

Tan'Sh

Global Food Group Co., Limited

國際天食集團有限公司
TANSH Global Food Group Co., Ltd

Incorporated in the Cayman Islands with limited liability

Stock Code: 3666

INTERIM REPORT
2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Gu Dorson (*Chairman*)¹
Ms. Ping Guoqin²

Non-executive Directors

Ms. Wang Huili
Ms. Wu Wen

Independent Non-executive Directors

Mr. Lui Wai Ming
Mr. Zhang Zhenyu
Ms. Li Yuping³

COMPANY SECRETARY

Ms. Leung Suet Lun

AUTHORIZED REPRESENTATIVES

Mr. Gu Dorson¹
Ms. Ping Guoqin²

AUDIT COMMITTEE

Mr. Lui Wai Ming (*Chairman*)
Ms. Li Yuping³
Mr. Zhang Zhenyu

REMUNERATION COMMITTEE

Ms. Li Yuping (*Chairman*)³
Mr. Lui Wai Ming
Mr. Zhang Zhenyu

NOMINATION COMMITTEE

Mr. Gu Dorson (*Chairman*)¹
Ms. Li Yuping³
Mr. Lui Wai Ming
Mr. Zhang Zhenyu

RISK MANAGEMENT COMMITTEE

Mr. Gu Dorson (*Chairman*)¹
Ms. Li Yuping³
Mr. Lui Wai Ming
Mr. Zhang Zhenyu

EXECUTIVE COMMITTEE

Mr. Gu Dorson (*Chairman*)¹
Ms. Ping Guoqin²

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rm. 2001 20/F,
Lippo Centre Tower 2
89 Queensway
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Rm. 1601-05, 16/F, Tower A
100 Zunyi Road
Changning District, Shanghai
The People's Republic of China

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

¹ Ms. Baixuan Tiffany Wang resigned as the executive Director, the Chairlady of the Board, the Chairlady of each of the Nomination Committee, the Risk Management Committee and the Executive Committee and a member of the Remuneration Committee and the authorised representative on 10 June 2021. After the resignation of Ms. Wang, Mr. Gu Dorson, an executive Director, resigned as the Chief Executive Officer, and was appointed as the Chairman of the Board, the Chairman of each of the Nomination Committee and the Risk Management Committee and a member of the Remuneration Committee, and re-designated from a member to the chairman of the Executive Committee with effect from 10 June 2021.

² Ms. Ping Guoqin was appointed as an executive Director, a member of the Executive Committee and the authorised representative on 10 June 2021.

³ Dr. Wu Chun Wah resigned as an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee, the Nomination Committee and the Risk Management Committee of the Board on 28 March 2021. Ms. Li Yuping was appointed as an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee, the Nomination Committee and the Risk Management Committee of the Board on 28 March 2021.

LEGAL ADVISERS

As to Hong Kong law:

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

As to Cayman Islands law:

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

AUDITOR

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

STOKE CODE

03666

COMPANY'S WEBSITE

www.tanshglobal.com

INVESTOR RELATIONS

Mr. Ding Yuli
Email: ir@tanshglobal.com

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		% Change (decrease)/ increase
	2021 (unaudited)	2020 (unaudited)	
Revenue (RMB'000)	386,194	252,250	53.1%
Gross profit ¹ (RMB'000)	256,575	168,510	52.3%
Gross profit margin ²	66.4%	66.8%	(0.4)%
Loss for the period (RMB'000)	(5,366)	(121,395)	(95.6)%
Net loss margin ³	(1.4%)	(48.1%)	46.7%
Loss per share – Basic	RMB(0.27) cents	RMB(5.80) cents	(95.3)%
Number of restaurants (as at 30 June)	52	62	

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2021, as the epidemic situation had been improving and people starting to go out and spent again, the Group has made certain progress in all aspects in line with its operating policy of being prudent, tapping into new sources of revenue and saving costs.

In respect of tapping into new sources of revenue, the Group started collaborating with high-end wedding hall groups in China, leveraging its strengths in supply chain and professional management to provide 2B solutions for high-end wedding banquets. On the online front, the Group started its direct business on Tmall, Jingdong, and Tik Tok, with significant increase in online sales from its direct online shops. On the offline front, the Group introduced Karaage no Tensai, the famous fast-food brand of Japan's Watami Group, and the first shop was successfully established in Raffles City The Bund, a landmark commercial facility in Shanghai.

Regarding cost saving and increasing efficiency, the Group has carried out a substantial transformation of the supply chain to switch to premium quality fresh products, to select and concentrate products, to highlight the theme of strict selection of high quality ingredients, and has basically achieved "purchasing from the source", weekly quotations and inventory reduction. At the same time, the Group's headquarters underwent further optimization of staff structure, flattening and deepening of cost control.

To further enhance its financial health to cope with the epidemic and the uncertainty of market environment, the Group has stepped up its efforts to recover its debts, and some of its external investments have been monetized to further release liquidity.

For the six months ended 30 June 2021, the Group's revenue amounted to RMB386.2 million, which comprised the revenue of restaurant operations of RMB377.1 million and other revenue of RMB9.1 million (including the revenue from sales of packed goods of RMB7.6 million), with an increase of RMB133.9 million or 53.1% from RMB252.3 million in the corresponding period of last year; the Group's gross profit amounted to RMB256.6 million, with an increase of approximately RMB88.1 million or 52.3% from RMB168.5 million in the corresponding period of last year. During the six months ended 30 June 2021, the loss attributable to the parent company owner was approximately RMB5.8 million, representing a decrease of RMB116.4 million in the corresponding period of last year.

As of 30 June 2021, the Group operated a restaurant network of 36 "Shanghai Min" restaurants, 2 "Maison De L' Hui" restaurants, 11 "The Dining Room" restaurants, 1 "Wolfgang Puck" restaurant, 1 "DOUTOR" café, 1 "Oreno" restaurant which covers some of the most affluent and fast-growing cities in Mainland China (Note(ii)) and Hong Kong. The following table sets forth the revenue and the number of the restaurants in operation, by geographical region and brand, for the six-month periods ended 30 June 2021 and 2020, respectively.

	For the six months ended 30 June			
	2021		2020	
	Number of restaurants (Note (iii))	Revenue RMB'000 (unaudited)	Number of restaurants	Revenue RMB'000 (unaudited)
The PRC (Note (ii))				
– Shanghai Min and Maison De L' Hui	36	287,045	40	146,722
– The Dining Room	8	40,546	10	25,833
– Other brands (Note (iv))	3	15,097	4	4,871
Hong Kong				
– Shanghai Min	2	15,434	3	20,811
– The Dining Room	3	18,944	5	34,806
Total Revenue of restaurant operations (Note (iii))	52	377,066	62	233,043
Other revenue		9,128		19,207
Total Revenue		386,194		252,250

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

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

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by RMB133.9 million or 53.1%, from RMB252.3 million for the six months ended 30 June 2020 to RMB386.2 million for the six months ended 30 June 2021. Our results recovered significantly.

Revenue of restaurant operations

Total revenue of restaurant operations increased by RMB144.1 million, or 61.8% from RMB233.0 million for the six months ended 30 June 2020 to RMB377.1 million for the six months ended 30 June 2021:

- For the six months ended 30 June 2021, the revenue from newly opened stores increased by RMB9.1 million;
- An increase of RMB179.2 million in revenue in the same store sales for the six months ended 30 June 2021 as compared to the six months ended 30 June 2020;
- A decrease of RMB44.2 million in revenue as a result of a decrease in the number of stores and suspension of business due to store renovation for the six months ended 30 June 2021.

Other revenue

For the six months ended 30 June 2021, other revenue amounted to RMB9.1 million, which mainly comprises of income from sales of packed goods amounted to RMB7.6 million.

COST OF SALES

The cost of sales increased by RMB45.9 million, or 54.8% from RMB83.7 million for the six months ended 30 June 2020 to RMB129.6 million for the six months ended 30 June 2021.

The cost of sales as a percentage of revenue increased from 33.2% for the six months ended 30 June 2020 to 33.6% for the six months ended 30 June 2021.

OTHER INCOME

Other income decreased by RMB4.0 million from RMB9.4 million for the six months ended 30 June 2020 to RMB5.4 million for the six months ended 30 June 2021. This was mainly due to a decrease of approximately RMB\$5.9 million in government subsidies compared to last year.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by RMB24.1 million, or 10.2% from RMB235.9 million for the six months ended 30 June 2020 to RMB211.8 million for the six months ended 30 June 2021.

Labor expenses increased by RMB2.4 million from RMB88.3 million for the six months ended 30 June 2020 to RMB90.7 million for the six months ended 30 June 2021. The labor costs as a percentage of revenue decreased from 35.0% for the six months ended 30 June 2020 to 23.5% for the six months ended 30 June 2021. This is mainly because during the same period last year, wages in Mainland China were reduced by half during the period of closure.

Rental expenses and building management fees increased by RMB2.8 million, or 13.7% from RMB20.4 million for the six months ended 30 June 2020 to RMB23.2 million for the six months ended 30 June 2021. The rental expenses and building management fees as a percentage of revenue decreased from 8.1% for the six months ended 30 June 2020 to 6.0% for the six months ended 30 June 2021.

Depreciation expenses decreased by RMB33.6 million, or 36.8% from RMB91.3 million for the six months ended 30 June 2020 to RMB57.7 million for the six months ended 30 June 2021. The depreciation expenses as a percentage of the sale revenue decreased from 36.2% for the six months ended 30 June 2020 to 14.9% for the six months ended 30 June 2021.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by RMB10.7 million, or 22.7% from RMB47.1 million for the six months ended 30 June 2020 to RMB36.4 million for the six months ended 30 June 2021.

OTHER EXPENSES

Other expenses amounted to RMB8.4 million for the six months ended 30 June 2021, representing a decrease of RMB11.6 million as compared with the corresponding period of last year, which is mainly due to the disposal of assets related to the closure of stores of approximately RMB3.5 million and the impairment provision which was approximately RMB2.1 million.

FINANCE COSTS

Finance costs amounted to RMB9.4 million for the six months ended 30 June 2021, representing an increase of RMB0.6 million compared with the same period of last year.

INCOME TAX CREDIT

Income tax credit decreased by RMB13.7 million from the credit of RMB12.4 million for the six months ended 30 June 2020 to the expense RMB1.3 million for the six months ended 30 June 2021.

LOSS FOR THE PERIOD

As a result of the foregoing reasons, the loss for the period of the Group decreased by RMB116.0 million from RMB121.4 million for the six months ended 30 June 2020 to RMB5.4 million for the six months ended 30 June 2021. Net loss margin decrease to 1.4% for the six months ended 30 June 2021.

DIVIDENDS PAYABLE

As at 30 June 2021, there were no outstanding dividends payable.

LIQUIDITY, CAPITAL RESOURCES AND CASH FLOW

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

As at 30 June 2021, the Group's interest-bearing bank loans amounted to RMB23.6 million. The gearing ratio was 41.5%, and the gearing ratio was net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank borrowings, trade payables and other payables and accruals, less cash and cash equivalents. Capital represents equity attributable to owners of the Company.

For the six months ended 30 June 2021, the Group had net cash inflows generated from operating activities of RMB64.0 million (for the six months ended 30 June 2020: outflow of RMB7.7 million). As at 30 June 2021, the Group had RMB91.9 million in cash and cash equivalents (30 June 2020: RMB126.8 million). The following table sets out certain information regarding the consolidated cash flows for the periods ended 30 June 2021 and 2020.

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash flows generated from/(used in) operating activities	63,955	(7,671)
Net cash flows generated used in investing activities	(2,877)	(5,095)
Net cash flows used in financing activities	(85,455)	(13,768)
Net decrease in cash and cash equivalents	(24,377)	(26,534)
Cash and cash equivalents at the beginning of the period	113,200	158,548
Effect of foreign exchange rate changes, net	3,097	(5,178)
Cash and cash equivalents at the end of the period	91,920	126,836

OPERATING ACTIVITIES

Net cash inflow generated from operating activities increased by RMB71.7 million, from outflows RMB7.7 million for the six months ended 30 June 2020 to net cash inflows RMB64.0 million for the six months ended 30 June 2021. That was mainly due to the impact from outbreak of COVID-19 pandemic upon the Group's revenue in the first half of year.

INVESTING ACTIVITIES

For the six months ended 30 June 2021, net cash flow used in investing activities was RMB2.9 million, and outflows of RMB5.1 million for the same period in 2020. The investment in fixed assets for the period was approximately RMB8.2 million and RMB5 million was recovered from the investment.

FINANCING ACTIVITIES

Net cash flow used in financing activities increased from RMB13.8 million for the six months ended 30 June 2020 to RMB85.5 million for the six months ended 30 June 2021. During the period, the Group had an additional loan of RMB27.9 million. RMB43.1 million and RMB51.3 million were paid for bank loans and lease liabilities, respectively.

FOREIGN CURRENCY EXPOSURE

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in a different currency from the functional currency of the relevant subsidiaries of the Group). None of the Group's purchase for the six months ended 30 June 2021 and 30 June 2020 are denominated in currencies other than the functional currency of the relevant subsidiaries. The Group has minimal exposure to foreign exchange risk.

CONTINGENT LIABILITIES

A subsidiary of the Group is currently a defendant in a lawsuit brought by a party alleging that the subsidiary violated the requirements in respect of registered trademarks and became involved in unfair competition in Mainland China. The plaintiff claims for a compensation amounting to RMB10,000,000. The Group's attorney considers that the possibility and the amount of compensation cannot be estimated for the time being. Accordingly, the Company have not provided for any claim arising from the litigation, other than the related legal and other costs.

Except for those disclosed above, the Group did not have any material contingent liability.

CAPITAL COMMITMENT

Capital commitments were approximately RMB6.1 million and RMB1.7 million, respectively, as at 30 June 2021 and 31 December 2020.

PLEGDED OF GROUP ASSETS

As at 30 June 2021, bank loans of HK\$20.0 million were guaranteed by the pledge of certain fixed deposits of RMB24.3 million by the Group.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments for the six months ended 30 June 2021.

MATERIAL ACQUISITION AND DISPOSAL

For the six months ended 30 June 2021, there were no other material acquisitions or disposals by the Group and its subsidiaries and associated companies.

HUMAN RESOURCES

As at 30 June 2021, the Group employed approximately 958 staff in Mainland China and Hong Kong. In 2021, the Group continued to use a three-dimensional labor structure for full-time employees, hourly employees and trainees and also entered into long-term cooperation plans with a number of domestic education institutions. The Group continued to carry out a number of incentive assessment policies formulated, so as to increase the overall income of employees and to achieve the sharing of benefits between the Company and employees, as well as to improve employee work enthusiasm.

For the six months ended 30 June 2021, total staff cost was RMB115.1 million, accounting for 29.8% of the revenue (for the six months ended 30 June 2020: RMB118.6 million), which mainly comprised wages and salaries.

OUTLOOK

Along with the effective control of domestic outbreak, the recovery of consumption, the internal circulation of the economy for a considerable period of time, the increase of one-person consumption, the accelerated growth of the mass consumption sector will be a trend. The Group's business policy will highlight the two themes of quality and efficiency and will gradually shift our main battlefield to the two ends: high-end non-daily scenario and the daily convenience scenario. The Group will further optimize and reform its existing business while investing for future growth.

In the second half of the year, the Group will accelerate the renovation of old stores and the opening of new stores, such as the new store of Maison De L' Hui, the new model of Shanghai Min 1987 with medium store size, and the renovation and upgrading of the old store of Shanghai Min brand to Shanghai Min 1987 and other projects will be implemented before the arrival of the peak consumption season at the end of the year.

After re-polishing its products, there will be a fusion of classic Shanghai dim sum, led by Xiao Long Bao, with the classic famous dishes of Shanghai Min, the take-away product offerings will be expanded, the consumption scene will be extended and re-introduced to the market using the strategy of driving the surrounding small stores by large stores.

Meanwhile, the Group will accelerate the expansion of DOUTOR Coffee and Karaage no Tensai brands to form a certain scale. The online direct product line will further be sorted out and centralized and expansion will be accelerated, using multimedia such as live streaming and Tik Tok to connect and interact with consumers in a multi-touch manner. We will make use of the reputation of the Shanghai Min brand to expand cross-border cooperation, to bring more young customers to the Group, and to provide new value and experience for 2B2C customers. We will continue to work hard and move forward and wish everyone peace and happiness.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six-month period ended 30 June 2021

	Notes	Six-month period ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
REVENUE	4	386,194	252,250
Cost of sales		(129,619)	(83,740)
Gross profit		256,575	168,510
Other income and gains	4	5,379	9,418
Selling and distribution expenses		(211,782)	(235,908)
Administrative expenses		(36,412)	(47,052)
Other expenses		(8,436)	(19,952)
Finance costs	6	(9,420)	(8,792)
LOSS BEFORE TAX	5	(4,096)	(133,776)
Income tax (expense)/credit	7	(1,270)	12,381
LOSS FOR THE PERIOD		(5,366)	(121,395)
Attributable to:			
Owners of the parent		(5,753)	(122,189)
Non-controlling interests		387	794
		(5,366)	(121,395)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six-month period ended 30 June 2021

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
LOSS FOR THE PERIOD	(5,366)	(121,395)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	2,817	(4,238)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	2,817	(4,238)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated as fair value through other comprehensive income:		
Changes in fair value	5,470	1,953
Income tax effect	(30)	(11)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	5,440	1,942
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	8,257	(2,296)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	2,891	(123,691)
Attributable to:		
Owners of the parent	2,505	(124,485)
Non-controlling interests	386	794
	2,891	(123,691)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
NON-CURRENT ASSETS			
Property and equipment	10	66,010	82,205
Right-of-use assets		229,236	160,179
Other intangible assets		2,582	3,386
Equity investments designated at fair value through other comprehensive income		18,391	18,025
Long-term rental deposits		53,855	55,246
Deferred tax assets		27,536	26,897
Total non-current assets		397,610	345,938
CURRENT ASSETS			
Inventories	11	13,892	16,079
Trade receivables	12	9,971	16,624
Prepayments, other receivables and other assets	13	82,986	89,073
Pledged deposits	14	24,251	14,894
Cash and cash equivalents	14	91,920	113,376
Total current assets		223,020	250,046
CURRENT LIABILITIES			
Trade payables	15	64,906	73,489
Other payables and accruals		110,822	123,168
Interest-bearing bank loans	16	23,642	38,995
Lease Liabilities		88,263	92,288
Tax payables		14,613	11,596
Total current liabilities		302,246	339,536
NET CURRENT LIABILITIES		(79,226)	(89,490)
TOTAL ASSETS LESS CURRENT LIABILITIES		318,384	256,448

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Lease Liabilities		184,320	124,257
Long-term payables		4,753	4,248
Deferred tax liabilities		7,234	8,552
Total non-current liabilities		196,307	137,057
Net assets		122,077	119,391
EQUITY			
Equity attributable to owners of the parent			
Share capital	17	18,393	18,393
Treasury shares	17	(9,626)	(9,626)
Other reserves		108,670	106,165
Non-controlling interests		117,437	114,932
		4,640	4,459
Total equity		122,077	119,391

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 2021

	Share capital	Treasury shares	Share premium	Capital redemption reserves	Capital reserve	Merger reserve	Statutory surplus reserve	Exchange fluctuation reserve	Share option reserve	Fair value reserve of financial asset at fair value through other comprehensive income	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As 1 January 2021	18,393	(9,626)	723,723	27	57,677	(69,246)	18,943	(35,988)	20,582	(317,111)	(292,442)	114,932	4,459	119,391
Loss for the year	-	-	-	-	-	-	-	-	-	-	(5,753)	(5,753)	387	(5,366)
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(104)	-	5,440	-	5,336	-	5,336
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	2,922	-	-	-	2,922	(1)	2,921
Total comprehensive loss for the period	-	-	-	-	-	-	-	2,818	-	5,440	(5,753)	2,505	386	2,891
Winding-up of subsidiaries	-	-	-	-	-	(525)	(2,270)	-	-	-	2,795	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(205)	(205)
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	-	(1,010)	-	1,010	-	-	-
As at 30 June 2021 (unaudited)	18,393	(9,626)	723,723	27	57,677	(69,771)	16,673	(33,170)	19,572	(311,671)	(294,390)	117,437	4,640	122,077

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 June 2021

	Share capital	Treasury shares	Share premium	Capital redemption reserves	Capital reserve	Merger reserve	Statutory surplus reserve	Exchange fluctuation reserve	Share option reserve	Share Award Scheme reserve	Fair value reserve of financial asset at fair value through other comprehensive income	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As 1 January 2020	18,393	-	723,842	27	57,677	(69,246)	18,588	(15,621)	24,162	-	(337,181)	23,085	443,726	6,597	450,323
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	(112,189)	(122,189)	794	(121,395)
Other comprehensive loss for the period:															
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	6,619	-	-	(4,677)	-	1,942	-	1,942
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	(4,238)	-	-	-	-	(4,238)	-	(4,238)
Total comprehensive loss for the period	-	-	-	-	-	-	-	2,381	-	-	(4,677)	(122,189)	(124,485)	794	(123,691)
Share Award Scheme expenses	-	-	-	-	-	-	-	-	-	5,648	-	-	5,648	-	5,648
Repurchase of shares for the Share Award Scheme	-	(15,393)	-	-	-	-	-	-	-	-	-	-	(15,393)	-	(15,393)
Transfer of treasury shares upon vesting under Share Award Scheme	-	5,767	(119)	-	-	-	-	-	-	(5,648)	-	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(429)	(429)
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	-	(2,601)	-	-	2,601	-	-	-
As at 30 June 2020 (unaudited)	18,393	(9,626)	723,723	27	57,677	(69,246)	18,588	(13,240)	21,561	-	(341,858)	(96,503)	309,496	6,962	316,458

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2021

	Notes	Six month period ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Cash flows from operating activities			
Loss before income tax expense		(4,096)	(133,776)
Adjustments for:			
Finance cost	6	9,420	8,792
Interest income	4	(336)	(352)
Covid-19-related rent concession		(840)	(15,734)
Depreciation of property and equipment	5	19,457	31,094
Depreciation of right-of-use assets	5	40,561	65,952
Amortisation of other intangible assets	5	804	833
Loss on disposal of items of property and equipment	5	274	1,502
Impairment provision for property and equipment	5	–	6,777
Gain on disposal of right-of-use assets for early terminated lease	5	(1,830)	(729)
Impairment of the financial assets included in prepayments and other receivables	5	2,139	–
Share Award Scheme expense	18	–	5,648
Operating gain/(loss) before working capital changes		65,553	(29,993)
Decrease/(increase) in inventories		2,178	(392)
Decrease/(increase) in trade receivables		6,628	(147)
Decrease in prepayments, other receivables and other assets		4,125	39,000
Decrease in trade payables		(8,467)	(26,286)
Decrease in other payables and accruals		(7,381)	(6,780)
Decrease in long-term rental deposits		1,193	19,400
Increase/(decrease) in long-term payables		549	(623)
Cash generated from/(used in) operating activities		64,378	(5,821)
Income tax paid		(423)	(1,850)
Net cash generated from/(used in) operating activities		63,955	(7,671)
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,213)	(4,599)
Purchase of intangible assets		–	(848)
Interest received		336	352
Proceeds from disposals of equity investments designated at fair value through other comprehensive income		5,000	–
Net cash used in investing activities		(2,877)	(5,095)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 June 2021

	Notes	Six month period ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Cash flows from financing activities			
Increase in pledged deposits and time deposits over three months		(9,357)	(9,765)
Repayment of bank loans		(43,107)	(12,484)
Proceeds from new bank loans		27,922	44,462
Principal portion of lease payments		(51,288)	(19,589)
Dividends paid to non-controlling shareholders		(205)	(429)
Repurchase of shares		–	(15,393)
Interest paid		(9,420)	(570)
Net cash flows used in financing activities		(85,455)	(13,768)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalent at beginning of the period		113,200	158,548
Effect of foreign exchange rate changes, net		3,097	(5,178)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		91,920	126,836
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	91,920	126,836

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

1. CORPORATE AND GROUP INFORMATION

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

Net current liability

As at 30 June 2021, the current liabilities of the Group exceeded its current assets by approximately RMB79.2 million. In the opinion of the directors, the net current liability position was mainly caused by the recognition of lease liability (current portion) after the application of IFRS 16. The directors have prepared these financial statements on a going concern basis based on the cash flow forecast which indicated the Group will generate sufficient cash inflows from operating activities and financing from bank loans, to meet its financial obligations when they fall due.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7,
IFRS 4 and IFRS 16

Interest Rate Benchmark Reform – Phase 2

The new or amended IFRSs that are effective from 1 January 2021 did not have any significant impact on the Group's accounting policies.

3. OPERATING SEGMENT INFORMATION

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

(a) TANSH Global Business (including main brands: Shanghai Min, Maison De L’Hui, The Dining Room, Oreno, Wolfgang Puck and DOUTOR)

Geographical information

(a) Revenue from external customers

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Chinese Mainland	351,817	196,633
Hong Kong	34,377	55,617
	386,194	252,250

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

(b) Non-current assets

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(audited)
Chinese Mainland	320,940	272,394
Hong Kong	30,743	28,622
	351,683	301,016

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

Information about a major customer

Since no revenue from sales to a single customer amounted to 10% or more of the Group’s revenue during the Six-month period ended 30 June 2021 and 2020 segment information is not presented in accordance with IFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	386,194	252,250

Disaggregated revenue information for revenue from contracts with customers

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Types of goods or services		
Restaurant operations	377,066	233,043
Sale of packed foods	7,569	15,134
Management fee from franchisee	1,559	4,073
Total revenue from contracts with customers	386,194	252,250

Other income and gains

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grants*	1,934	7,842
Interest income	336	352
Management fee income	442	286
Gain on disposal of right-of-use assets for early terminated leases	1,830	729
Others	837	209
	5,379	9,418

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

5. LOSS BEFORE TAX

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

	Six-month period ended 30 June	
	2021	2020
	RMB'000 (unaudited)	RMB'000 (unaudited)
Cost of inventories consumed	129,619	83,740
Depreciation of property and equipment	19,457	31,094
Amortisation of other intangible assets	804	833
Lease expenses	7,035	13,944
Depreciation of right-of-use assets	40,561	65,952
Impairment of the financial assets included in prepayments and other receivables	2,139	–
Provision of impairment of property and equipment	–	6,777
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	105,750	100,684
Defined contribution pension scheme	9,360	12,248
Share Award Scheme expenses	–	5,648
	115,110	118,580
Interest income	(336)	(352)
Loss on disposal of items of property and equipment	274	1,502
Gain on disposal of right-of-use assets for early terminated lease	(1,830)	(729)

6. FINANCE COSTS

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

	Six-month period ended 30 June	
	2021	2020
	RMB'000 (unaudited)	RMB'000 (unaudited)
Interest expense on lease liabilities	8,844	8,222
Interest on bank loans	576	570
	9,420	8,792

7. INCOME TAX

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current – Chinese Mainland charged for the period	3,227	596
Current – Hong Kong and elsewhere charged for the period	–	126
Deferred tax	(1,957)	(13,103)
Total tax expenses/(credited) for the period	1,270	(12,381)

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

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

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

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

8. DIVIDENDS

No interim dividend was proposed during the six-month period ended 30 June 2021 (six-month period ended 30 June 2020: Nil).

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

The calculation of basic loss per share is based on the consolidated loss attributable to ordinary equity holders of the parent and weighted average number of ordinary shares of 2,106,993,000 (30 June 2020: 2,108,336,000) in issue throughout the period.

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

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

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Losses		
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	(5,753)	(122,189)
Number of shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,106,993,000	2,108,336,000
Number of ordinary shares used in the diluted earnings per share calculation	2,106,993,000	2,108,336,000

Diluted loss per share for the year is the same as basic loss per share as the potential ordinary shares in relation to the share options granted under Share Award Scheme to the employees (note 18) are anti-dilutive as the exercise prices of these options exceeded the average market price of ordinary shares during the period and hence assumed there is no any conversation or exercise.

10. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with a cost of RMB3,554,000 (the six months ended 30 June 2020: RMB3,448,000).

Items of property and equipment with a net book value of RMB274,000 were disposed of by the Group during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB1,502,000).

As at 30 June 2021 the balance of impairment provision was RMB28,636,000, and impairment provision amounting to RMB7,067,000 was written off during the period ended 30 June 2021 (the six months ended 30 June 2020: RMB18,623,000), and no impairment provision reversed during the period ended 30 June 2021 (the six months ended 30 June 2020: Nil) and no impairment provision was recognised in the period ended 30 June 2021 (the six months ended 30 June 2020: RMB6,777,000).

11. INVENTORIES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Food and beverages, and other operating items for restaurant operations, at cost	13,892	16,079

12. TRADE RECEIVABLES

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

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within 1 month	3,274	7,346
1 to 2 months	1,457	1,991
2 to 3 months	317	29
Over 3 months	4,923	7,258
	9,971	16,624

The Group applies the simplified approach to provide for expected credit losses prescribed in IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics and the days past due of the trade receivables to measure the expected credit losses. As all of the receivables were neither past due nor impaired and relate to diversified customers for whom there was no recent history of default and there has not been a significant change in credit quality, the directors are of the opinion that no provision for impairment is necessary in respect of these balances.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Deposits and other receivables		70,691	94,581
Deductible input VAT		29,406	29,640
Prepaid expense		7,702	9,734
Amounts due from companies owned by the Controlling Shareholder		2,273	-
Prepayments		23,262	26,523
		133,334	160,478
Impairment allowance	(i)	(50,348)	(71,405)
		82,986	89,073

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

As at 30 June 2021, the above provision for impairment of other receivables included provision individually impaired on rental deposit, prepayment and other receivables from counterparty of RMB50,348,000 with a carrying amount before provision of RMB50,348,000 as at 30 June 2021.

As at 30 June 2021, except for the impairment allowance provided above, none of the other assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Cash and bank balances	91,920	101,620
Time deposits with original maturity of less than three months	9,633	11,580
Time deposits with original maturity of over three months	14,618	15,070
	116,171	128,270
Less: Pledged time deposits for bank loans:		
– Current portion	(24,251)	(14,894)
Cash and cash equivalents	91,920	113,376

As at 30 June 2021, RMB24,251,000 of time deposits were pledged for bank loans borrowed by the Group, for details please refer to Note 16(a) (31 December 2020: RMB14,894,000).

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“**RMB**”) amounted to RMB110,091,000 (31 December 2020: RMB116,490,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

15. TRADE PAYABLES

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within 3 months	41,877	59,939
3 months to 1 year	5,635	451
Over 1 year	17,394	13,099
	64,906	73,489

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

16. INTEREST-BEARING BANK LOANS

	30 June 2021			31 December 2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	2.86	2021	4,160			–
Bank loans – secured	2.90	2021	4,160			–
Bank loans – secured	2.88	2021	4,161			–
Bank loans – secured	2.85	2021	4,161			–
Bank loans – unsecured	3.65	On demand	5,000			–
Bank loans – unsecured	3.65	On demand	2,000			–
Bank loans – unsecured			–	3.75	2021	5,000
Bank loans – unsecured			–	4.25	2021	11,370
Bank loans – unsecured			–	3.75	2021	10,000
Bank loans – secured			–	3.13	On demand	4,208
Bank loans – secured			–	2.97	On demand	4,208
Bank loans – secured			–	2.94	On demand	4,209
			23,642			38,995
Analysed into:						
Bank loans repayable:						
Within one year or on demand			23,642			38,995

(a) The bank loans borrowed by the Group are secured by the pledge of certain Group's time deposits amounting to RMB24,251,000 (31 December 2020: RMB14,894,000).

17. SHARE CAPITAL**Shares**

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Authorised:		
Ordinary shares of HK\$0.01 each	10,000,000,000	10,000,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each	2,213,031,000	2,213,031,000
Equivalent to RMB'000	18,393	18,393

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

	Share capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Capital redemption reserve RMB'000	Total RMB'000
At 1 January 2020	18,393	-	723,842	27	742,262
Share repurchased	-	(15,393)	-	-	(15,393)
Transfer of treasury shares upon vesting under Share Award Scheme	-	5,767	(119)	-	5,648
At 31 December 2020 and 30 June 2021	18,393	(9,626)	723,723	27	732,517

The trustee under the Share Award Scheme did not purchase share during the period.

18. SHARE-BASED PAYMENTS

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

(1) Pre-IPO Share Option Schemes

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

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

The following share options were outstanding under the Pre-IPO Share Option Schemes during the Six-month period ended 30 June 2021 and 2020:

	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	Weighted average exercise price per share RMB	Number of options '000	Weighted average exercise price per share RMB	Number of options '000
At the beginning of the period		8,025		17,623
Forfeited during the period	1.148	(251)	1.090	(1,371)
Expired during the period	1.091	(1,908)	0.990	(6,219)
At the end of the period		5,866		10,033

No share options were exercised during the six-month periods ended 30 June 2021 and 2020.

18. SHARE-BASED PAYMENTS *(continued)***(1) Pre-IPO Share Option Schemes** *(continued)*

The exercise prices and exercise periods of the share options under the Pre-IPO Share Option Schemes outstanding as at 30 June 2021 are as follows:

Number of option '000	Exercise price (after adjustment due to Rights Issue) RMB per share	Exercise period
610	1.09	1 July 2012 to 1 July 2021
39	1.09	1 July 2012 to 1 July 2021
2,570	1.09	1 July 2012 to 12 August 2021
365	1.17	1 July 2012 to 12 August 2021
575	1.17	1 January 2013 to 15 January 2022
1,707	1.17	1 January 2013 to 15 May 2022
<hr/>		
5,866		

There were no share options granted under the Pre-IPO Share Option Schemes after 4 July 2012, the Company's listing date. The Group recognised no share option expense under the Pre-IPO Share Option Schemes during the six-month periods ended 30 June 2021 and 2020.

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

18. SHARE-BASED PAYMENTS (continued)

(2) Share Option Scheme

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

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

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

On 21 October 2019, the Company granted 2,500,000 share options to non-executive directors Mr. Wu Chun Wah, Mr. Lui Wai Ming, and Mr. Zhang Zhenyu under the Share Option Scheme and the exercise price was HK\$0.20

There were no share options granted during the period ended 30 June 2021.

The following share options were outstanding under the Share Option Scheme during the six-month periods ended 30 June 2021 and 2020:

	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	Weighted average exercise price per share RMB	Number of options '000	Weighted average exercise price per share RMB	Number of options '000
At the beginning of the period		18,317		22,820
Forfeited during the period	1.071	(1,550)	1.391	(2,653)
At the end of the period		16,767		20,167

No share options under the Share Option Scheme were exercised during the six-month periods ended 30 June 2021 and 2020.

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

18. SHARE-BASED PAYMENTS *(continued)***(2) Share Option Scheme** *(continued)*

The exercise prices and exercise periods of the share options under the Share Option Scheme outstanding as at 30 June 2021 are as follows:

Number of option '000	Exercise price (after adjustment due to Rights Issue) RMB per share	Exercise period
4,908	1.49	23 August 2013 to 22 August 2023
2,651	1.49	1 July 2015 to 29 June 2024
3,451	1.29	1 July 2015 to 29 June 2024
690	1.29	1 January 2016 to 31 December 2024
2,567	0.99	1 January 2016 to 31 December 2024
2,500	0.20	21 October 2019 to 21 October 2029
<hr/>		
16,767		

The Group didn't recognise share option expense for the six-month period ended 30 June 2021 (six-month period ended 30 June 2020: nil).

As at 30 June 2021, the Company had 5,866,000 and 16,767,000 share options outstanding under the Pre-IPO Share Option Schemes and the Share Option Scheme, respectively. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 22,633,000 additional ordinary shares of the Company and additional share capital of RMB188,316 and share premium of RMB22,748,761 (before issue expense).

18. SHARE-BASED PAYMENTS *(continued)*

(3) Share Award Scheme

The Share Award Scheme

A share award scheme (the “**Share Award Scheme**”) was approved and adopted by the Board on 20 December 2019, under which the executive committee of the Share Award Scheme (the “**Executive Committee**”), upon the authorization of the Board, may from time to time at its absolute discretion select any employee of any member of the Group for participation in the Share Award Scheme as a selected employee (the “**Selected Employee(s)**”), and grant such number of awarded shares (the “**Awarded Shares**”) to any Selected Employee. The Selected Employees are not required to pay any price to receive the Awarded Shares.

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

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

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

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

Details of Share Awards granted under the Share Award Scheme

As at 30 June 2021, no shares (30 June 2020: 112,562,000 Shares), representing approximately nil (30 June 2020: 5.09%) of the issued share capital of the Company as at 30 June 2021, were purchased and held on trust by the Trustee.

As at 30 June 2021, no shares (30 June 2020: 104,012,460 Shares) were granted to the Selected Employees and no Shares (30 June 2020: 37,842,831 Shares) were vested under the Share Award Scheme.

19. CONTINGENT LIABILITIES

A subsidiary of the Group is currently a defendant in a lawsuit brought by a party alleging that the subsidiary violated registered trademarks and unfair competition in Chinese Mainland. The plaintiff claims for a compensation amounting to RMB10,000,000. The Group’s attorney considers that the possibility and the amount of compensation cannot be estimated for the time being. Accordingly, the Company have not provided for any claim arising from the litigation, other than the related legal and other costs.

20. COMMITMENTS

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Contracted, but not provided for:		
Leasehold improvements	6,140	1,714

21. RELATED PARTY TRANSACTIONS

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

		Six-month period ended 30 June	
	Note	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Actual Spending of Pre-paid Cards	(i)	4,614	4,166
Commission paid for Pre-paid Cards	(i)	33	45

Note:

- (i) The Group entered into a Pre-paid Cards Agreement in 2014 with Shanghai Hui Feng Restaurant Management Co., Ltd. ("**Hui Feng Management**", formerly named Shanghai Xiao Nan Guo Enterprises Service Information Development Limited), a company indirectly owned by Bai Xuan Tiffany Wang, who is the close family member of the Beneficial Owner of the Company. Pursuant to the agreement, the pre-paid cards can be used at the Shanghai Min Restaurants, the Fei SPA operated by an independent third party. The actual spending is the amount which the pre-paid card holders have actually spent at the Shanghai Min Restaurants (including Shanghai Min, Maison De L'Hui, the dining room and Shanghai Min's family restaurants) via the pre-paid cards, which amounted to RMB4,614,000 (30 June 2020: RMB4,166,000).

The commission paid to Hui Feng Management amounted to RMB33,000 (30 June 2020: RMB45,000), for pre-paid cards at the Shanghai Min Restaurants.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

21. RELATED PARTY TRANSACTIONS *(continued)*

(b) Outstanding balances with related parties

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

(c) Compensation of key management personnel of the Group

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term employee benefits	1,987	1,662
Share Award Scheme expenses	–	3,320

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

22. FINANCIAL INSTRUMENTS BY CATEGORY

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

30 June 2021 (unaudited)**Financial assets**

	Financial assets at fair value through other comprehensive income: equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	18,391	–	18,391
Long-term rental deposits	–	53,855	53,855
Trade receivables	–	9,971	9,971
Financial assets included in prepayments, other receivables and other assets	–	27,260	27,260
Pledged deposits	–	24,251	24,251
Cash and cash equivalents	–	91,920	91,920
	18,391	207,257	225,648

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	64,906
Financial liabilities included in other payables and accruals	45,060
Interest-bearing bank loans	23,642
Lease Liabilities	272,583
	406,191

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

22. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

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

31 December 2020 (audited)

Financial assets

	Financial assets at fair value through other comprehensive income: equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	18,025	–	18,025
Long-term rental deposits	–	55,246	55,246
Trade receivables	–	16,624	16,624
Financial assets included in prepayments, other receivables and other assets	–	28,163	28,163
Pledged deposits	–	14,894	14,894
Cash and cash equivalents	–	113,376	113,376
	18,025	228,303	246,328

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	73,489
Financial liabilities included in other payables and accruals	40,729
Interest-bearing bank loans	38,995
Lease Liabilities	216,545
	369,758

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

The following table provides the fair value measurement hierarchy of the Company's financial instruments measured at fair value as at 30 June 2021:

Financial assets measured at fair value

As at 30 June 2021

	Fair value measurements categorised into			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Equity investments at fair value through other comprehensive income:				
Unlisted equity investment, at fair value	–	–	5,000	5,000
Listed equity investment, at fair value	13,391	–	–	13,391
	13,391	–	5,000	18,391

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

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

Financial assets measured at fair value *(continued)*

As at 31 December 2020

	Fair value measurements categorised into				Total RMB'000
	Level 1	Level 2	Level 3		
	RMB'000	RMB'000	RMB'000		
Equity investments at fair value through other comprehensive income:					
Unlisted equity investment, at fair value	–	–	10,000		10,000
Listed equity investment, at fair value	8,025	–	–		8,025
	8,025	–	10,000		18,025

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

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

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

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investment	Discounted cash flow method	Expected yield	RMB400,000 to RMB677,000	10% increase/(decrease) in expected yield would result in increase/(decrease) in fair value by RMB1,379,000

24. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 August 2021.

OTHER INFORMATION

SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 18 August 2021, Bright Charm Development Limited (“**Bright Charm**”), a wholly-owned subsidiary of the Company and Rosy Metro Limited (“**Rosy Metro**”) and Ms. Pauline Wong (collectively the “**Obligors**”) entered into a deed whereby all parties agreed to, among other things, vary the terms of repayment of the principal amount and interests thereon under a bond (the “**Bond**”), issued by Rosy Metro to Bright Charm at the principal amount of the last instalment of the sale and purchase agreement (the “**SP Agreement**”) in relation to the disposal of 65% issued shares of Million Rank (HK) Limited by Bright Charm to Rosy Metro, being HK\$51,300,000, on 21 July 2018 (the “**Deed**”). Pursuant to the Deed, Bright Charm has agreed to, among other things, (1) reduce the amount of the final amount of HK\$51,300,000 payable by Rosy Metro under the SP Agreement to HK\$38,000,000. HK\$20,000,000 was paid on the signing of the Deed, and the remaining HK\$18,000,000 will be paid by three instalments within six months; (2) reduce the last instalment of interest payable by Rosy Metro under the Bond of HK\$2,052,000 to HK\$1,000,000, which was paid on the signing of the Deed; and (3) Rosy Metro bear legal fees of HK\$200,000 in relation to the Deed, which was paid on the signing of the Deed.

The aggregate exemption amount of principal amount and interests is HK\$14,352,000 under the Deed.

Please refer to the announcement of the Company dated 18 August 2021 for details.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

CHANGES OF DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed below, as at the date of this report, there were no significant changes in the information related to the directors of the Company (the “**Director(s)**”) and senior management as compared to the particulars set out in the Company’s 2020 Annual Report:

Ms. Baixuan Tiffany Wang resigned as the executive Director, the Chairlady of the Board, the Chairlady of each of the Nomination Committee, the Risk Management Committee and the Executive Committee and a member of the Remuneration Committee and the authorised representative on 10 June 2021. After the resignation of Ms. Wang, Mr. Gu Dorson, an executive Director, resigned as the Chief Executive Officer, and was appointed as the Chairman of the Board, the Chairman of each of the Nomination Committee and the Risk Management Committee and a member of the Remuneration Committee, and re-designated from a member to the chairman of the Executive Committee with effect from 10 June 2021.

Ms. Ping Guoqin was appointed as an executive Director, a member of the Executive Committee and the authorised representative on 10 June 2021.

Dr. Wu Chun Wah resigned as an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee, the Nomination Committee and the Risk Management Committee of the Board on 28 March 2021. Ms. Li Yuping was appointed as an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee, the Nomination Committee and the Risk Management Committee of the Board on 28 March 2021.

Save as disclosed above, there are no other changes in respect of each Director or chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or its any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to notify to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules, are set out as follows:

Name of Directors	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding
Baixuan Tiffany Wang	Substantial Beneficiary of a trust	655,087,500 (L) ⁽²⁾	29.60%
Wu Wen	Interest in controlled corporation	62,592,681 (L) ⁽³⁾	2.83%
	Beneficial owner	24,228,000 (L)	1.09%
Wang Huili	Interest in controlled corporation	12,260,625 (L) ⁽⁴⁾	0.55%
	Beneficial owner	126,150,000 (L)	5.70%
Lui Wai Ming	Beneficial owner	1,000,000 (L) ⁽⁵⁾	0.05%
Wu Chun Wah	Beneficial owner	1,000,000 (L) ⁽⁶⁾	0.05%
Zhang Zhenyu	Beneficial owner	500,000 (L) ⁽⁷⁾	0.02%

Notes:

- (1) "L" denotes long position in the Shares held by the Directors.
- (2) Ms. Baixuan Tiffany Wang resigned as the executive Director on 10 June 2021. The relevant Shares were held by Alpadis Trust (HK) Limited ("Alpadis Trust"), a professional trustee. Two underage children of Ms. Baixuan Tiffany Wang are the beneficiaries of the Alpadis Trust. Therefore, Ms. Baixuan Tiffany Wang was deemed to be substantially interested in the Shares held by the Alpadis Trust under the SFO.
- (3) The relevant Shares were held by Well Reach Limited. Ms. Wu Wen, a non-executive Director, owned the entire issued share capital of Brilliant South Limited, which beneficially owned 100% of the issued share capital in Well Reach Limited. Therefore, Ms. Wu Wen was deemed to be interested in the Shares held by Well Reach Limited under the SFO.
- (4) The relevant Shares were held by Fast Thinker Limited. Ms. Wang Huili, a non-executive Director, owned the entire issued share capital of Ever Project Investments Limited, which beneficially owned 100% of the issued share capital in Fast Thinker Limited. Therefore, Ms. Wang Huili was deemed to be interested in the Shares held by Fast Thinker Limited under the SFO.
- (5) Mr. Lui Wai Ming, an independent non-executive Director, was entitled as a grantee of options to subscribe for up to 1,000,000 Shares under the Share Option Scheme (as stated in the announcements dated 2 May 2017 and 21 October 2019, respectively).
- (6) Dr. Wu Chun Wah resigned as the independent non-executive Director on 28 March 2021.
- (7) Mr. Zhang Zhenyu, an independent non-executive Director, was entitled as a grantee of options to subscribe for up to 500,000 Shares under the Share Option Scheme (as stated in the announcement dated 21 October 2019).

Save as disclosed above, as at 30 June 2021, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of 30 June 2021, the following persons (other than Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding
Alpadis Group Holding SA	Interest in controlled corporation	655,087,500 (L) ⁽²⁾	29.60%
Alpadis Trust (HK) Limited	Interest in controlled corporation	655,087,500 (L) ⁽²⁾	29.60%
Esseiva Alain	Interest in controlled corporation	655,087,500 (L) ⁽³⁾	29.60%
Shen Xia	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) ⁽⁴⁾	7.59%
Elite Converge Limited	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) ⁽⁴⁾	7.59%
Sunshine Property I Limited	Beneficial owner	167,887,000 (L)	7.59%
		167,887,000 (S) ⁽⁴⁾	7.59%
Shining Capital Holdings L.P.	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) ⁽⁴⁾	7.59%
Shining Capital Management Limited	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) ⁽⁴⁾	7.59%
Shining (BVI) Limited	Interest in controlled corporation	167,887,000 (L)	7.59%
		167,887,000 (S) ⁽⁴⁾	7.59%
Li Shuming	Beneficial owner	164,763,575 (L)	7.44%

Notes:

- (1) The letter "L" denotes long position in the shares.
- (2) The underlying shares were held by Alpadis Trust as a professional trustee.
- (3) Mr. Esseiva Alain indirectly held 100% of the shares of Alpadis Trust.
- (4) The 167,887,000 Shares were held by Sunshine Property I Limited. Mr. Weng Xiangwei owned the entire issued share capital of Shining (BVI) Limited, which beneficially owned 50% of the issued share capital of Shining Capital Management Limited. The remaining of 50% equity interest held by Elite Converge Limited, of which Mr. Shen Xia owned 100% of the issued share capital. Shining Capital Management Limited in turn beneficially owned the entire issued share capital of Shining Capital Holdings L.P., which in turn beneficially owned the entire issued share capital of Sunshine Property I Limited. Therefore, Mr. Weng Xiangwei, Mr. Shen Xia, Elite Converge Limited, Shining (BVI) Limited, Shining Capital Management Limited and Shining Capital Holdings L.P. were deemed to be interested in the Shares held by Sunshine Property I Limited under the SFO.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEMES

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

- (1) Pre-IPO Share Option Schemes Pursuant to the written resolutions of the shareholders of the Company passed on 10 February 2010 and 15 March 2011, the rules of two Pre-IPO share option schemes (the “**Pre-IPO Share Option Schemes**”) were approved and adopted, respectively. The Pre-IPO Share Option Schemes adopted on 15 March 2011 were subsequently amended on 10 August 2011 pursuant to the written resolutions of the shareholders of the Company passed on 29 July 2011. The options granted to any grantee under the Pre-IPO Share Option Schemes adopted on 15 March 2011 and amended on 10 August 2011 shall vest according to the following schedule:
 - (a) from 1 July 2012 to the end of 10 years from the date of grant:
 - (1) 25% shall vest if the Company’s net profit for the year ended 31 December 2011 reaches a specified target;
 - (2) 12.5% shall vest if the Company’s net profit for the year ended 31 December 2011 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;
 - (3) if the Company’s net profit for the year ended 31 December 2011 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options;
 - (b) from 1 July 2013 to the end of 10 years from the date of grant:
 - (1) 25% shall vest if the Company’s net profit for the year ended 31 December 2012 reaches a specified target;
 - (2) 12.5% shall vest if the Company’s net profit for the year ended 31 December 2012 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;
 - (3) if the Company’s net profit for the year ended 31 December 2012 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options;
 - (c) from 1 July 2014 to the end of 10 years from the date of grant:
 - (1) 25% shall vest if the Company’s net profit for the year ended 31 December 2013 reaches a specified target;
 - (2) 12.5% shall vest if the Company’s net profit for the year ended 31 December 2013 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;
 - (3) if the Company’s net profit for the year ended 31 December 2013 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options; and

- (d) from 1 July 2015 to the end of 10 years from the date of grant:
- (1) 25% shall vest if the Company's net profit for the year ended 31 December 2014 reaches a specified target;
 - (2) 12.5% shall vest if the Company's net profit for the year ended 31 December 2014 reaches 90% of the specified target and the Company has the right to cancel the other 12.5%;
 - (3) if the Company's net profit for the year ended 31 December 2014 is lower than 90% of the specified target, the Company has the right to cancel 25% of such options.

Each option granted under the Pre-IPO Share Option Schemes is exercisable within 10 years from the date on which such option becomes vested. For details of the share options, please refer to Note 18 to the financial statements.

Pursuant to the Pre-IPO Share Option Schemes, all the options under the Pre-IPO Scheme Option Schemes were granted on or before 13 June 2012 as mentioned in the Prospectus. No further options will be granted under the Pre-IPO Share Option Schemes upon listing of the shares of the Company (the "Shares") on the Stock Exchange. The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of RMB0.99, RMB1.09 or RMB1.17 by the grantee taking into consideration of the exercise price adjustment of the options upon the Rights Issue.

The summary of the share options granted under the Pre-IPO Share Option Schemes that were still outstanding as at 30 June 2021 is as follows:

Name of the grantee	As at	During the	During the	During the	During the	As at
	1 January 2021	period ended 30 June 2021	period ended 30 June 2021	period ended 30 June 2021	period ended 30 June 2021	30 June 2021
	No. of share options outstanding	No. of share options granted	No. of share options exercised	No. of share options cancelled	No. of share options lapsed	No. of share options outstanding
	'000	'000	'000	'000	'000	'000
Employees (in aggregate)	8,025	–	–	–	2,159	5,866

OTHER INFORMATION

Details regarding the number of options, date of grant, exercise period and exercise price of the share options granted under the Pre-IPO Share Option Schemes that were still outstanding as at 30 June 2021 are set out below:

Participants	Date of grant of option	Exercise period of option	Exercise Price of Option RMB per share	No. of outstanding option as at 30 June 2021 '000
Employees	1 July 2011	1 July 2012 to 1 July 2021	1.09	610
	1 July 2011	1 July 2012 to 1 July 2021	1.09	39
	12 August 2011	1 July 2012 to 12 August 2021	1.09	2,570
	12 August 2011	1 July 2012 to 12 August 2021	1.17	365
	15 January 2012	1 January 2013 to 15 January 2022	1.17	575
	15 May 2012	1 January 2013 to 15 May 2022	1.17	1,707
Total				5,866

(2) Share Option Scheme

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

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

The total number of Shares issued and to be issued upon the exercise of the options granted or to be granted to each eligible participant under the Share Option Scheme and any other schemes of the Group (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue. The Share Option Scheme will remain in force for a period of 10 years from 4 July 2012. Under the Share Option Scheme, each option has a exercise period of ten years. No share option was granted under the Share Option Scheme for the period from 1 January 2021 to 30 June 2021.

The summary of the share options granted under the Share Option Scheme that were still outstanding as at 30 June 2021 is as follows:

Name of the grantee	As at	During the	During the	During the	During the	As at
	1 January 2021	period ended 30 June 2021	period ended 30 June 2021	period ended 30 June 2021	period ended 30 June 2021	30 June 2021
	No. of share options outstanding	No. of share options granted	No. of share options exercised	No. of share options cancelled	No. of share options lapsed	No. of share options outstanding
	'000	'000	'000	'000	'000	'000
Directors						
Mr. Lui Wai Ming	1,000	–	–	–	–	1,000
Dr. Wu Chun Wah	1,000	–	–	–	–	1,000
Mr. Zhang Zhenyu	500	–	–	–	–	500
Employees	18,316	–	–	–	4,050	14,266
Directors and employees (in aggregate)	20,816	–	–	–	4,050	16,766

Details regarding the number of options, date of grant, exercise period and exercise price of the share options granted under the Share Option Schemes that were still outstanding as at 30 June 2021 are set out below:

Participants	Date of grant of option	Exercise period of option	Exercise price	No. of
			of option	outstanding
			HK\$ per share	option as at
				30 June 2021
				'000
Directors	21 October 2019	21 October 2019 to 21 October 2029	0.20	2,500
Employees	23 August 2013	23 August 2013 to 22 August 2023	1.49	4,908
	30 June 2014	1 July 2015 to 29 June 2024	1.49	2,651
	30 June 2014	1 July 2015 to 29 June 2024	1.29	3,452
	1 January 2015	1 January 2016 to 31 December 2024	1.29	690
	1 January 2015	1 January 2016 to 31 December 2024	0.99	2,565
Total				16,766

CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its code of corporate governance. For the six months ended 30 June 2021, the Company has complied with the applicable code provisions set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company regarding directors’ transactions of securities. After specific enquires to all Directors, all the Directors have confirmed that they have complied with the required standard of dealings set out in the Model Code for the six months ended 30 June 2021.

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

Save as the purchase pursuant to the Share Award Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2021.

INTERIM RESULTS REVIEW

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

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

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021.