended 30 June 2018 and 2017 were the same as the basic earnings per share as there were no dilutive instruments during the periods.

11 DIVIDENDS

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Interim dividend declared	**63,815**	52,770

An interim dividend for 2018 of Hong Kong Dollar ("HKD") 6 cents (equivalent to RMB5.2 cents) (2017: HKD5 cents (equivalent to RMB4.3 cents)) per share was declared by the Board on 27 August 2018 using RMB63,815,000 of the retained earnings (2017: RMB52,770,000). This interim dividend, amounting to HKD73,632,000 (equivalent to RMB63,815,000) (2017: HKD61,360,000 (equivalent to RMB52,770,000)), has not been recognised as liability in this condensed consolidated interim financial information. It will be reflected as an appropriation of retained earnings for the year ending 31 December 2018. Similarly, the interim dividend for 2017 declared by the Board on 15 August 2017 was reflected as an appropriation of retained earnings for the year ended 31 December 2017 after 30 June 2017.

The final dividend for 2017 of HKD171,809,000 (equivalent to RMB139,578,000) and for 2016 of HKD88,973,000 (equivalent to RMB75,708,000) had been reflected as an appropriation of retained earnings for the six months ended 30 June 2018 and 2017 respectively after obtaining the approval from the shareholders at the Company's annual general meeting held on 10 May 2018 and 17 May 2017 respectively.

The dividends paid in the six months ended 30 June 2018 were RMB139,578,000 (2017: RMB75,708,000).

12 TRADE RECEIVABLES AND PREPAYMENTS

(a) Trade receivables

	As at 30 June 2018	As at 31 December 2017
	Unaudited	Audited
	RMB'000	*RMB'000*
Trade receivables due from third parties	**178,678**	258,597

Most of the Group's sales are settled in cash or in bills by its customers. Credit sales are made to selected customers with good credit history with a credit term of 140 days.

The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2018	As at 31 December 2017
	Unaudited	Audited
	RMB'000	*RMB'000*
Up to 140 days	**178,050**	256,555
141 days to 6 months	**296**	746
6 months to 1 year	**311**	1,113
1 year to 2 years	**21**	183
	178,678	258,597

(b) Prepayments

	As at 30 June 2018 Unaudited *RMB'000*	As at 31 December 2017 Audited *RMB'000*
Non-current		
Prepayments for property, plant and equipment *(Note 16)*	**17,554**	18,973
Prepayments for land use rights	**–**	15,650
	17,554	34,623
Current		
Prepayments for lease of property and lease deposits	**50,266**	49,720
Prepayments to related parties	**168**	744
Prepayments for raw materials and packaging materials	**4,974**	9,626
Prepaid taxes	**13,028**	12,630
	68,436	72,720
	85,990	107,343

13 SHARE CAPITAL

	Unaudited			
	Number of authorised shares *(thousands)*	Number of issued shares *(thousands)*	Ordinary shares (nominal value) *RMB'000*	Total *RMB'000*
At 1 January 2017 and to 30 June 2018	**8,000,000**	**1,227,207**	**100,816**	**100,816**

14 OTHER RESERVES

	Unaudited			
	Merger reserve *RMB'000*	Capital reserve *RMB'000*	Statutory reserves *RMB'000*	Total *RMB'000*
At 1 January 2018 and 30 June 2018	**278,811**	**231**	**237,246**	**516,288**
At 1 January 2017 and 30 June 2017	278,811	231	220,717	499,759

15 TRADE PAYABLES

	As at 30 June 2018 Unaudited *RMB'000*	As at 31 December 2017 Audited *RMB'000*
Trade payables – due to third parties	**68,201**	88,779
Trade payables – due to related parties	**30,495**	26,925
	98,696	115,704

The ageing analysis of trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	As at 30 June 2018 Unaudited *RMB'000*	As at 31 December 2017 Audited *RMB'000*
Up to 6 months	**96,211**	108,585
6 months to 1 year	**1,221**	4,551
1 year to 2 years	**1,099**	2,092
Over 2 years	**165**	476
	98,696	115,704

16 BORROWINGS

	As at 30 June 2018 Unaudited *RMB'000*	As at 31 December 2017 Audited *RMB'000*
Long-term bank borrowing		
– Secured (i)	**7,868**	8,236
Less: Current Portion	**(767)**	(747)
	7,101	7,489
Short-term bank borrowings		
– Unsecured (ii)	**285,155**	141,796
– Secured (iii)	**–**	30,000
Add: Current portion of long-term bank borrowing	**767**	747
	285,922	172,543
Total borrowings	**293,023**	180,032

(i) During the year ended 31 December 2016, a subsidiary of the Group entered into an agreement with China Construction Bank Xiamen Branch for a long-term bank borrowing of RMB8,946,000 in connection with purchase of a store premise under construction and for which a prepayment of RMB17,355,000 for the full purchase price was made. The borrowing which is secured by the pledge of the store premise under construction bears interest at the rates quoted by People's Bank of China from time to time and requires monthly instalment of repayment up to November 2026. As at 30 June 2018, the remaining balance of the loan was RMB7,868,000.

(ii) As at 30 June 2018, short-term bank borrowings of RMB165,155,000 (31 December 2017: RMB41,796,000) of the Group were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, all of them are directors of the Company, either separately or jointly (31 December 2017: Mr. Lee Rie-Ho).

(iii) As at 30 June 2018, the Group had no secured short-term bank borrowings. As at 31 December 2017, short-term bank borrowings of RMB30,000,000 of the Group are secured by the pledge of the land use rights and property, plant and equipment of the Group.

Interest expenses on bank borrowings for the six months ended 30 June 2018 amounted to RMB4,011,000 (2017: RMB5,790,000).

The Group has the following undrawn borrowing facilities:

	As at 30 June 2018 Unaudited ***RMB'000***	As at 31 December 2017 Audited *RMB'000*
Fixed rate:		
– expiring within one year (bank borrowings)	**116,426**	306,902

The above facilities have been arranged to provide funding for the working capital and other general corporate purpose of the Group.

17 CONTRACT LIABILITIES

	As at 30 June 2018 Unaudited ***RMB'000***	As at 31 December 2017 Audited *RMB'000*
Advances from customers	**46,991**	–
Customer loyalty programme	**17,673**	–
	64,664	–

The Group operates a loyalty programme where customers accumulate reward points for purchases made and the points would entitle them to redeem products of the Group in the future. Accordingly certain portion of the revenue from sale transaction is required to be deferred. Revenue from the reward points is recognised when the points are redeemed. Unused reward points will expire after one year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

In the first half of 2018, the Group achieved revenue of RMB818.9 million, up 5.0% from the corresponding period in 2017, and recorded profit for the period of RMB130.0 million, up 12.8% from the corresponding period in 2017. The increase in the Group's revenue for the period was attributable mainly to the increase in wholesale revenue to retail outlets and retail points.

In the first half of 2018, the macro economy recovered in the PRC and the consumer market got upward trend. Under this environment, the Group is still maintaining its market position, pursuing further development and adjusting its marketing strategies to protect and expand its market share, and achieved good performance in results.

1. **Leading brand position.** Being ranked first among 2016 China's Top 100 tea industry enterprises in terms of comprehensive strength, the "Tenfu" (天福) brand has one of the highest levels of brand awareness amongst tea product consumers in the PRC. With its high level of brand awareness and more than 25 years of presence in the market, as well as its diversified product range, the Group believes that it is in a good position to continue to occupy a large market share of branded traditional Chinese tea leaves and wait for the market re-bounce.

2. **Adjusting and optimising sales network.** The Group has continued adjusting retail outlets and retail points with a view to optimising the reach of its sales network for its tea products in the PRC. As at 30 June 2018, the Group had a total of 1,116 self-owned and third-party owned retail outlets and retail points, down a net of 13 retail stores and retail points from a total of 1,129 as at 31 December 2017.

3. **Adjustment in each tea product category and development of diversified product lines.** In the first half of 2018, the Group adjusted its tea product categories, focusing on the sale of middle-and lower-ended but functional products instead of higher-ended products to meet Chinese consumers' need.

4. **Strengthened costs control.** The Group has strengthened its costs control on all items in accordance with prevailing economic environment and market conditions, and as a result, aggregation of distribution costs and administrative expenses decreased as compared to the corresponding period in 2017 while revenue and profit increased as compared with the corresponding period in 2017.

In addition, the successful initial public offering on the main board of the Stock Exchange on 26 September 2011 (the "**Listing**") provided the Company with a fully-integrated financial platform to support its future development. The Company raised net proceeds of RMB933.3 million from the Listing. The table below sets out the Company's planned use of the net proceeds at the time of Listing and its use of such net proceeds as at 30 June 2018:

	Planned use of net proceeds at Listing	**Net proceeds used as at 30 June 2018**
Expand and optimize network of self-owned retail outlets and retail points	40.0%	26.1%
Acquire store premises for self-owned retail outlets	25.0%	25.0%
Working capital and other general corporate purposes	10.0%	10.0%
Maintain and promote brands	15.0%	9.4%
Expand production capacity	10.0%	10.0%
Total	100.0%	80.5%

In the second half of 2018, with the recovery of the macro economy in the PRC, the Group plans to keep its market share, continue with its expansion, optimise its network of self-owned retail outlets and retail points. In particular, the Group plans to:

1. **Continue to adjust and optimise its retail sales network.** The Group will further adjust retail outlets and retail points, including both self-owned and third-party owned retail outlets and retail points, according to the economic development of the PRC. As part of this goal, the Group plans to establish new retail outlets on high-traffic streets in the central business districts of selected cities, as well as retail points in popular shopping malls. In addition, the Group plans to continue to strengthen its business relationships with major department stores and hypermarkets by entering into further cooperation agreements to expand the circulation of its tea products. To capture more customers who prefer to buy their tea products on-line, the Group continues to promote internet sales through its subsidiary, namely, Xiamen Tianyu Commerce and Trading Co., Limited (廈門天鈺商貿有限公司). The Group will continue to monitor other opportunities for multi-channel sales and distribution network, which enables the Group to access a broad market audience and penetrate into different regions in the PRC, and continue to rapidly expand their sales.

2. **Continue to enhance brand reputation and consumer awareness.** The Group plans to maintain and promote its high level of brand awareness through targeted marketing and promotional activities. The Group will devote further efforts to promote its products and brands during major traditional Chinese festivals, and continue opening tea cultural flagship stores in order to maintain and promote the well-known "Tenfu" (天福) brand. The Group also plans to continue the promotion of an enhanced rewards program for its customers in order to encourage repeating business and increase customer loyalty.

3. **Continue to develop new concepts for tea-related products.** The Group believes that a broad portfolio of products will help it maintain its leading brand awareness and keep pace with constantly changing consumer preferences and trends. To this end, the Group plans to develop and introduce new concepts for tea-related products and expand its product portfolio. Xiamen Tianqia Catering Management Co., Limited (廈門天洽餐飲管理有限公司), a subsidiary of the Group, offers the tea drink (including milk tea) with the trademark of "放牛斑". Xiamen Daily Plus Food Beverage Management Co., Ltd. (廈門天天佳盈餐飲管理有限公司), a joint venture company with Ten Ren Tea (Hong Kong) Limited (天仁茶業股份有限公司), further developed the tea drink business with the trademark of "喫茶趣 TO GO". The Group will further monitor the opportunity and expand its market share in other tea products once available.

4. **Expand production capacity through the increase of the number of processing facilities.** The Group plans to cater for future growth and anticipated increases in the demand for tea and tea-related products by expanding production capacity when suitable acquisition opportunities arise or suitable construction sites can be acquired. The Group has production facilities strategically located in different parts of China, which would achieve optimisation in procurement costs.

5. **Quality control.** The Group considers product quality control to be essential to its operations, and places particular emphasis on inspecting and controlling the quality of raw materials in its supply chain. The Group will continue its commitment to quality assurance going forward by further enhancing its internal testing capabilities. In October 2015, the Group got the qualification certification for its egg roll and candy production line and related auxiliary areas, reaching the consolidated standards for prerequisite and food safety programs of American Institute of Baking.

Looking forward, the Group's primary goal is to continue growing its business and increasing its market share by leveraging on its strong market position and sales network and the anticipated long-term growth in the PRC tea market.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2018, the Group was engaged in the sales and marketing of a comprehensive range of tea products and the development of product concepts, tastes and packaging designs. The Group has manufacturing plants in Fujian province, Sichuan province and Zhejiang province, the PRC. The Group's key products are tea leaves, tea snacks and tea ware, which it sells through a nationwide network of self-owned and third-party owned retail outlets and retail points. The Group also operates the sales of tea drink (including milk tea) with the trademark of "放牛斑" and "喫茶趣 TO GO".

During the six months ended 30 June 2018, the Group derived substantially all of its revenue from the sales of tea leaves, tea ware and tea snacks. The revenue of the Group increased by 5.0% from RMB779.8 million for the six months ended 30 June 2017 to RMB818.9 million for the six months ended 30 June 2018. The following table sets forth a breakdown of revenue by product category for the periods indicated:

	Six months ended 30 June			
	2018		2017	
	RMB'000	***%***	*RMB'000*	*%*
Revenue contributed from:				
Sales of tea leaves	**572,104**	**69.9**	539,966	69.2
Sales of tea snacks	**107,624**	**13.1**	110,697	14.2
Sales of tea ware	**97,323**	**11.9**	89,111	11.4
Others[1]	**41,890**	**5.1**	40,010	5.2
Total	**818,941**	**100.0**	779,784	100.0

Note:

(1) "Others" include revenue from restaurant, hotel and management service. The Group derived its revenue from these operations through the provision of accommodation, food and beverages and other ancillary services and ticket sales from its tea museums.

Revenue from sales of the Group's tea leaves increased by 6.0% from RMB540.0 million for the six months ended 30 June 2017 to RMB572.1 million for the six months ended 30 June 2018. Revenue from sales of the Group's tea snacks decreased by 2.8% from RMB110.7 million for the six months ended 30 June 2017 to RMB107.6 million for the six months ended 30 June 2018. Revenue from sales of the Group's tea ware increased by 9.2% from RMB89.1 million for the six months ended 30 June 2017 to RMB97.3 million for the six months ended 30 June 2018. The increase in revenue in tea leaves and tea ware was mainly due to a change in product structure and a success in sales promotion.

As of 30 June 2018, the Group had approximately 300 self-owned retail outlets and 200 wholesalers throughout Mainland China accounted for approximately 54% and 41% of the total revenue respectively, compared with approximately 323 self-owned retail outlets and 200 wholesalers as of 31 December 2017.

Cost of sales

Cost of sales of the Group primarily comprises costs of inventory (mainly including costs of raw materials) and labour costs. Cost of sales of the Group increased by 4.7% from RMB303.9 million for the six months ended 30 June 2017 to RMB318.1 million for the six months ended 30 June 2018, primarily due to increase in sales.

Gross profit and gross profit margin

As a result of the foregoing factors, gross profit of the Group increased by 5.2% from RMB475.9 million for the six months ended 30 June 2017 to RMB500.9 million for the six months ended 30 June 2018, with gross profit margin increasing from 61.0% for the six months ended 30 June 2017 to 61.2% for the six months ended 30 June 2018.

Distribution costs

The distribution costs of the Group decreased by 2.7% from RMB222.6 million for the six months ended 30 June 2017 to RMB216.6 million for the six months ended 30 June 2018. The decrease of distribution costs was primarily due to optimisation of self-owned retail outlets.

Administrative expenses

Administrative expenses for the Group increased by 5.6% from RMB106.2 million for the six months ended 30 June 2017 to RMB112.2 million for the six months ended 30 June 2018. The increase was primarily due to an increase of labour costs.

Other income

Other income of the Group increased by 57.3% from RMB6.4 million for the six months ended 30 June 2017 to RMB10.1 million for the six months ended 30 June 2018. The increase was primarily due to an increase in PRC government grants which were recognised as income immediately.

Other losses – net

Other losses of the Group was RMB0.4 million for the six months ended 30 June 2018, as compared to other losses of RMB0.2 million for the six months ended 30 June 2017, primarily due to an increase in losses from the disposal of property, plant and equipment.

Finance income

Finance income of the Group decreased from RMB6.1 million for the six months ended 30 June 2017 to RMB5.1 million for the six months ended 30 June 2018, primarily due to a decrease in interest income.

Finance costs

Finance costs of the Group decreased by 30.7% from RMB5.8 million for the six months ended 30 June 2017 to RMB4.0 million for the six months ended 30 June 2018, primarily due to a decrease in interest expense on bank borrowings, reflecting a decrease in the Group's weighted average bank borrowings.

Share of profits less losses of investments accounted for using the equity method

Share of profits less losses of investments accounted for using the equity method of the Group was a net profit amounting to RMB0.8 million and a net gain amounting to RMB0.6 million for the six months ended 30 June 2018 and 2017, respectively.

Income tax expense

Income tax expense of the Group increased by 37.9% from RMB39.0 million for the six months ended 30 June 2017 to RMB53.7 million for the six months ended 30 June 2018, primarily due to an increase in the Group's profit before tax from RMB154.2 million for the six months ended 30 June 2017 to RMB183.8 million for the six months ended 30 June 2018.

Profit for the period

As a result of the foregoing factors, profit of the Group, all of which was attributable to the owners of the Company, increased by RMB14.8 million, or 12.8%, from RMB115.3 million for the six months ended 30 June 2017 to RMB130.0 million for the six months ended 30 June 2018. Net profit margin of the Group increased from 14.8% for the six months ended 30 June 2017 to 15.9% for the six months ended 30 June 2018, primarily due to increase in revenue.

Liquidity and capital resources

Cash position

The operations of the Group are capital intensive, and its liquidity requirements arise principally from the need for working capital to finance its operations and expansions. The Group has historically met its working capital and other capital requirements principally from cash generated from its operations, bank borrowings and capital contributions by its shareholders.

The Group's cash and cash equivalents increased by RMB175.6 million, or 35.4%, from RMB496.7 million as at 31 December 2017 to RMB672.3 million as at 30 June 2018, primarily due to cash generated from operations.

The Group had net cash inflow from operating activities of RMB148.1 million, net cash inflow from investing activities of RMB54.8 million and net cash outflow from financing activities of RMB26.9 million for the six months ended 30 June 2018.

Bank borrowings and gearing ratio

The Group had total bank borrowings of RMB293.0 million as at 30 June 2018 compared to RMB180.0 million as at 31 December 2017. As at 30 June 2018, the weighted average effective interest rate of the Group's bank borrowings was 4.4%, and 85.6% of the Group's bank borrowings were denominated in RMB, while 14.4% were denominated in HKD.

During the year ended 31 December 2016, Fujian Tian Fu Sales Co., Ltd., a subsidiary of the Company entered into an agreement with China Construction Bank Xiamen Branch for a long-term bank borrowing of RMB8,946,000 in connection with purchase of a store premise under construction and for which a prepayment of RMB17,355,000 for the full purchase price was made. The borrowing which is secured by the pledge of the store premise under construction bears interest at the rates quoted by People's Bank of China from time to time and requires monthly instalment of repayment up to November 2026. As at 30 June 2018, Fujian Tenfu repaid RMB368,000 and the remaining balance is RMB7,868,000. As at 30 June 2018, short-term bank borrowings of RMB165,155,000 (31 December 2017: RMB41,796,000) of the Group are guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, all of them are Directors, either separately or jointly (31 December 2017: Mr. Lee Rie-Ho). As at 30 June 2018, the Group has no secured short-term bank borrowings. As at 31 December 2017, short-term bank borrowings of RMB30,000,000 of the Group are secured by the pledge of the land use rights and property, plant and equipment of the Group.

The Directors are of the view that the guarantee of bank borrowings of RMB165,155,000 million as at 30 June 2018 by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, being a form of financial assistance (as defined in the Listing Rules) for the benefit of the Group, was on normal commercial terms where no security over the assets of the Group was granted in respect of such financial assistance provided by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin. Accordingly, such guarantee is exempt from all reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

The Group regularly monitors its gearing ratio, which represents total debt as a percentage of total capital. Total debt is calculated as total borrowings. Total capital is calculated as total equity plus total debt. As at 30 June 2018, the gearing ratio of the Group was 12.3%, compared to 7.9% as at 31 December 2017. The increase during the first half of 2018 was primarily due to increase in total borrowings.

Working capital

	As at 30 June 2018 *RMB'000*	As at 31 December 2017 *RMB'000*
Trade receivables	**178,678**	258,597
Trade and other payables	**189,239**	287,418
Inventories	**587,800**	544,194
Trade receivables turnover days(1)	**86**	116
Trade payables turnover days(2)	**61**	59
Inventories turnover days(3)	**320**	287

Notes:

(1) Trade receivables turnover days = the average of the beginning and ending trade receivables balances for the period, divided by revenue from wholesales to third-party retailers plus sales from the Group's self-owned retail points located in hypermarkets and department stores and sales through other sales channels mainly representing wholesales to other end customers for the period, multiplied by the number of days in the period.

(2) Trade payables turnover days = the average of the beginning and ending trade payables balances for the period, divided by cost of sales for the period, multiplied by the number of days in the period.

(3) inventories turnover days = the average of the beginning and ending inventory balances for the period, divided by the cost of sales for the period, multiplied by the number of days in the period.

The Group's trade receivables represent primarily balances due from third-party retailers. The Group's trade receivables decreased by RMB79.9 million from RMB258.6 million as at 31 December 2017 to RMB178.7 million as at 30 June 2018, primarily due to a decrease of trade receivables from the third parties.

The Group's trade and other payables principally comprise payables to its raw material suppliers, employee benefit payables, other taxes payable, accrued operating expenses and advances from customers. The Group's trade and other payables decreased from RMB287.4 million as at 31 December 2017 to RMB189.2 million as at 30 June 2018, primarily due to (i) advances from customers have been presented as contract liabilities as at 30 June 2018, (ii) decreases in trade payables due to third parties and other taxes payable.

The Group's inventories comprise raw materials (including packaging materials), work-in-progress and finished goods. The Group's inventories increased from RMB544.2 million as at 31 December 2017 to RMB587.8 million as at 30 June 2018, because of an increase in purchase volume.

As at 30 June 2018, the Group has sufficient working capital and financial resources to support for its regular operations.

Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB, since all of its operating subsidiaries are based in the PRC. As at 30 June 2018, most of the operating entities' revenues, expenses, assets and liabilities were denominated in RMB. The Group's foreign exchange risk mainly arises from the portion of its sales and purchases of products denominated in USD and financing activities denominated in USD and HKD. The Directors are of the view that the Group does not have significant foreign currency risk.

Any future depreciation of RMB could adversely affect the value of any dividends the Group pays to its shareholders. There are limited hedging instruments available in the PRC to reduce our exposure to exchange rate fluctuations between the RMB and other currencies. The Group currently does not engage in hedging activities designed or intended to manage such exchange rate risk.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2018.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2018, the Group had a total of 4,308 employees with 4,304 employees based in the PRC and 4 employees based in Hong Kong. For the six months ended 30 June 2018, the labour cost of the Group was RMB149.0 million.

The Group's employee remuneration policy is determined by reference to factors such as remuneration in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Group conducts performance appraisal once every year for its employees, the results of which are applied in annual salary review and promotional assessment. The Group's employees are considered for annual bonuses according to certain performance criteria and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations.

The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve customer service. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute during the six months ended 30 June 2018.

The Company adopted a share option scheme on 17 December 2010. During the six months ended 30 June 2018, the Company did not grant any options to subscribe for shares of the Company, none of the share option was lapsed, exercised or cancelled and the Company has no outstanding share option as at 30 June 2018.

OTHER INFORMATION

Purchase, Sales or Redemption of Shares

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. For the six months ended 30 June 2018, the Company has complied with the code provisions included in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules and there has been no deviation from the code provisions as set forth under the CG Code for the six months ended 30 June 2018.

Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code for dealings in securities transactions by the Directors. Specific enquiries have been made with all Directors and they have confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2018.

Interim Dividend

At the Board meeting held on 27 August 2018, it was resolved that an interim dividend of HKD0.06 (equivalent to RMB0.052) per share (2017 interim dividend: HKD0.05 (equivalent to RMB0.043) per share) be paid on or around 28 September 2018 to the shareholders (the "**Shareholders**") of the Company whose names appear on the Company's register of members on 17 September 2018. The total amount of the dividend to be paid is approximately 50% of the consolidated after tax net profit of the Group for the six months ended 30 June 2018, which is similar to the basis of dividend paid for the same period last year.

Closure of Register of Members

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from 13 September 2018 to 17 September 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 12 September 2018.

Review of Accounts

The audit committee of the Company (the "**Audit Committee**") comprises the three independent non-executive Directors and one non-executive Director. The Audit Committee and the Company's management have reviewed the accounting principles and practices adopted by the Group, and discussed risk management, internal control and financial reporting matters including review of the unaudited interim results of the Group for the six months ended 30 June 2018. The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2018 have also been reviewed by PricewaterhouseCoopers, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Publication of Interim Report

This interim results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.tenfu.com). The interim report of the Company for the six months ended 30 June 2018 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available for review on the aforesaid websites in due course.

By order of the Board
Tenfu (Cayman) Holdings Company Limited
Lee Chia Ling
Director

Hong Kong, 27 August 2018

As at the date of this announcement, the Board comprises nine members, of which Mr. Lee Rie-Ho, Mr. Lee Shih-Wei, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin are the executive Directors; Mr. Tseng Ming-Sung and Ms. Chang Le are the non-executive Directors and Mr. Lo Wah Wai, Mr. Lee Kwan Hung and Mr. Fan Ren Da, Anthony are the independent non-executive Directors.