

上海 | 小南国

SHANGHAI XNG HOLDINGS LIMITED

Shanghai XNG Holdings Limited

上海小南国控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code: 3666

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SHANGHAI MIN

2024 INTERIM REPORT



CONTENTS

2	CORPORATE INFORMATION
4	FINANCIAL HIGHLIGHTS
5	MANAGEMENT DISCUSSION AND ANALYSIS
10	CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
11	CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
13	CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
14	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
16	NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
32	OTHER INFORMATION

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Gu Dorson (*Chairman*)^{Note 1} (retired on 28 June 2024)
Ms. Ping Guoqin^{Note 2} (retired on 28 June 2024)
Ms. Wang Huili (*Chairlady*) (re-designated on 28 June 2024)

Non-executive Director

Ms. Wu Wen

Independent Non-executive Directors

Mr. Leung Yiu Cho
Mr. Zhang Zhenyu
Ms. Li Yuping^{Note 3} (resigned on 28 June 2024)
Ms. Hu Xiaoqi (appointed on 28 June 2024)

AUTHORIZED REPRESENTATIVES

Mr. Gu Dorson^{Note 1} (ceased to act on 28 June 2024)
Ms. Chu Cheuk Ting (resigned on 30 April 2024)
Ms. Chan Yuk Wing (appointed on 30 April 2024)
Ms. Wang Huili^{Note 4} (appointed on 28 June 2024)

AUDIT COMMITTEE

Mr. Leung Yiu Cho (*Chairman*)
Mr. Zhang Zhenyu
Ms. Li Yuping^{Note 3} (resigned on 28 June 2024)
Ms. Hu Xiaoqi (appointed on 28 June 2024)

REMUNERATION COMMITTEE

Ms. Li Yuping (*Chairlady*) (resigned on 28 June 2024)
Mr. Zhang Zhenyu (*Chairman*) (appointed on 28 June 2024)
Mr. Leung Yiu Cho
Mr. Gu Dorson^{Note 1} (resigned on 28 June 2024)
Ms. Wang Huili (appointed on 28 June 2024)
Ms. Hu Xiaoqi (appointed on 28 June 2024)

NOMINATION COMMITTEE

Mr. Gu Dorson (*Chairman*)^{Note 1} (resigned on 28 June 2024)
Ms. Wang Huili (*Chairlady*) (appointed on 28 June 2024)
Mr. Leung Yiu Cho
Mr. Zhang Zhenyu
Ms. Li Yuping (resigned on 28 June 2024)
Ms. Hu Xiaoqi (appointed on 28 June 2024)

RISK MANAGEMENT COMMITTEE

Mr. Gu Dorson (*Chairman*)^{Note 1} (resigned on 28 June 2024)
Ms. Wang Huili (*Chairlady*) (appointed on 28 June 2024)
Mr. Leung Yiu Cho
Mr. Zhang Zhenyu
Ms. Li Yuping^{Note 3} (resigned on 28 June 2024)
Ms. Hu Xiaoqi (appointed on 28 June 2024)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2401B, 24/F
Arion Commercial Centre
2-12 Queen's Road West
Sheung Wan, Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Building A, No. 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

LEGAL ADVISERS

As to Hong Kong law:

Raymond Siu & Lawyers
Units 1302-3 (Reception) & 1802, 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

WILSON & PARTNERS CPA LIMITED
Certified Public Accountants
Registered Public Interest Entity Auditor
Suite 609, 6/F, China Insurance Group Building
141 Des Voeux Road Central
Central, Hong Kong

STOCK CODE

03666

COMPANY'S WEBSITE

www.xngholdings.com

INVESTOR RELATIONS

Email: ir@xngholdings.com

Note 1 Mr. Gu Dorson ("**Mr. Gu**") decided not to stand for re-election at the annual general meeting held on 28 June 2024 (the "**AGM**") and he would retire from his office as an executive Director upon conclusion of the AGM, with an aim to devoting more time to his other commitments and pursuits. Meanwhile, Mr. Gu ceased to be an authorised representative of the Company, the chairman of the Board, the nomination committee, the executive committee and the risk management committee, and a member of the remuneration committee with effect from the conclusion of the AGM.

Note 2 Ms. Ping Guoqin ("**Ms. Ping**"), being advanced in retirement age, had wished and decided to retire from her office as an executive Director upon conclusion of the AGM.

Note 3 Due to having reached retirement age, Ms. Li Yuping ("**Ms. Li**") has tendered her resignation as an independent non-executive Director with effect from the conclusion of the AGM. Meanwhile, Ms. Li cease to be the chairlady of the remuneration committee, a member of the audit committee, the nomination committee and the risk management committee with effect from the conclusion of the AGM.

Note 4 Following the retirement of Mr. Gu with effect from the conclusion of AGM, Ms. Wang Huili ("**Ms. Wang**"), the current executive Director was appointed as an authorized representative pursuant to Rule 3.05 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchanges of Hong Kong Limited (the "**Stock Exchange**"), with effect from the conclusion of the AGM.

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		% Change (decrease)/ increase
	2024 (unaudited)	2023 (unaudited)	
Revenue (RMB'000)	182,379	242,268	(24.7%)
Gross profit ¹ (RMB'000)	118,969	162,394	(26.7%)
Gross profit margin ²	65.2%	67.0%	(1.8%)
Loss for the period (RMB'000)	(29,403)	(3,407)	763.0%
Net loss margin ³	(16.1%)	(1.4%)	(14.7%)
Number of restaurants (as at 30 June)	21	31	

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

For the six months ended 30 June 2024, the Group's revenue amounted to RMB182.4 million, which mainly comprised the revenue of restaurant operations of RMB179.6 million and other revenue of RMB2.7 million (including the revenue from sales of packed goods of RMB2.7 million), representing a decrease of RMB59.9 million or 24.7% from RMB242.3 million as compared with the corresponding period of last year. The Group's gross profit amounted to RMB119.0 million, representing a decrease of approximately RMB43.4 million or 26.7% from RMB162.4 million as compared with the corresponding period of last year. During the six months ended 30 June 2024, the loss attributable to the owners of the Company was approximately RMB29.4 million, representing an increase of RMB26.3 million as compared with the corresponding period of last year.

As of 30 June 2024, the Group operated a restaurant network of 17 "Shanghai Min" restaurants, 3 "The Dining Room" restaurants, 1 "Wolfgang Puck" restaurant, which covers some of the most affluent and fast-growing cities in Mainland China (Note(iii)) 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 months ended 30 June 2024 and 2023, respectively.

	For the six months ended 30 June			
	2024		2023	
	Number of restaurants (Note (iii))	Revenue RMB'000 (unaudited)	Number of restaurants (Note (iii))	Revenue RMB'000 (unaudited)
The PRC (Mainland Area) (Note (iii))				
– Shanghai Min and Maison De L'Hui	16	135,789	24	181,220
– The Dining Room	1	9,534	2	13,035
– Other brands (Note (iv))	1	9,029	1	12,065
Hong Kong				
– Shanghai Min	1	13,671	2	16,808
– The Dining Room	2	11,614	2	13,515
Total revenue of restaurant operations (Note (iii))	21	179,637	31	236,643
Other revenue		2,742		5,625
Total Revenue		182,379		242,268

Notes:

- (i) Total revenue of restaurant operations includes revenue of restaurant operations and takeaway business of restaurants.
- (ii) The PRC (Mainland area), 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by RMB59.9 million or 24.7%, from RMB242.3 million for the six months ended 30 June 2023 to RMB182.4 million for the six months ended 30 June 2024.

Revenue of restaurant operations

Total revenue of restaurant operations decreased by RMB57.0 million, or 24.1% from RMB236.6 million for the six months ended 30 June 2023 to RMB179.6 million for the six months ended 30 June 2024:

- For the six months ended 30 June 2024, the revenue from newly opened restaurants increased by RMB4.0 million;
- A decrease of RMB23.5 million in revenue in comparable restaurant sales for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023; and
- A decrease of RMB37.5 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 2024.

Other revenue

For the six months ended 30 June 2024, other revenue amounted to RMB2.7 million, which mainly comprised income from sales of packed goods amounting to RMB2.7 million.

COST OF SALES

The cost of sales decreased by RMB16.5 million, or 20.7% from RMB79.9 million for the six months ended 30 June 2023 to RMB63.4 million for the six months ended 30 June 2024.

The cost of sales as a percentage of revenue increased from 33.0% for the six months ended 30 June 2023 to 34.8% for the six months ended 30 June 2024.

OTHER INCOME

Other income decreased by RMB4.9 million from RMB6.6 million for the six months ended 30 June 2023 to RMB1.7 million for the six months ended 30 June 2024, which included mainly the additional tax deduction of RMB0.8 million and management fee income of RMB0.7 million.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by RMB17.7 million, or 12.3% from RMB143.5 million for the six months ended 30 June 2023 to RMB125.8 million for the six months ended 30 June 2024.

Labor expenses decreased by RMB2.6 million from RMB67.7 million for the six months ended 30 June 2023 to RMB65.1 million for the six months ended 30 June 2024. The labor costs as a percentage of revenue increased from 27.9% for the six months ended 30 June 2023 to 35.7% for the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Rental expenses and building management fees decreased by RMB4.3 million, or 28.5% from RMB15.1 million for the six months ended 30 June 2023 to RMB10.8 million for the six months ended 30 June 2024. The rental expenses and building management fees as a percentage of revenue decreased from 6.2% for the six months ended 30 June 2023 to 5.9% for the six months ended 30 June 2024.

Depreciation expenses decreased by RMB8.9 million, or 21.6% from RMB41.1 million for the six months ended 30 June 2023 to RMB32.2 million for the six months ended 30 June 2024. The depreciation expenses as a percentage of revenue increased from 17.0% for the six months ended 30 June 2023 to 17.7% for the six months ended 30 June 2024.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by RMB7.7 million, or 31.2% from RMB24.7 million for the six months ended 30 June 2023 to RMB17.0 million for the six months ended 30 June 2024.

OTHER GAINS AND LOSSES

Other gains and losses amounted to a loss of RMB2.1 million for the six months ended 30 June 2024, mainly comprised of impairment loss on property and equipment of RMB2.3 million, the gain on early termination of leases of RMB4.8 million, and fair value loss of financial liabilities at FVTPL of RMB5.2 million.

FINANCE COSTS

Finance costs amounted to RMB4.1 million for the six months ended 30 June 2024, representing a decrease of RMB1.8 million as compared with the same period of last year.

INCOME TAX EXPENSE

Income tax expense decreased by RMB0.8 million from RMB1.8 million for the six months ended 30 June 2023 to RMB1.0 million for the six months ended 30 June 2024.

LOSS FOR THE PERIOD

As a result of the foregoing reasons, the loss for the Reporting Period of the Group increased by RMB26.0 million from RMB3.4 million for the six months ended 30 June 2023 to RMB29.4 million for the six months ended 30 June 2024. Net loss margin increased from 1.4% for the six months ended 30 June 2023 to 16.1% for the six months ended 30 June 2024.

DIVIDENDS PAYABLE

As at 30 June 2024, 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 2024, the Group's borrowings amounted to RMB19.0 million. The gearing ratio was 247.9%, and the gearing ratio was net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank borrowings, trade payables, other payables and accruals, financial liabilities at FVTPL, contract liabilities and amounts due to related parties, less cash and cash equivalents and restricted bank deposits. Capital represents deficits attributable to owners of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2024, the Group had net cash inflows generated from operating activities of RMB22.6 million (for the six months ended 30 June 2023: inflow of RMB43.2 million). As at 30 June 2024, the Group had RMB8.4 million in cash and cash equivalents (30 June 2023: RMB66.4 million). The following table sets out certain information regarding the consolidated cash flows for the six months ended 30 June 2024 and 30 June 2023:

	For the six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Net cash from operating activities	22,637	43,208
Net cash (used in) from investing activities	(7,877)	3,228
Net cash used in financing activities	(26,137)	(33,077)
Net (decrease) increase in cash and cash equivalents	(11,377)	13,359
Cash and cash equivalents at the beginning of the period	20,658	52,255
Effect of foreign exchange rate changes	(839)	752
Cash and cash equivalents at the end of the period	8,442	66,366

OPERATING ACTIVITIES

Net cash inflow from operating activities decreased by RMB20.6 million, from inflows of RMB43.2 million for the six months ended 30 June 2023 to inflows of RMB22.6 million for the six months ended 30 June 2024.

INVESTING ACTIVITIES

For the six months ended 30 June 2024, net cash used in investing activities was RMB7.9 million, as compared with net cash from investing activities of RMB3.2 million for the same period in 2023. The investment in fixed assets for the period was approximately RMB4.3 million.

FINANCING ACTIVITIES

Net cash used in financing activities decreased from RMB33.1 million for the six months ended 30 June 2023 to RMB26.1 million for the six months ended 30 June 2024. During the period, the Group had an additional loan of RMB9.0 million and proceeds from financial liabilities at FVTPL of RMB17.4 million. RMB15.0 million, RMB36.5 million and RMB5.1 million were paid for bank loans, lease liabilities and financial liabilities of FVTPL, 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 2024 and 30 June 2023 was denominated in currencies other than the functional currency of the relevant subsidiaries. The Group has minimal exposure to foreign exchange risk.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENT

Capital commitments were approximately RMB3.4 million and RMB7.6 million as at 30 June 2024 and 31 December 2023, respectively.

PLEDGE OF GROUP ASSETS

As at 30 June 2024, the Group had no pledge of assets.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments for the six months ended 30 June 2024.

MATERIAL ACQUISITION AND DISPOSAL

For the six months ended 30 June 2024, there were no material acquisitions or disposals by the Group and its subsidiaries and associated companies.

HUMAN RESOURCES

As at 30 June 2024, the Group employed approximately 363 staffs in Mainland China and Hong Kong. In 2024, 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 2024, total staff cost was RMB72.1 million, accounting for 39.5% of the revenue (for the six months ended 30 June 2023: RMB81.6 million), which mainly comprised wages and salaries.

FUTURE OUTLOOK

According to the market research conducted by the Company during the first half of 2024, while the national restaurant industry has been growing steadily, but there are significant differences in different regions and various catering segments, and customers and markets are ever-changing at an unprecedented rate.

The challenging market environment is also a benign opportunity for the Group to change and develop. In the first half of this year, while streamlining and optimizing the assets of original stores, the Group made full use of brand resources and advantages, actively expanded the site selection of new stores, and explored the business model combining new business formats with online businesses such as live retail, with a view to quickly entering the transformation channel and developing the multi-brand combined supply chain strategy, thus laying a solid foundation for future development.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
REVENUE	3	182,379	242,268
Cost of sales		(63,410)	(79,874)
Gross profit		118,969	162,394
Other income	5	1,737	6,612
Other gains and losses	6	(2,139)	3,440
Selling and distribution expenses		(125,812)	(143,504)
Administrative expenses		(17,016)	(24,671)
Finance costs	7	(4,127)	(5,855)
LOSS BEFORE TAX		(28,388)	(1,584)
Income tax expense	8	(1,015)	(1,823)
LOSS FOR THE PERIOD	9	(29,403)	(3,407)
Other comprehensive expense: <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(1,594)	(328)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		(30,997)	(3,735)
(Loss) profit for the period attributable to:			
Owners of the Company		(29,438)	(3,141)
Non-controlling interests		35	(266)
		(29,403)	(3,407)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(31,025)	(3,466)
Non-controlling interests		28	(269)
		(30,997)	(3,735)
LOSS PER SHARE	11		
Basic and diluted		RMB(1.35) cents	RMB(0.14) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
NON-CURRENT ASSETS			
Property and equipment	12	20,907	26,084
Right-of-use assets	12	80,030	115,462
Intangible assets		778	1,191
Long-term rental deposits		21,098	23,299
Deferred tax assets		24,458	25,061
		147,271	191,097
CURRENT ASSETS			
Inventories		5,760	5,098
Trade receivables	13	3,311	5,440
Prepayments deposits and other receivables		17,993	26,812
Amounts due from related parties		4,249	2,807
Restricted bank deposits		6,291	4,098
Cash and cash equivalents		8,442	20,658
		46,046	64,913
CURRENT LIABILITIES			
Trade payables	14	63,205	62,720
Other payables and accruals		74,638	72,878
Borrowings	15	19,000	25,000
Financial liabilities at fair value through profit or loss ("FVTPL")		17,478	–
Amounts due to related parties		12,345	3,944
Contract liabilities		6,768	8,760
Lease liabilities		44,254	61,507
Tax liabilities		216	–
		237,904	234,809
NET CURRENT LIABILITIES		(191,858)	(169,896)
TOTAL ASSETS LESS CURRENT LIABILITIES		(44,587)	21,201

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Lease liabilities		55,893	90,499
Restoration provisions		4,501	4,454
		60,394	94,953
NET LIABILITIES			
		(104,981)	(73,752)
CAPITAL AND DEFICITS			
Share capital	16	18,393	18,393
Treasury shares	16	(305)	(2,274)
Other deficits		(124,690)	(91,464)
Deficits attributable to owners of the Company		(106,602)	(75,345)
Non-controlling interests		1,621	1,593
TOTAL DEFICITS		(104,981)	(73,752)

Wang Huili

Director

Wu Wen

Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company														Non-controlling interests	Total deficit
	Share capital	Treasury shares	Share premium	Capital redemption reserves	Capital reserve	Merger reserve	Statutory reserve	Translation reserve	Share option reserve	Share Award Scheme reserve	Revaluation reserve	Accumulated losses	Total			
	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		
At 1 January 2024 (audited)	18,393	(2,274)	723,723	27	59,728	(69,246)	15,007	(36,093)	9,985	1,334	(4,336)	(792,593)	(75,345)	1,593	(73,752)	
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(29,438)	(29,438)	35	(29,403)	
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	(1,587)	-	-	-	-	(1,587)	(7)	(1,594)	
Total comprehensive expense for the period	-	-	-	-	-	-	-	(1,587)	-	-	-	(29,438)	(31,025)	28	(30,997)	
Transfer upon deregistration of subsidiaries	-	-	-	-	-	-	(250)	-	-	-	-	250	-	-	-	
Disposal of a subsidiary	-	-	-	-	-	-	(250)	-	-	-	-	250	-	-	-	
Transfer of treasury shares to Share Award Scheme reserve	-	2,201	-	-	-	-	-	-	-	(1,334)	-	(867)	-	-	-	
Repurchase of shares	-	(232)	-	-	-	-	-	-	-	-	-	-	(232)	-	(232)	
Lapse of share options	-	-	-	-	-	-	-	-	(1,764)	-	-	1,764	-	-	-	
At 30 June 2024 (unaudited)	18,393	(305)	723,723	27	59,728	(69,246)	14,507	(36,680)	8,221	-	(4,336)	(820,634)	(106,602)	1,621	(104,981)	
At 1 January 2023 (audited)	18,393	(894)	723,723	27	59,728	(69,246)	15,752	(34,929)	13,495	-	(4,336)	(751,430)	(29,717)	(423)	(30,140)	
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(3,141)	(3,141)	(266)	(3,407)	
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	(325)	-	-	-	-	(325)	(3)	(328)	
Total comprehensive expense for the period	-	-	-	-	-	-	-	(325)	-	-	-	(3,141)	(3,466)	(269)	(3,735)	
Share Award Scheme expenses	-	-	-	-	-	-	-	-	-	728	-	-	728	-	728	
Repurchase of shares	-	(629)	-	-	-	-	-	-	-	-	-	-	(629)	-	(629)	
Lapse of share options	-	-	-	-	-	-	-	-	(451)	-	-	451	-	-	-	
At 30 June 2023 (unaudited)	18,393	(1,523)	723,723	27	59,728	(69,246)	15,752	(35,254)	13,044	728	(4,336)	(754,120)	(33,084)	(692)	(33,776)	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024	2023
		RMB'000 (unaudited)	RMB'000 (unaudited)
OPERATING ACTIVITIES			
Loss before tax		(28,388)	(1,584)
Adjustments for:			
Finance costs		4,127	5,855
Interest income		(53)	(264)
Depreciation of property and equipment		7,032	9,349
Depreciation of right-of-use assets		25,775	33,235
Amortisation of intangible assets		413	136
Loss on disposal of property and equipment	6	127	2,210
Gain on early termination of leases	6	(4,780)	(1,345)
Gain on disposal of a subsidiary	18	(458)	–
Impairment losses, net of reversal			
– property and equipment		2,271	–
– right-of-use assets		–	(3,002)
– trade receivables		–	(284)
– other receivables		–	(1,019)
Fair value loss of financial liabilities at FVTPL		5,165	–
Share Award Scheme expenses	19	–	728
Operating cash flows before movements in working capital		11,231	44,015
(Increase) decrease in inventories		(661)	1,748
Decrease (increase) in trade receivables		2,137	(440)
Decrease in prepayments, other receivables and other assets		8,988	7,203
Decrease in long-term rental deposits		2,203	3,334
Increase in trade payables		277	10,981
Increase (decrease) in other payables and accruals		1,376	(23,454)
Increase (decrease) in restoration provisions		47	(179)
Decrease in contract liabilities		(1,992)	–
Cash generated from operations		23,606	43,208
Income tax paid		(969)	–
Net cash from operating activities		22,637	43,208
INVESTING ACTIVITIES			
Purchase of property and equipment		(4,295)	(2,036)
Placement of restricted bank deposits		(2,193)	–
Repayment from related parties		(1,442)	–
Interest received		53	264
Withdrawal of pledged deposits and time deposits over three months		–	9,945
Proceeds from disposals of equity investments at fair value through other comprehensive income		–	5,000
Net cash (used in) from investing activities		(7,877)	13,173

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000 (unaudited)	RMB'000 (unaudited)
FINANCING ACTIVITIES		
Repayment of lease liabilities	(36,492)	(39,391)
Repayment of bank loans	(15,000)	(18,615)
Repayment of financial liabilities at FVTPL	(5,067)	–
Interest paid	(4,127)	(5,855)
Repurchase of shares	(232)	(629)
Proceeds from financial liabilities at FVTPL	17,380	–
Proceeds from new bank loans	9,000	21,467
Advance from related parties	8,401	–
Net cash used in financing activities	(26,137)	(43,023)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(11,377)	13,358
Cash and cash equivalent at 1 January	20,658	52,255
Effect of foreign exchange rate changes	(839)	753
CASH AND CASH EQUIVALENTS AT 30 JUNE	8,442	66,366

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

The condensed consolidated financial statements have been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Management continues to closely monitor the liquidity position of the Group, which includes the sensitivity analysis of forecast bank and cash balances for various factors over the short and medium term to ensure adequate liquidity is maintained.

The Group incurred a loss attributable to the owners of the Company of approximately RMB29,438,000 for the six months ended 30 June 2024 and, as at 30 June 2024, the Group’s current liabilities exceeded its current assets by approximately RMB191,858,000 and the Group’s total liabilities exceeded its total assets by approximately RMB104,981,000, while the Group had cash and cash equivalents of approximately RMB8,442,000.

These conditions indicate that the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the directors of the Company have reviewed the Group’s cash flow forecasts which cover a period of not less than twelve months from the date of the end of the reporting period.

Cash flow forecasts, which assume the continuity of normal business activity, indicate that the Group will have sufficient liquidity to meet its operation, existing contractual debt obligation and capital expenditure requirements for at least twelve-month period from the date of the end of the reporting period. Such cash flow forecasts include the following assumptions:

- (i) The Group will continue to implement measures aiming at improving the working capital and cash flows of the Group, including closely monitoring the general administrative expenses and operating costs;
- (ii) the Group has been actively negotiating with certain banks for new banking facilities; and
- (iii) the Group is actively considering to raise new capital by carrying out fund raising activities.

Taking into account all assumptions and plans as described above, the directors of the Company are of the opinion that the Group will have sufficient working capital to maintain its operations and to pay its financial obligations as and when they fall due for at least twelve-months from the end of the reporting period. The directors of the Company are satisfied that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis.

Should the Group fail to achieve a combination of the abovementioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group’s assets to their realisation amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, if applicable. The effects of these adjustments have not been reflected in the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than change in accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 16	Lease liability in a Sale Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

3. REVENUE

Disaggregated of revenue from contracts with customers

	Six months ended 30 June	
	2024	2023
	RMB’000	RMB’000
	(unaudited)	(unaudited)
Types of goods or services		
Restaurant operations	179,637	236,643
Sale of packed foods	2,742	4,168
Management fee from franchisee	–	1,457
Total	182,379	242,268
Timing of revenue recognition		
A point in time	182,379	240,811
Over time	–	1,457
Total	182,379	242,268

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

4. OPERATING SEGMENTS

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

- (a) Shanghai XNG Holding Business (including main brands: Shanghai Min, Maison De L'Hui, The Dining Room and Wolfgang Puck)

Geographical information

The Group's operations are located on the Mainland PRC and Hong Kong.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the restaurants. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	Six months ended 30 June		30 June	31 December
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
The People's Republic of China	157,094	211,945	97,374	135,656
Hong Kong	25,285	30,323	4,341	7,081
	182,379	242,268	101,715	142,737

Note: Non-current assets excluded financial instruments and deferred tax assets

Information about major customers

No revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000 (unaudited)	RMB'000 (unaudited)
Additional tax deduction (Note a)	757	5,335
Management fee income	683	110
Interest income	53	264
Government grants (Note b)	–	555
Dividend income from equity investments at fair value through other comprehensive income	–	300
Others	244	48
	1,737	6,612

(a) The amounts represent the additional input value added tax deduction, pursuant to the announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC, which become effective from 1 April 2019 onwards.

(b) There are no unfulfilled conditions or contingencies attaching to government grants that had been recognised.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	RMB'000 (unaudited)	RMB'000 (unaudited)
Gain on deregistration of subsidiaries and branches	189	–
Gain on disposal of a subsidiary	458	–
Foreign exchange differences, net	(3)	–
Impairment losses reversed (recognised) in respect of		
– property and equipment	(2,271)	–
– right-of-use assets	–	3,002
– trade receivables	–	284
– other receivables	–	1,019
Fair value loss of financial liabilities at FVTPL	(5,165)	–
Gain on early termination of leases	4,780	1,345
Loss on disposal of property and equipment	(127)	(2,210)
	(2,139)	3,440

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on lease liabilities	3,715	5,032
Interest on bank loans	412	823
	4,127	5,855

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income tax	933	(168)
Deferred tax	82	1,991
	1,015	1,823

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories recognised as an expense	63,410	79,874
Depreciation of right-of-use assets	25,775	33,235
Depreciation of property and equipment	7,032	9,349
Amortisation of intangible assets	413	136
Employee benefit expense (including directors' emoluments):		
Wages and salaries	67,804	72,648
Defined contribution pension scheme	4,253	8,193
Share Award Scheme expenses	–	728
	72,057	81,569

10. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

11. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(29,438)	(3,141)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	2,183,355,000	2,188,297,000

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the treasury shares held by the Group.

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for both 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

12. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group disposed of certain property and equipment with an aggregate carrying amount of RMB127,000 (six months ended 30 June 2023: RMB2,210,000), resulting in a loss on disposal of RMB127,000 (six months ended 30 June 2023: RMB2,210,000).

During the current interim period, the Group acquired property and equipment at a cash consideration of RMB4,295,000 (six months ended 30 June 2023: RMB2,036,000)

During the current interim period, the Group renewed several lease agreements and entered into several new lease agreements with lease terms ranged from 1 to 2 years (six months ended 30 June 2023: Nil). On date of lease modification or lease commencement, the Group recognised right-of-use assets of RMB8,924,000 (six months ended 30 June 2023: RMB Nil) and lease liabilities of RMB8,924,000 (six months ended 30 June 2023: RMB Nil).

13. TRADE RECEIVABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade receivables	5,162	7,191
Less: Allowance for credit losses	(1,851)	(1,751)
	3,311	5,440

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.

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the invoice date, which approximated the revenue recognition date.

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0 – 30 days	1,488	3,203
31 – 60 days	75	47
61 – 90 days	24	40
Over 90 days	1,724	2,150
	3,311	5,440

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

14. TRADE PAYABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade payables	63,205	62,720

The following is an analysis of trade payables by age, presented based on the invoice date.

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0 – 90 days	26,725	49,239
91 – 365 days	33,327	8,901
Over 1 year	3,153	4,580
	63,205	62,720

The average credit period on purchases of goods is 90 days.

15. BORROWINGS

During the current interim period, the Group repaid bank loans amounting to RMB15,000,000 (six months ended 30 June 2023: RMB18,615,000) and drew new loans amounting to RMB9,000,000 (six months ended 30 June 2023: RMB21,467,000). Of the new loans drawn down, RMB9,000,000 (six months ended 30 June 2023: RMB12,400,000) are unsecured, carry interest at fixed market rate ranging from 3.90% to 4.20% (six months ended 30 June 2023: from 3.60% to 4.20%) per annum and are repayable within 1 year (six months ended 30 June 2023: within 1 to 2 years).

During the six months ended 30 June 2023, new bank loan drawn down amounting to RMB4,601,000 was secured, carry interest at fixed market rate 7.53% per annum and repayable on demand. New other loan drawn down amounting to RMB4,610,000 was unsecured, carry interest at 0.01% per annum and repayable within 1 year.

16. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2024 '000 (unaudited)	31 December 2023 '000 (audited)	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Authorised:				
At beginning and end of the period/year	10,000,000	10,000,000	83,112	83,112
Issued and fully paid:				
At beginning and end of the period/year	2,213,031	2,213,031	18,393	18,393
Treasury shares:				
At beginning and end of the period/year	36,667	11,477	2,274	894
Repurchase of shares	4,890	25,190	232	1,380
Transfer of treasury shares to Share Award Scheme reserve	(36,515)	–	(2,201)	–
At end of the period/year	5,042	36,667	305	2,274

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

17. SHARE-BASED PAYMENTS/SHARE OPTIONS AND AWARD SCHEMES

The rights issue of shares on the basis of one share for every two existing shares (“**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 share option scheme adopted by the Company on 4 July 2012 (the “**Share Option Scheme**”).

(1) 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 of director’s 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).

There were no share options granted during the six months ended 30 June 2024 and 2023.

The following share options were outstanding under the Share Option Scheme during the six months ended 30 June 2024 and 2023:

	Six months ended 30 June 2024		Six months ended 30 June 2023	
	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		7,688		13,576
Forfeited during the period	1.355	(3,189)	1.401	(494)
At the end of the period		4,499		13,082

No share options under the Share Option Scheme were exercised during the six months ended 30 June 2024 and 2023.

The exercise period of the share options granted commences after a vesting period of four years and ends on a date which is 9 years from the date of offer of the share options or the expiry dates of the Share Option Scheme, if earlier.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

17. SHARE-BASED PAYMENTS/SHARE OPTIONS AND AWARD SCHEMES *(continued)*

(1) Share Option Scheme *(continued)*

The exercise prices and exercise periods of the share options under the Share Option Scheme outstanding as at 30 June 2024 are as follows:

Number of option '000	Exercise price (after adjustment due to Rights Issue) RMB per share	Exercise period
212	1.49	1 July 2015 to 29 June 2024
103	1.29	1 July 2015 to 29 June 2024
227	1.29	1 January 2016 to 31 December 2024
1,457	0.99	1 January 2016 to 31 December 2024
2,500	0.20	21 October 2019 to 21 October 2029
4,499		

The Group didn't recognise share option expense for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil). The Group transferred RMB1,764,000 from share option reserve to accumulated losses for the shares forfeited during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB451,000).

As at 30 June 2024, the Company had 4,499,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 4,499,000 additional ordinary shares of the Company and additional share capital of RMB42,000 and share premium of RMB2,459,000 (before issue expense).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

17. SHARE-BASED PAYMENTS/SHARE OPTIONS AND AWARD SCHEMES *(continued)*

(2) Share Award Scheme

A share award scheme (the “**Share Award Scheme**”) was approved and adopted by the Board on 20 December 2019 and revised on 25 November 2021, under which the executive committee of the Share Award Scheme (the “**Executive Committee**”), upon the authorisation of the Board of directors, 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 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 of directors 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 of directors 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

Date of grant	Average fair value per share at date of grant	Number of awarded shares	Number of awarded shares vested during the six months ended		Vesting period
			30 June 2024	2023	
25 November 2021	HK\$0.062	58,952,933	–	–	25 November 2021
25 November 2021	HK\$0.062	57,219,021	–	–	25 November 2021 to 24 November 2022
25 November 2021	HK\$0.062	57,219,021	–	–	25 November 2021 to 24 November 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

17. SHARE-BASED PAYMENTS/SHARE OPTIONS AND AWARD SCHEMES *(continued)*

(2) Share Award Scheme *(continued)*

Details of Share Awards granted under the Share Award Scheme (continued)

	Average fair value per share	Date of grant	Outstanding at 1/1/2024 '000	Granted during the period '000	Vested during the period '000 (Note i)	Forfeited during the period '000	Outstanding at 30/6/2024 '000
Executive directors							
Mr. GU Dorson	HK\$0.062	25 November 2021	-	-	-	-	-
Ms. Ping Guoqin	HK\$0.062	25 November 2021	-	-	-	-	-
Total			-	-	-	-	-

	Average fair value per share	Date of grant	Outstanding at 1/1/2023 '000	Granted during the period '000	Vested during the period '000 (Note i)	Forfeited during the period '000	Outstanding at 30/6/2023 '000
Executive directors							
Mr. GU Dorson	HK\$0.062	25 November 2021	36,515	-	-	-	36,515
Ms. Ping Guoqin	HK\$0.062	25 November 2021	20,704	-	-	-	20,704
Total			57,219	-	-	-	57,219

Note:

- i. The amount represents awarded shares vested during the period.

The Group recognised the total expense of RMB nil for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB728,000) in relation to the Awarded Shares granted by the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

18. DISPOSAL OF A SUBSIDIARY

During the six months ended 30 June 2024, the Group had entered into a sales and purchase agreement with an independent third party to dispose of its entire equity interests in 上海新區小南國餐飲管理有限公司 Shanghai Xinqu Xiao Nan Guo Restaurant Management Co., Ltd.* (“Xinqu XNG”) at a consideration of RMB1. The disposal was completed in April 2024, on which date control of Xinqu XNG passed to the acquirer. The net liabilities of Xinqu XNG at the date of disposal were as follows:

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property and equipment	186
Right-of-use assets	2,567
Deferred tax assets	521
Prepayments, deposits and other receivables	287
Lease liabilities	(4,019)
Net liabilities disposed of	(458)
Gain on disposal of a subsidiary:	
Consideration received	–
Net liabilities disposed of	458
Gain on disposal	458
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	–

* The English name is for identification purpose only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

19. COMMITMENTS

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

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Capital expenditure in respect of the additions of leasehold improvements contracted for but not provided in the consolidated financial statements	3,362	7,588

20. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Group has following transactions and balances with related parties:

Nature of balances	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Actual Spending of Pre-paid Cards (Note (i))	1,263	1,544
Commission paid for Pre-paid Cards (Note (i))	8	10

Note:

The Group entered into a pre-paid card agreement in 2014 with Shanghai Hui Feng Restaurant Management Co., Ltd. (“**Hui Feng**”) a company indirectly owned by Wang Bai Xuan Tiffany, who is the daughter of the Controlling Shareholder of the Company. Pursuant to the agreement, the pre-paid cards can be used at the Shanghai Min Restaurants, the WH Ming Hotel as well as other businesses operated by the Controlling Shareholder. 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.

The commission rate payable to Hui Feng is 1% of the actual dining expenses, spent by pre-paid card holders for every bill (before discount (if any)) at the Shanghai Min Restaurants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

20. RELATED PARTY TRANSACTIONS *(continued)*

Compensation of key management personnel

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term employee benefits	1,267	3,462
Share Award Scheme expenses	–	728
	1,267	4,190

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

The directors of the Company have set up a valuation committee, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group instructs its internal investment team to perform the valuation. The valuation committee works closely with the investment team to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the directors of the Company every quarter to explain the cause of fluctuations in the fair value.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Relationship of key inputs to fair value
	30 June 2024 RMB'000	31 December 2023 RMB'000			
Liabilities					
Financial liabilities at FVTPL – Daily revenue contract	17,478	–	Level 3	Income approach with key inputs of projected cash flow, expected life span of daily revenue contract and discount rate	A significant increase in the projected cash flow would result in a significant increase in fair value, and vice versa. A significant decrease in the discount rate would result in a significant increase in fair value, and vice versa.

There were no transfers in different levels of the fair value hierarchy between Level 1, 2 and 3 during the reporting period.

Reconciliation of Level 3 fair value measurements of financial liabilities

	Unlisted equity securities RMB'000
At 1 January 2023 (audited)	5,000
Disposals	(5,000)
At 30 June 2023 (unaudited)	–
	Financial liabilities at FVTPL RMB'000
At 1 January 2024 (audited)	–
Proceeds from financial liabilities of FVTPL	17,380
Repayment of financial liabilities of FVTPL	(5,067)
Net fair value change	5,165
At 30 June 2024 (unaudited)	17,478

Of the total gains or losses for the period included in profit or loss, RMB5,165,000 relates to financial liabilities at FVTPL held at the end of current reporting period (six months ended 30 June 2023: Nil). Fair value gains or losses on financial liabilities at FVTPL are included in 'other gains and losses'.

Included in other comprehensive income is an amount of Nil gain (six months ended 30 June 2023: Nil) relating to unlisted equity securities classified as equity instruments at FVTOCI held at the end of the current reporting period and is reported as changes of revaluation reserve.

Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

OTHER INFORMATION

SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to 30 June 2024, the Group did not have any significant events.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

CHANGES OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the change in information of the Directors since the publication of the Company’s 2023 annual report is set out below:

Ms. Hu Xiaoqi (“**Ms. Hu**”) has been appointed as an independent non-executive Director and a member of the audit committee, nomination committee, the remuneration committee and the risk management committee of the Company with effect from the conclusion of the annual general meeting held on 28 June 2024 (the “**AGM**”). Ms. Hu has obtained the legal advice in accordance with Rule 3.09D of the Listing Rules on 21 June 2024.

Ms. Wang Huili (“**Ms. Wang**”) was re-designated as an executive Director and has been appointed as the authorized representative of the Company, the Chairlady of the Board, the nomination committee and the risk management committee, a member of the remuneration committee and an authorized representative of the Company with effect from the conclusion of the AGM.

Mr. Zhang Zhenyu, an independent non-executive Director, has been appointed as the chairman of the remuneration committee with effect from the conclusion of the AGM.

Mr. Gu Dorson (“**Mr. Gu**”) decided not to stand for re-election at the AGM and he has retired from his office as an executive Director upon conclusion of the AGM, with an aim to devoting more time to his other commitments and pursuits. Meanwhile, Mr. Gu ceased to be the chairman of the Board, the nomination committee, the executive committee and the risk management committee, and a member of the remuneration committee with effect from the conclusion of the AGM.

Ms. Ping Guoqin (“**Ms. Ping**”), being advanced in retirement age, has wished and decided to retire from her office as an executive Director upon conclusion of the AGM.

Due to having reached retirement age, Ms. Li Yuping (“**Ms. Li**”) has tendered her resignation as an independent non-executive Director with effect from the conclusion of the AGM. Meanwhile, Ms. Li ceased to be the chairlady of the remuneration committee, a member of the audit committee, the nomination committee and the risk management committee with effect from the conclusion of the AGM.

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

As at 30 June 2024, 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 C3 to the Listing Rules, are set out as follows:

Name of Directors	Nature of Interest	Number of Shares/ Underlying Shares ⁽¹⁾	Approximate percentage of shareholding
Wang Huili	Interest in controlled corporation	12,260,625 (L) ⁽²⁾	0.55%
	Beneficial owner	126,150,000 (L)	5.70%
Wu Wen	Interest in controlled corporation	62,592,681 (L) ⁽³⁾	2.83%
	Beneficial owner	24,228,000 (L)	1.09%
Zhang Zhenyu	Beneficial owner	500,000 (L) ⁽⁴⁾	0.02%

Notes:

- (1) "L" denotes long position in the Shares held by the Directors.
- (2) The relevant Shares were held by Fast Thinker Limited. Ms. Wang Huili, an 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.
- (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) 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 disclosed in the announcement dated 21 October 2019).
- (5) The percentage of shareholding was calculated based on the Company's total number of issued shares as at 30 June 2024 (i.e. 2,213,031,000 Shares).

Save as disclosed above, as at 30 June 2024, 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.

OTHER INFORMATION

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

As of 30 June 2024, 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 AG (formerly known as 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%
HEER Dominik Philipp	Interest in controlled corporation	655,087,500 (L) ⁽³⁾	29.60%
HEER Krinya	Interest of spouse	655,087,500 (L) ⁽⁴⁾	29.60%
TEO Wei Lee	Interest of spouse	655,087,500 (L) ⁽⁵⁾	29.60%
Gu Dorson	Beneficial owner	221,257,550 (L) ⁽⁶⁾	10.00%
Shen Xia	Interest in controlled corporation	167,887,000 (L) 167,887,000 (S) ⁽⁷⁾	7.59% 7.59%
Elite Converge Limited	Interest in controlled corporation	167,887,000 (L) 167,887,000 (S) ⁽⁷⁾	7.59% 7.59%
Sunshine Property I Limited	Beneficial owner	167,887,000 (L) 167,887,000 (S) ⁽⁷⁾	7.59% 7.59%
Shining Capital Holdings L.P.	Interest in controlled corporation	167,887,000 (L) 167,887,000 (S) ⁽⁷⁾	7.59% 7.59%
Shining Capital Management Limited	Interest in controlled corporation	167,887,000 (L) 167,887,000 (S) ⁽⁷⁾	7.59% 7.59%
Shining (BVI) Limited	Interest in controlled corporation	167,887,000 (L) 167,887,000 (S) ⁽⁷⁾	7.59% 7.59%
Li Shuming	Beneficial owner	164,763,575 (L)	7.45%

Notes:

- (1) The letter "L" denotes long position in the shares and the letter "S" denotes short position in the shares.
- (2) The underlying shares were held by Alpadis Trust (HK) Limited as a professional trustee.
- (3) Mr. ESSEIVA Alain and Mr. HEER Dominik Philipp indirectly held 53.34% and 40.60% of the shares of Alpadis Trust (HK) Limited respectively.
- (4) Mrs. HEER Krinya is the spouse of Mr. HEER Dominik Philipp. Under the SFO, Mrs. HEER is deemed to be interested in the same number of shares of the Company which Mr. HEER Dominik Philipp is interested in.
- (5) Ms. TEO Wei Lee is the spouse of Mr. ESSEIVA Alain. Under the SFO, Ms. TEO is deemed to be interested in the same number of shares of the Company which Mr. ESSEIVA Alain is interested in.
- (6) On 25 November 2021, 110,651,550 awarded shares were granted to Mr. Gu Dorson pursuant to the share award scheme adopted by the Board on 20 December 2019 and amended on 25 November 2021. As at 30 June 2024, all award shares have been vested to Mr. Gu Dorson.
- (7) 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.
- (8) The percentage of shareholding was calculated based on the Company's total number of issued shares as at 30 June 2024 (i.e. 2,213,031,000 Shares).

Save as disclosed above, as at 30 June 2024, 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 SCHEME

The Company has adopted a share option scheme (the “**Share Option Scheme**”) which became effective on 4 July 2012. The purpose of the Share Option Scheme was 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 as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant of such share option; and (iii) the nominal value of the Shares on the date of grant.

Subject to the restrictions under the Listing Rules, 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 was in force for a period of 10 years from 4 July 2012 and has expired on 4 July 2022, provided that all outstanding options granted shall still be subject to the terms of the scheme. Therefore, no further option was available for grant under the Share Option Scheme as at 1 January 2024 and 30 June 2024.

OTHER INFORMATION

The summary of the share options granted under the Share Option Scheme that were still outstanding as at 1 January 2024 and 30 June 2024 are as follows:

Name of the grantee	As at 1 January 2024	During the period ended 30 June 2024	During the period ended 30 June 2024	During the period ended 30 June 2024	During the period ended 30 June 2024	As at 30 June 2024
	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
Directors						
Mr. Zhang Zhenyu	500,000	–	–	–	–	500,000
Mr. Lui Wai Ming (<i>Note 1</i>)	1,000,000	–	–	–	–	1,000,000
Consultant						
Dr. Wu Chun Wah	1,000,000	–	–	–	–	1,000,000
Employees	5,187,662	–	–	–	3,189,302	1,998,360
Directors, consultant and employees (in aggregate)	7,687,662	–	–	–	3,189,302	4,498,360

Details regarding the number of options, date of grant, exercise period and exercise price of those options that were still outstanding as at 30 June 2024 are set out below:

Participants	Date of grant of option	Exercise period of option	Vesting Period	Exercise Price of Option HK\$ per share	Closing price of the Shares immediately before the date of grants	No. of outstanding option as at 30 June 2024
Directors	21 October 2019	21 October 2019 to 21 October 2029	No vesting period. All options are vested upon grant.	0.20	0.182	1,500,000
Consultant (<i>Note 2</i>)	21 October 2019	21 October 2019 to 21 October 2029	No vesting period. All options are vested upon grant.	0.20	0.182	1,000,000
Employees	30 June 2014	1 July 2015 to 29 June 2024	25% on each of 1 July 2015, 1 July 2016, 1 July 2017 and 1 July 2018	1.49	1.141	211,680
	30 June 2014	1 July 2015 to 29 June 2024	25% on each of 1 July 2015, 1 July 2016, 1 July 2017 and 1 July 2018	1.29	1.141	103,320
	1 January 2015	1 January 2016 to 31 December 2024	25% on each of 1 January 2016, 1 January 2017, 1 January 2018 and 1 January 2019	1.29	0.992	226,800
	1 January 2015	1 January 2016 to 31 December 2024	50% on each of 1 January 2016 and 1 January 2017	0.99	0.992	1,456,560
Total						4,498,360

Notes:

- Mr. Lui Wai Ming resigned as an independent non-executive Director on 20 October 2023. The share options held by him remained outstanding for the six months ended 30 June 2024.
- The Consultant is Dr. Wu Chun Wah.

There is no performance target for those options.

SHARE AWARD SCHEMES

2019 Share Award Scheme

To recognize the contributions by certain employees and to provide the incentives in order to retain them for the continual operation and development of the Group, the Board has approved a share award scheme (the “**2019 Share Award Scheme**”) on 20 December 2019. The 2019 Share Award Scheme shall be valid for 5 years commencing from 20 December 2019 until 19 December 2024.

The total number of shares available for grant under the 2019 Share Award Scheme is 221,303,100 shares (“**Award Shares**”), representing 10% of the shares in issue as at the date of this interim report. The maximum number of shares that may be granted to an elected employee at any time or in aggregate (the “**Individual Limit**”) shall not exceed 1% of the issued share capital of the Company, i.e. 22,130,310 Award Shares. During the period between 1 January 2024 and the conclusion of the AGM held on 28 June 2024, the Executive Committee, comprising of Mr. Gu Dorson and Ms. Ping Guoqin, may determine the vesting schedule and vesting date of any award. The Award Shares are transferred to the grantee at nil consideration and no payment is required to be made by the grantee upon acceptance of the Award Shares. The Executive Committee may from time to time cause to be paid an amount to the trustee for the purchase or subscription of Award Shares.

As disclosed in the paragraph headed “CHANGES OF DIRECTORS AND SENIOR MANAGEMENT” on page 32 of this interim report, both Mr. Gu Dorson (“**Mr. Gu**”) and Ms. Ping Guoqin (“**Ms. Ping**”) had ceased to be Directors and members of the Executive Committee of the Company with effect from the conclusion of the AGM held on 28 June 2024. For details, please refer to the announcement of the Company dated 26 June 2024. As such, Mr. Gu and Ms. Ping did not have the capacity to act as the members of the Executive Committee thereafter.

The Board has taken over the responsibility for the operation of 2019 Share Award Scheme.

The revision of the 2019 Share Award Scheme in November 2021 was for the purpose of strengthening the retention of the Company’s core management team to enable mid-term and long-term structural reform and transformation of the Company. The Board approved on 25 November 2021 to revise the Individual Limit to 5% of the issued share capital of the Company, i.e. 110,651,550 Shares as at the date of revision.

The participants involve any employee of any member of the Group. The total number of Shares available under the revised 2019 Share Award Scheme was 221,303,100 Shares, representing 10% of the issued shares as at the date of this interim report.

As at 1 January 2024 and 30 June 2024, there was no unvested awards. During the six months ended 30 June 2024, there was no awards granted, vested, cancelled or lapsed under the 2019 Share Award Scheme.

OTHER INFORMATION

The awards are not subject to any performance target.

The number of awards available for grant under the 2019 Share Award Scheme as at 1 January 2024 and 30 June 2024 was 10,069,294 shares.

All award shares were purchased from secondary market and there were no new shares issued.

2021 Share Award Scheme

To recognize the contributions by certain employees and to provide the incentives in order to retain them for the continual operation and development of the Group, the Board has approved another share award scheme (the “**2021 Share Award Scheme**”) on 25 November 2021. The 2021 Share Award Scheme shall be valid for 3 years commencing from 25 November 2021 until 24 November 2024.

The participants involve any employee of the Group. The total number of Shares available for grant under the 2021 Share Award Scheme was 221,303,100 Award Shares, representing 10% of the issued shares as at the date of this interim report. The maximum number of Shares which may be granted to a selected employee at any time or in aggregate may not exceed 1% of the Company’s issued share capital, i.e. 22,130,310 Award Shares. The Executive Committee may determine the vesting schedule and vesting date of any award. The awarded shares are transferred to the grantees at no cost and the grantees are not required to pay upon acceptance of the awards. The Executive Committee may from time to time cause to be paid an amount to the trustee for the purchase or subscription of Shares.

As disclosed in the paragraph headed “2019 SHARE AWARD SCHEME” on page 37 of this interim report, since Mr. Gu and Ms. Ping ceased to be Directors and members of the Executive Committee with effect from the conclusion of the AGM held on 28 June 2024, the memberships of Executive Committee is currently vacant. As such, the Board has taken over the responsibility for the operation of the 2021 Share Award Scheme.

The Executive Committee is not a mandatory committee under the Listing Rules. The Company has no solid plan for re-setting up the Executive Committee. Therefore, the Board will administer, execute and supervise all the Share Award Schemes adopted by the Company.

During the six months ended 30 June 2024, there was no Award Shares granted, cancelled or lapsed under the 2021 Share Award Scheme. There was no outstanding unvested awards as at 1 January 2024 and 30 June 2024.

The number of Award Shares available for grant under the 2021 Share Award Scheme as at 1 January 2024 and 30 June 2024 was 221,303,100.

The number of Shares that may be issued in respect of all share options and share awards granted under the Share Option Scheme, the 2019 Share Award Scheme and the 2021 Share Award Scheme during the six months ended 30 June 2024 represented nil% of the weighted average number of Shares in issue for the said period (i.e. 2,213,031,000 Shares). Save for the aforesaid schemes, the Company has not adopted any other share schemes.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE “CG CODE”)

The Company is dedicated to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The principle of the Company’s corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with the applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders.

The Board has established and has continued strengthening the Group’s objectives, values and strategies, and ensure alignment with the Group’s culture. Such culture should instill and continually reinforce across the organization values of acting lawfully, ethically and responsibly.

Optimizing value for its shareholders is the Company’s priority. The Group strives to become the leading pioneer in the industry of restaurant chain stores in Mainland China and Hong Kong. The mission of the Group is to lead the development of the industry and set the industry benchmarks. In this connection, the Group has been endeavoring to offer to its employees, customers, shareholders, the society, and the environment an enterprise operating in a lawful, ethical and responsible way. These purpose and values shape the Group’s strategies.

The Group’s purpose, values and strategies form the foundations of the Group’s corporate culture. The Group’s corporate culture is centered on adherence to high ethical standards and practices, and striving for sustainable development.

The Company has adopted the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance. For the six months ended 30 June 2024, the Company has complied with the applicable code provisions set out in the CG Code. Ms. Wang Huili is the chairlady of the Company, and the Company has not established the position of CEO.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as a code of conduct of the Company regarding directors’ transactions of securities. After specific enquiries 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 2024.

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 2024.

PUBLIC FLOAT

Based on the information that is available to the Company and to the knowledge of the Directors, they confirm that the Company has maintained at least 25% of the Company’s total issued share capital held by the public for the six months ended 30 June 2024 and as at the date of this interim report.

INDEPENDENT ADVICES

The Directors and their committees shall have access to independent professional advices if considered necessary. The Directors may also seek independent professional advices on matters related to the Company to fulfill their responsibilities at the Company’s expense after obtaining the approval of the Board.

OTHER INFORMATION

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. Leung Yiu Cho, Mr. Zhang Zhenyu and Ms. Hu Xiaoqi. Mr. Leung Yiu Cho is the chairman of the Audit Committee.

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 and this report have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant result, and sufficient disclosure have been made.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees and business partners for their support and contribution to the Group.