味千（中國）控股有限公司
AJISEN (CHINA) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with Limited Liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：538

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中期報告 2018
INTERIM REPORT

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Corporate Profile

Ajisen (China) Holdings Limited (stock code: 538) ("Ajisen (China)" or the "Company"; together with its subsidiaries, the "Group") is one of the leading fast casual restaurant ("FCR") chain operators in the People's Republic of China ("PRC") and Hong Kong Special Administrative Region ("Hong Kong"). Since its establishment in 1996, the Group has been selling Japanese ramen and Japanese-style dishes under the Ajisen brand in the PRC and Hong Kong by incorporating Chinese people's culinary preferences and the essence of the Chinese cuisine, and have developed over one hundred types of Japanese-style ramen and dishes that cater for the Chinese people's palate. Combining the elements of fast food shops and traditional restaurant elements, the Group has become a fastgrowing FCR chain operator.

After our listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 March 2007, the strong capital support has injected new vitality into the Group's rapid expansion. As a renowned brand in the Food and Beverage ("F&B") industry, Ajisen's fast casual chain restaurants are very popular among consumers with its outlets widely scattered in prime locations of major cities in the PRC and Hong Kong. As at 30 June 2018, the Group's nationwide retail network comprises 718 restaurants, Ajisen restaurants have entered over 140 cities and 31 provinces and municipalities of the PRC. Among the major cities, the international metropolis Shanghai boasts the largest number of Ajisen restaurants, being 126, followed by 84 in Jiangsu and 64 in Zhejiang, together with the remaining 413 restaurants spanning across other major cities from the southern to the northern region of the PRC. In Hong Kong, Ajisen (China) operates 30 chain restaurants with its chain network covering all major business areas of the city. The Group also opened 1 restaurant in Rome of Italy. Moreover, the restaurant network is supported by the Group's Shanghai, Chengdu, Tianjin, Qingdao, Wuhan and Dongguan production bases.

On 30 March 2007, Ajisen (China) was successfully listed on the Main Board of the Stock Exchange, which made it the first domestic catering chain company listed overseas. In 2007, the Group was ranked first among the top 50 fastest-growing Asian enterprises of the year awarded by the influential international financial magazine Business Week.

Ajisen (China)'s initial public offering was also named "2007 Best Mid-Cap Equity Deal" by Finance Asia, a renowned Asian business publication.

In September 2008, the Group acquired a place in "Asia's 200 Best Under A Billion" list made by Forbes, and was selected again as one of the "Chinese Enterprises With Best Potential 2008". Besides, Ms. Poon Wai, Chairman and Chief Executive Officer of the Group, was also enlisted into "Chinese Celebrities" by Forbes.

Ajisen (China) strives to become the No.1 FCR chain operator in the PRC.

CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. Poon Wai
  (Chairman and Chief Executive Officer)
Mr. Poon Ka Man, Jason

Non-executive Director

Mr. Katsuaki Shigemitsu

Independent Non-executive Directors

Mr. Lo Peter
Mr. Jen Shek Voon
Mr. Wang Jincheng

Audit Committee

Mr. Jen Shek Voon *(Chairman)*
Mr. Lo Peter
Mr. Wang Jincheng

Remuneration Committee

Mr. Lo Peter *(Chairman)*
Mr. Jen Shek Voon
Mr. Wang Jincheng

Nomination Committee

Mr. Wang Jincheng *(Chairman)*
Mr. Lo Peter
Mr. Jen Shek Voon

Authorised Representatives

Ms. Poon Wai
Ms. Ng Sau Mei

Qualified Accountant

Mr. Lau Ka Ho, Robert *(CPA)*

Company Secretary

Ms. Ng Sau Mei *(ACIS, ACS)*

Head Office and Principal Place of Business in Hong Kong

6th Floor, Ajisen Group Tower
Block B
24-26 Sze Shan Street
Yau Tong, Kowloon
Hong Kong

Registered Office

Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

Principal Share Registrar and Transfer Office

Appleby Corporate Services (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Chong Hing Bank Limited
Bank of Shanghai Co., Ltd
OCBC Wing Hang Bank Limited

Auditor

Deloitte Touche Tohmatsu

Hong Kong Legal Adviser

Fairbairn Catley Low & Kong

Investor and Media Relations Consultant

iPR Ogilvy Ltd
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Company Websites

www.ajisen.com.hk
www.ajisen.com.cn

Stock Code

538

FINANCIAL HIGHLIGHTS

For the six months ended 30 June (unaudited)	2018	2017	% +/–
Turnover (RMB million)	**1,153.4**	1,151.7	+0.1
Gross profit (RMB million)	**866.9**	841.6	+3.0
Profit before taxation (RMB million)	**180.7**	169.0	+6.9
Profit attributable to owners of the Company (RMB million)	**121.3**	108.6	+11.7
Earnings per share – basic (RMB)	**0.11**	0.1	+10.0

Industry Review

In the first half of 2018, China's economy continued to grow in a steady and positive trend. During the period, China's GDP grew by 6.8% year-on-year (the first half of 2017: 6.9%) to RMB41,896.1 billion, with the national consumer price rising by 2.0% year-on-year.

According to the National Bureau of Statistics of PRC, China's catering market developed steadily with a revenue of RMB1,945.7 billion in the first half of 2018, representing an increase of 9.9% on a year-on-year basis (the corresponding period of 2017: 11.2%), leading the growth of the entire consumer market (9.4%) by 0.5 percentage point. In June, the national catering revenue regained a double-digit growth, 1.1 percentage points higher than that of the entire consumer market (9.0%), signifying that the development of the catering industry has been driving the growth of the entire consumer market.

In terms of the number of restaurants, as of May 2018, a total of 10.39 million restaurants were registered at Meituan, with a growth rate surpassing that of the overall catering revenue. As shown in the "2017 Supply-side Development Report on China's Catering Industry (二零一七中國餐飲供給側發展報告)" released by Meituan, the average life expectancy of the shut-down restaurants is 508 days, indicating the increasingly intense competition in the catering industry. The rapid growth in the number of restaurants and relentless elimination of the weak and small participants has become a common scene in this industry, while the area of a single restaurant continued to shrink, and the level of standardization continued to rise.

With regard to the takeaway market, according to the "2018 China Catering Report (二零一八年中國餐飲報告)", the online takeaway market grew to RMB300 billion in 2017, representing an increase of 13.7 times compared with RMB20.37 billion in 2011. The growth of the takeaway market is expected to continue, and it is estimated that by 2020, the online catering of food and beverage will amount to RMB700 billion, representing 13.5%-14% in the entire catering market as compared with 7.7% in 2017.

Since the beginning of this year, benefiting from the deepening of the supply-side structural reform, China's catering market has been developing steadily, showing increasingly improved quality, efficiency and momentum of its economic development, delivering convincing results of a series of reform and innovation policies. On 17 July 2018, The Commission on Food Safety of the State Council launched the food safety promotion campaign in 2018 and rolled out food safety promotion activities nationwide. With the support of the policies, it is expected that the catering industry will usher in the supply-side structural reform in the second half of this year, whereby the catering industry has to vigorously prepare itself to be innovation-driven while continuously enhancing its organic growth and promoting the high-quality development of the catering industry. The Group will adhere to its refined management, carefully maintain food quality and safety, actively develop intelligent technologies to turn its restaurants into smart restaurants so as to enhance customer experience. At the same time, our management is aggressively opening new restaurants to increase the total number of our restaurants as well as the turnover, aiming to secure our business growth and generate greater benefits for our Shareholders.

Business Review

For the six months ended 30 June 2018, the Group's turnover increased from approximately RMB1,151,734,000 during the corresponding period in 2017, by approximately 0.1% to approximately RMB1,153,448,000. The gross profit of the Group reached approximately RMB866,936,000, an increase of approximately 3.0% from approximately RMB841,604,000 during the corresponding period in 2017; the profit attributable to the owners of the Company reached approximately RMB121,290,000, an increase of approximately 11.7% from approximately RMB108,603,000 in 2017. The basic earnings per share increased to RMB0.11 from RMB0.10 per ordinary share during the corresponding period in the previous year.

During the current reporting period, the Group focused on streamlining the existing stores, adopting a prudent strategy in opening new stores. The Group adopted more focused strategies in its development, and continued to expand the restaurant network and deepened the density in mature markets, such as Beijing, Jiangsu, Zhejiang and Shanghai. As at 30 June 2018, the Group had a total of 718 fast casual chain restaurants, an increase of 69 from 649 during the corresponding period in 2017; the Group's restaurant network extended its reach to 31 provinces and municipalities nationwide, amounting over 140 cities in aggregate, increasing 10 cities as compared with the corresponding period in 2017.

The construction and operation of the six major production bases in China guaranteed the steady growth and food quality of the Group's chain restaurant network. The Group's six major factories in Shanghai, Chengdu, Tianjin, Qingdao, Wuhan and Dongguan have been put into operation, to support the Group's network expansion.

During the current reporting period, the Group's cost of inventories as a proportion to turnover was approximately 24.8%, representing a decrease of approximately 2.1 percentage points as compared with the corresponding period last year. Accordingly, the gross profit margin increased to approximately 75.2% from approximately 73.1% during the corresponding period last year, which was attributable to the stability in raw material costs and benefit from value added tax ("VAT") reform in the PRC effective from 1 May 2016. The Group will properly control the raw material costs, and is therefore confident in achieving the expected gross profit margin.

During the current reporting period, the Group's labour costs accounted for approximately 26.2% of the turnover, which was approximately 0.9 percentage point higher than that of the corresponding period last year. During the current reporting period, the level of minimum wage was raised in a number of provinces and cities in China successively, and the Group has adjusted its employee wages in compliance with the relevant law and regulations.

During the current reporting period, rent and related costs as a proportion to turnover of the Group was approximately 17.2%, which was approximately 1.0 percentage point higher than that of the corresponding period last year. During the current reporting period, the Group applied stringent criteria in location selection, so as to guarantee the success rate of new stores. Also, a large number of medium-sized and small-sized restaurants were developed to enhance the output per unit area. The Group was able to secure long-term fixed lease terms as it expands the restaurant network.

The operation of over 710 restaurants under the Group is dependent upon the efficacy of our management and staff training. During the current reporting period, the Group placed emphasis on the guidance and training of restaurant managers and regional supervisors. The operation efficiency of each restaurant was enhanced through constant upgrading of its basic management level. During the current reporting period, the Group continued to host the inter-restaurant competition to fully mobilize its staff, thus making prominent contribution to the Group's turnover.

Retail Chain Restaurants

During the first half of 2018, the Group's major business and primary source of income continued to stem from the retail chain restaurant business. During the current reporting period, the Group's restaurant business income recorded approximately RMB1,077,490,000 (2017: RMB1,067,147,000), accounted for approximately 93.4% (2017: 92.7%) of the Group's total revenue, an increase of 1.0% from the corresponding period last year.

As at 30 June 2018, the Group's restaurant portfolio consisted of 718 Ajisen chain restaurants, comprising the following:

	30 June 2018	30 June 2017	+/–
By provinces:			
Shanghai	**126**	132	-6
Beijing	**46**	43	3
Tianjin	**7**	5	2
Guangdong (excluding Shenzhen)	**49**	48	1
Shenzhen	**24**	24	0
Jiangsu	**84**	78	6
Zhejiang	**64**	60	4
Sichuan	**15**	15	0
Chongqing	**14**	13	1
Fujian	**24**	22	2
Hunan	**19**	17	2
Hubei	**17**	12	5
Liaoning	**21**	15	6
Shandong	**43**	35	8
Guangxi	**11**	8	3
Guizhou	**4**	2	2
Jiangxi	**15**	14	1
Shaanxi	**14**	12	2
Yunnan	**9**	8	1
Henan	**10**	6	4
Hebei	**8**	5	3
Anhui	**16**	10	6
Xinjiang	**2**	2	0
Hainan	**8**	7	1
Shanxi	**1**	1	0
Neimenggu	**5**	5	0
Heilongjiang	**12**	10	2
Ningxia, Qinghai	**3**	3	0
Jilin	**15**	6	9
Tibet	**1**	1	0
Hong Kong	**30**	29	1
Rome	**1**	1	0
Total	**718**	649	69

	30 June 2018	30 June 2017	+/–
By geographical region:			
Northern China	**153**	128	25
Eastern China	**290**	270	20
Southern China	**161**	138	23
Central China	**113**	112	1
Italy	**1**	1	0
Total	**718**	649	69

Sales of packaged noodle and related products

The manufacturing and sales of packaged noodle products under the Ajisen brand is one of the Group's two main businesses and is a beneficial complement to the major business of fast casual restaurant ("FCR") network operation. These packaged noodle products are manufactured solely by the Group. Besides, they are supplied to the chain restaurants of the Group and also sold through diversified channels, including supermarkets and department stores, which further enhanced the awareness of the Ajisen brand.

For the six months ended 30 June 2018, revenue from the sales of packaged noodle and related products was approximately RMB75,958,000 (2017: RMB84,587,000), accounted for approximately 6.6% (2017: 7.3%) of the Group's total revenue.

The Group has an extensive distribution network for the packaged noodle and related products in China. As of 30 June 2018, the total number of points-of-sale in this network reached approximately 8,000, which was the same compared to the corresponding period last year. The distribution network covers over 30 cities in China. These distributors include nationwide retailers such as Wal-Mart, Carrefour and Metro, and regional retailers such as China Resources Vanguard, Sanjiang in Ningbo and Century Lianhua, as well as reputable convenient chain stores such as Alldays, Kedi and C-Store.

Financial Review

Turnover

For the six months ended 30 June 2018, the Group's turnover increased by approximately 0.1%, or approximately RMB1,714,000 to approximately RMB1,153,448,000 from approximately RMB1,151,734,000 for the corresponding period in 2017. Such increase was mainly due to the increase in number of stores of the Group during the current reporting period.

Cost of inventories consumed

For the six months ended 30 June 2018, the Group's cost of inventories decreased by approximately 7.6%, or approximately RMB23,618,000, to approximately RMB286,512,000 from approximately RMB310,130,000 for the corresponding period in 2017. During the current reporting period, the ratio of inventories cost to turnover was approximately 24.8%, lower than 26.9% for the corresponding period in 2017. Such decrease was attributable to the stability in the purchasing cost and benefit from VAT reform in the PRC effective from 1 May 2016 for the period.

Gross profit and gross profit margin

Driven by the above factors, gross profit for the six months ended 30 June 2018 increased by approximately 3.0%, or approximately RMB25,332,000 to approximately RMB866,936,000 from approximately RMB841,604,000 for the corresponding period in 2017. Gross profit margin of the Group also further increased from approximately 73.1% for the corresponding period in 2017 to approximately 75.2%.

Property rentals and related expenses

For the six months ended 30 June 2018, property rentals and related expenses of the Group increased by approximately 6.5% from approximately RMB186,821,000 for the corresponding period in 2017 to approximately RMB198,901,000. Its proportion to turnover increased by 1.0 percentage point from approximately 16.2% for the corresponding period in 2017 to approximately 17.2%. Such increase was mainly attributable to the increase in number of stores of the Group for the period.

Staff costs

For the six months ended 30 June 2018, staff costs of the Group increased by approximately 3.9% from approximately RMB291,300,000 for the corresponding period in 2017 to approximately RMB302,612,000. Staff costs as a proportion to turnover increased from approximately 25.3% for the corresponding period in 2017 by 0.9 percentage point to approximately 26.2%, which reflected the raise in level of minimum wage in a number of provinces and cities in China for the period.

Depreciation

For the six months ended 30 June 2018, depreciation of the Group increased by approximately 3.1% or approximately RMB2,341,000 from approximately RMB76,440,000 for the corresponding period in 2017 to approximately RMB78,781,000. Such increase was mainly attributable to the increase in number of stores in first half of 2018.

Other operating expenses

Other operating expenses mainly included expenses for fuel and utility, consumables, advertising and promotion and franchise fee. For the six months ended 30 June 2018, other operating expenses increased by approximately 8.8%, or approximately RMB13,358,000, to approximately RMB165,501,000 from approximately RMB152,143,000 for the corresponding period in 2017. Its proportion to turnover increased by 1.1 percentage points from 13.2% to approximately 14.3%, which was mainly attributable to the increase in expenses spent on consumables, and fuel and utility for the period, while expenses spent on advertising and promotion decreased to approximately RMB3,437,000 from approximately RMB7,945,000 for the corresponding period in 2017.

Other income

For the six months ended 30 June 2018, other income of the Group decreased by approximately 5.5%, or approximately RMB2,304,000, to approximately RMB39,712,000 from approximately RMB42,016,000 for the corresponding period in 2017. The decrease was mainly originated from the decrease in government grant during the period.

Other gains and losses

For the six months ended 30 June 2018, other gains and losses of the Group increased by approximately 913.4% or approximately RMB27,538,000, to approximately RMB24,523,000 from a loss of approximately RMB3,015,000 for the corresponding period in 2017. The increase was due to gain in the fair value of approximately RMB11,313,000 of financial asset at FVTPL for the corresponding period in 2017.

Finance costs

For the six months ended 30 June 2018, finance costs increased by approximately 23.9%, or approximately RMB653,000 to approximately RMB3,388,000 from approximately RMB2,735,000 for the corresponding period in 2017. The increase was mainly due to more loans outstanding compared to corresponding period in 2017.

Profit before taxation

Being affected by the factors referred to above, the Group's profit before taxation for the six months ended 30 June 2018 increased by approximately 6.9%, or approximately RMB11,719,000 to approximately RMB180,727,000 from approximately RMB169,008,000 for the corresponding period in 2017.

Profit attributable to owners of the Company

Being affected by the factors referred to above, profit attributable to owners of the Company for the six months ended 30 June 2018 increased by approximately 11.7%, or approximately RMB12,687,000, to approximately RMB121,290,000 from approximately RMB108,603,000 for the corresponding period in 2017.

Assets and liabilities

The Group's net current assets were approximately RMB1,067,340,000 and the current ratio was 2.6 as at 30 June 2018 (31 December 2017: 2.9). As the Group is primarily engaged in the restaurant business, most of the sales are settled in cash. As a result, the Group was able to maintain a relatively high current ratio.

Cash flows

Net cash inflow from operations of the Group for the six months ended 30 June 2018 was approximately RMB147,356,000 while profit before taxation for the same period was approximately RMB180,727,000. The operating cash inflow was mainly due to increase in profitability of FCR operated by the Group which the increase in size of operation of the Group strengthened the bargaining power of the Group with the suppliers and slowed down settlement of purchases.

Liquidity and financial resources

The liquidity and financial position of the Group as at 30 June 2018 remained healthy and strong, with bank balances amounting to RMB1,510,365,000 (31 December 2017: RMB1,534,103,000) and a current ratio of 2.6 (31 December 2017: 2.9).

As at 30 June 2018, the Group had bank borrowings of RMB338,206,000 (31 December 2017: RMB320,118,000) and therefore the gearing ratio (expressed as a percentage of total borrowings over total assets) was 8.8 (31 December 2017: 8.7).

Exposure to exchange rates

Presently, most of the Group's business transactions, assets and liabilities are denominated in RMB and settled in RMB. The Group's exposure to currency risk is minimal as the Group's assets and liabilities as at 30 June 2018 and 31 December 2017 were denominated in the respective Group companies' functional currencies. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Subsequent events

Subsequent to 30 June 2018, no material events affecting the Company and its subsidiaries have occurred.

Significant investments held, material acquisitions and disposals of subsidiaries, and future plans for material investments or capital assets

Save for those disclosed in this report, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the period under review. Apart from those disclosed in this report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

Interest rate risk

As the Group has no significant interest-bearing assets (other than pledged bank deposits and bank balances and cash), the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of trade receivables, deposits and other receivables, bank balances and cash and pledged bank deposits included in the condensed consolidated statement of financial position represent the maximum exposure to credit risk in relation to the Group's financial assets. The Group typically does not require collaterals from customers. Provisions are made for the balance that is past due when the management considers the loss from non-performance by the customers is likely. Sales to retail customers are settled in cash or by major credit cards. The Group also makes deposits to the relevant landlords for lease of certain of the self-managed outlets. The management does not expect to incur any loss from non-performance by these counterparties.

As of 30 June 2018 and 31 December 2017, all of the bank balances and pledged bank deposits were deposited with highly reputable and sizable banks and financial institutions without significant credit risk in the PRC and Hong Kong. The management does not expect to incur any loss from non-performance by these banks and financial institutions.

Contingent liabilities

As of 30 June 2018, the Group did not have any significant contingent liabilities.

Capital expenditure

For the six months ended 30 June 2018, the Group's capital expenditure was approximately RMB241,156,000 (corresponding period in 2017: RMB103,874,000), which was due to the increase in purchase of property, plant and equipment, acquisition of investment in an associate and purchase of financial assets at FVTPL during the six months ended 30 June 2018.

Key operating ratios for restaurant operations

	Hong Kong			**PRC**		
	1-6/2018	1-12/2017	1-6/2017	**1-6/2018**	1-12/2017	1-6/2017
Comparable restaurant sales growth:	**-7.5%**	-6.8%	-3.3%	**-0.6%**	2.2%	-2.2%
Per capita spending:	**HK$65.1**	HK$65.3	HK$64.7	**RMB47.4**	RMB47.9	RMB47.8
Table turnover per day (times per day):	**4.0**	4.2	4.8	**3.4**	3.5	3.4

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF AJISEN (CHINA) HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Ajisen (China) Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 14 to 55, which comprise the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2017 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	NOTES	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Revenue	*3*	**1,153,448**	1,151,734
Cost of inventories consumed		**(286,512)**	(310,130)
Staff costs		**(302,612)**	(291,300)
Depreciation and amortisation		**(78,781)**	(76,440)
Property rentals and related expenses		**(198,901)**	(186,821)
Other operating expenses		**(165,501)**	(152,143)
Profit from operation		**121,141**	134,900
Other income	*5*	**39,712**	42,016
Other gains and losses	*6*	**24,523**	(3,015)
Share of profit (loss) of associates		**735**	(2,158)
Share of loss of a joint venture		**(1,996)**	–
Finance costs	*7*	**(3,388)**	(2,735)
Profit before taxation	*8*	**180,727**	169,008
Income tax expense	*9*	**(46,957)**	(49,665)
Profit for the period		**133,770**	119,343
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of property, plant and equipment on transfer to investment properties		**41,609**	–
		41,609	–
Items that may be reclassified subsequently to profit or loss:			
Reclassification adjustment of cumulative gain on fair value change previously recognised in other comprehensive income to profit or loss on an available-for-sale investment		**–**	(1,626)
Exchange differences arising on translation of financial statements of foreign operations		**2,848**	(41,776)
Other comprehensive income (expense) for the period, net of income tax		**44,457**	(43,402)
Total comprehensive income for the period		**178,227**	75,941

		Six months ended 30 June	
		2018	2017
	NOTE	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
Owners of the Company		**121,290**	108,603
Non-controlling interests		**12,480**	10,740
		133,770	119,343
Total comprehensive income for the period attributable to:			
Owners of the Company		**156,963**	71,579
Non-controlling interests		**21,264**	4,362
		178,227	75,941
		RMB	RMB
Earnings per share	*11*		
– Basic		**0.11**	0.10
– Diluted		**0.11**	0.10

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	NOTES	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Non-current assets			
Investment properties	12	**558,308**	492,042
Property, plant and equipment	12	**913,404**	874,763
Prepaid lease payments		**56,484**	64,999
Intangible assets		**5,396**	5,350
Interests in associates	13	**145,379**	144,644
Interest in a joint venture	14	**10,862**	5,143
Loan to an associate		**1,250**	1,250
Rental deposits		**87,730**	81,802
Goodwill		**6,859**	6,801
Deferred tax assets		**1,494**	1,484
Available-for-sale investments		**–**	6,906
Financial assets at fair value through profit or loss ("FVTPL")	15	**302,002**	–
Financial assets designated as at FVTPL		**–**	245,487
Long term receivables		**14,422**	–
		2,103,590	1,930,671
Current assets			
Inventories		**74,274**	70,397
Trade and other receivables	16	**147,279**	135,524
Amounts due from a related party	18	**12**	12
Taxation recoverable		**1,487**	2,335
Pledged bank deposits	19	**380**	380
Bank balances and cash	19	**1,510,365**	1,534,103
		1,733,797	1,742,751
Current liabilities			
Trade and other payables	20	**229,975**	224,898
Contract liabilities		**9,858**	–
Amounts due to related companies	21	**4,070**	5,071
Amounts due to directors	21	**164**	441
Amount due to a shareholder	21	**15,594**	27,756
Amounts due to non-controlling interests	21	**13,519**	13,516
Amount due to associates	21	**11,207**	12,063
Dividend payable		**46,035**	24
Taxation payable		**47,292**	50,162
Bank loans	22	**288,743**	269,532
		666,457	603,463
Net current assets		**1,067,340**	1,139,288
Total assets less current liabilities		**3,170,930**	3,069,959

	NOTES	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
Non-current liabilities			
Long-term bank loans	*22*	**49,463**	50,586
Deferred tax liabilities		**74,434**	73,424
Financial liabilities at FVTPL		**79,370**	–
		203,267	124,010
Net assets		**2,967,663**	2,945,949
Capital and reserves			
Share capital	*23*	**108,404**	108,404
Reserves		**2,732,265**	2,623,575
Equity attributable to owners of the Company		**2,840,669**	2,731,979
Non-controlling interests		**126,994**	213,970
Total equity		**2,967,663**	2,945,949

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Share options reserve RMB'000	Capital reserve RMB'000	Properties revaluation reserve RMB'000	Investment revaluation reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve fund RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non–controlling interests RMB'000	Total RMB'000
At 1 January 2017 (audited)	108,404	1,887,197	(234,729)	73,660	1,159	38,462	1,626	(153,572)	129,917	1,495,664	3,347,788	271,265	3,619,053
Profit for the period	–	–	–	–	–	–	–	–	–	108,603	108,603	10,740	119,343
Other comprehensive income for the period	–	–	–	–	–	–	(1,626)	(35,398)	–	–	(37,024)	(6,378)	(43,402)
Total comprehensive income for the period	–	–	–	–	–	–	(1,626)	(35,398)	–	108,603	71,579	4,362	75,941
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(15,750)	(15,750)
Dividends recognised as distribution *(note 10)*	–	–	–	–	–	–	–	–	–	(89,455)	(89,455)	–	(89,455)
Recognition of equity-settled share based payments	–	–	–	1,121	–	–	–	–	–	–	1,121	–	1,121
Transfer on forfeiture of share options	–	–	–	(1,998)	–	–	–	–	–	1,998	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	38,000	38,000
At 30 June 2017	108,404	1,887,197	(234,729)	72,783	1,159	38,462	–	(188,970)	129,917	1,516,810	3,331,033	297,877	3,628,910

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Share options reserve RMB'000	Capital reserve RMB'000	Properties revaluation reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve fund RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2017 (audited)	108,404	1,887,197	(234,729)	65,812	1,159	39,282	(172,711)	139,289	898,276	2,731,979	213,970	2,945,949
Adjustments *(note 2)*	–	–	–	–	–	–	–	–	(5,620)	(5,620)	–	(5,620)
At 1 January 2018 (restated)	108,404	1,887,197	(234,729)	65,812	1,159	39,282	(172,711)	139,289	892,656	2,726,359	213,970	2,940,329
Profit for the period	–	–	–	–	–	–	–	–	121,290	121,290	12,480	133,770
Other comprehensive income for the period	–	–	–	–	–	41,609	(5,936)	–	–	35,673	8,784	44,457
Total comprehensive income for the period	–	–	–	–	–	41,609	(5,936)	–	121,290	156,963	21,264	178,227
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(9,000)	(9,000)
Dividends recognised as distribution *(note 10)*	–	–	–	–	–	–	–	–	(43,662)	(43,662)	–	(43,662)
Recognition of equity-settled share based payments	–	–	–	1,009	–	–	–	–	–	1,009	–	1,009
Transfer on forfeiture of share options	–	–	–	(743)	–	–	–	–	743	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	1,922	1,922
Capital withdrawal from non-controlling interests	–	–	–	–	–	–	–	–	–	–	(101,162)	(101,162)
At 30 June 2018	108,404	1,887,197	(234,729)	66,078	1,159	80,891	(178,647)	139,289	971,027	2,840,669	126,994	2,967,663

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating activities		
Profit before taxation	**180,727**	169,008
Adjustments for:		
Depreciation for property, plant and equipment	**78,013**	75,427
Finance costs	**3,388**	2,735
Bank interest income	**(6,328)**	(5,527)
Share of (profit) loss of associates	**(735)**	2,158
Share of loss of a joint venture	**1,996**	–
(Gain) loss on disposal of property, plant and equipment	**(13,821)**	3,861
Gain on disposal of financial assets at FVTPL	**(11,313)**	–
Loss on revaluation of property, plant and equipment on transfer to investment properties	**834**	–
Operating lease rentals in respect of prepaid lease payments	**768**	1,013
Share-based payment expenses	**1,009**	1,121
Reclassification adjustment of cumulative gain on fair value change previously recognised in other comprehensive income to profit or loss on an available-for-sale investment	**–**	(1,626)
Operating cash flows before movements in working capital	**234,538**	248,170
(Increase) decrease in inventories	**(3,877)**	13,287
(Increase) decrease in rental deposits	**(5,928)**	3,409
Increase in trade and other receivables	**(14,977)**	(22,144)
Decrease in trade and other payables	**(13,163)**	(29,440)
Decrease in contract liabilities	**(1,256)**	–
Cash generated from operations	**195,337**	213,282
Income tax paid	**(47,981)**	(45,220)
Net cash from operating activities	**147,356**	168,062
Investing activities		
Interest received	**6,328**	5,527
Proceeds from disposal of property, plant and equipment	**30,738**	270
Acquisition of investment in an associate	**–**	(12,800)
Injection of investment in a joint venture	**(7,715)**	–
Purchase of property, plant and equipment	**(117,681)**	(81,496)
Purchase of financial assets at FVTPL	**(115,760)**	–
Purchase of financial assets designated as at FVTPL	**–**	(9,578)
Proceeds from disposal of financial assets at FVTPL	**61,161**	–
Net cash used in investing activities	**(142,929)**	(98,077)

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Financing activities		
Advance from related parties	**2,477**	4,306
Advance from directors	**2,657**	153
Advance from associates	**9,823**	2,986
Advance from a shareholder	**30,187**	–
Bank loans raised	**101,172**	–
Dividends paid	**(5)**	(5)
Interest paid	**(3,388)**	(2,735)
Dividends paid to a non-controlling interests	**(9,000)**	(15,750)
Repayment to related parties	**(3,478)**	(5,168)
Repayment to directors	**(2,934)**	(471)
Repayment to a shareholder	**(42,349)**	4,743
Repayment to associates	**(10,679)**	–
Repayment of bank loans	**(85,838)**	(1,541)
Contribution from non-controlling interests	**1,922**	38,000
Withdrawal from non-controlling interests	**(21,792)**	–
Net cash (used in) from financing activities	**(31,225)**	24,518
Net increase in cash and cash equivalents	**(26,798)**	94,503
Cash and cash equivalents at 1 January	**1,534,103**	1,313,304
Effect of foreign exchange rate changes	**3,060**	(3,444)
Cash and cash equivalents at 30 June representing bank balances and cash	**1,510,365**	1,404,363

1. Basis of Preparation

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

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2. Principal Accounting Policies (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue.

The Group recognises revenue from the following major sources:

- Operation of restaurants
- Manufacture and sales of noodles and related products

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

2. Principal Accounting Policies (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, i.e. sub-franchise contracts, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct goods or services underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised goods or services separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

2. Principal Accounting Policies (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017 RMB'000 (Audited)	**Reclassification** RMB'000	**Carrying amounts under HKFRS 15 at 1 January 2018** RMB'000 (After adjustment)
Current liabilities			
Trade and other payables	224,898	(11,114)	213,784
Contract liabilities	–	11,114	11,114

As at 1 January 2018, advances from customers of RMB11,114,000 in respect of contracts previously included in trade and other payables were reclassified to contract liabilities for RMB11,114,000.

The following table summarises the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

	As reported RMB'000 (Audited)	**Adjustments** RMB'000	**Amounts without application of HKFRS 15** RMB'000 (Restated)
Current liabilities			
Trade and other payables	229,975	9,858	239,833
Contract liabilities	9,858	(9,858)	–

2. Principal Accounting Policies (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 *Financial Instruments*. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement.*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

2. Principal Accounting Policies (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Classification and measurement of financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, amount due from a related party, pledged bank deposits, bank balances and loan to an associate). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12M ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively for other debtors using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12M ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. Principal Accounting Policies (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. Principal Accounting Policies (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in Note 2.2.2.

Classification and measurement of financial liabilities

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

2. Principal Accounting Policies (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Available-for-sale investments	Financial assets designated as at FVTPL	Trade receivables	Financial assets at FVTPL required by HKAS 39/ HKFRS 9	Retained profits
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Closing balances at 31 December 2017 – HKAS 39	6,906	245,487	37,246	–	898,276
Effect arising from initial application of HKFRS 9:					
Reclassification					
From available-for-sale investments *(a)*	(6,906)	–	–	6,906	–
From designated as at FVTPL *(b)*	–	(245,487)	–	245,487	–
Remeasurement					
Impairment under ECL model *(c)*	–	–	(2,956)	–	(2,956)
From cost less impairment to fair value *(a)*	–	–	–	(2,664)	(2,664)
Opening balance at 1 January 2018	–	–	34,290	249,729	892,656

(a) Available-for-sale investments

From AFS investments to FVTPL

At the date of initial application of HKFRS 9, the Group's equity investments of RMB6,906,000 were reclassified from available-for-sale investments to financial assets at FVTPL. The fair value losses of RMB2,664,000 relating to those equity investments previously carried at cost less impairment were adjusted to financial assets at FVTPL and retained profits as at 1 January 2018.

2. Principal Accounting Policies (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.2 Summary of effects arising from initial application of HKFRS 9 (Continued)

(b) Financial assets at FVTPL and/or designated at FVTPL

At the date of initial application, the Group no longer applied designation as measured at FVTPL for the portfolio of financial assets which is managed and its performance is evaluated on a fair value basis, as these financial assets are required to be measured at FVTPL under HKFRS 9. As a result, the fair value of these investments of RMB245,487,000 were reclassified from financial assets designated at FVTPL to financial assets at FVTPL.

(c) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, pledged bank deposits, bank balances and loan to an associate, are measured on 12M ECL basis as there had been no significant increase in credit risk since initial recognition. In the opinion of the directors of the Company, the expected credit loss for other financial assets are insignificant.

As at 1 January 2018, the additional credit loss allowance of RMB2,956,000 has been recognised against retained profits.

All loss allowances for financial assets including trade receivables as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

	Trade receivables
	RMB'000
At 31 December 2017 – HKAS 39	–
Amounts remeasured through opening retained profits	2,956
At 1 January 2018	2,956

2. Principal Accounting Policies (Continued)

2.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be adjusted. The following table show the adjustments recognised for each individual line item.

	31 December 2017 RMB'000 (Audited)	HKFRS 15 RMB'000	HKFRS 9 RMB'000	1 January 2018 RMB'000 (Restated)
Non-current assets				
Available-for-sale investments	6,906	–	(6,906)	–
Financial assets designated as at FVTPL	245,487	–	(245,487)	–
Financial assets at FVTPL	–	–	249,729	249,729
Current assets				
Trade and other receivables	135,524	–	(2,956)	132,568
Current liabilities				
Trade and other payables	224,898	(11,114)	–	213,784
Contract liabilities	–	11,114	–	11,114
Capital and reserves				
Reserves	2,623,575	–	(5,620)	2,617,955

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

2.4 Critical accounting judgements

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. Principal Accounting Policies (Continued)

2.4 Critical accounting judgements (Continued)

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

3. Revenue

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operation of restaurants	**1,077,490**	1,067,147
Manufacture and sales of noodles and related products	**75,958**	84,587
	1,153,448	1,151,734
Timing of revenue recognition		
A point in time	**1,153,448**	1,151,734

4. Segment Information

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the six months ended 30 June 2018 (unaudited)

	Operation of restaurants							
	PRC RMB'000	Hong Kong RMB'000	Total RMB'000	Manufacture and sales of noodles and related products RMB'000	Investment holding RMB'000	Segment total RMB'000	Elimination RMB'000	Total RMB'000
Revenue								
– external sales	988,748	88,742	1,077,490	75,958	–	1,153,448	–	1,153,448
– inter-segment sales	–	–	–	369,564	–	369,564	(369,564)	–
	988,748	88,742	1,077,490	445,522	–	1,523,012	(369,564)	1,153,448
Segment profits	175,627	2,586	178,213	7,348	21,473	207,034	–	207,034
Unallocated income								6,328
Unallocated expenses								(29,247)
Finance costs								(3,388)
Profit before taxation								180,727
Taxation								(46,957)
Profit for the period								133,770

4. Segment Information (Continued)

For the six months ended 30 June 2017 (unaudited)

	Operation of restaurants			Manufacture and sales of noodles and related products	Investment holding	Segment total	Elimination	Total
	PRC RMB'000	Hong Kong RMB'000	Total RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue								
– external sales	970,205	96,942	1,067,147	84,587	–	1,151,734	–	1,151,734
– inter-segment sales	–	–	–	315,851	–	315,851	(315,851)	–
	970,205	96,942	1,067,147	400,438	–	1,467,585	(315,851)	1,151,734
Segment profits	174,110	2,102	176,212	6,934	13,298	196,444	–	196,444
Unallocated income								5,527
Unallocated expenses								(30,228)
Finance costs								(2,735)
Profit before taxation								169,008
Taxation								(49,665)
Profit for the period								119,343

Segment profits represent the profits earned by each segment without allocation of central administrative costs and directors' salaries, investment income and finance costs. This is the measure reported to the chief operating decision maker, Ms. Poon Wai ("Ms. Poon"), for the purposes of resource allocation and assessment of segment performance.

Segment information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

5. Other Income

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Royalty and other income from sub-franchisees	**13,252**	10,535
Property rental income, net of direct outgoings	**12,255**	11,672
Bank interest income	**6,328**	5,527
Government grant *(note)*	**4,175**	11,651
Others	**3,702**	2,631
	39,712	42,016

Note: The amount of government grant represents the incentive subsidies received from the PRC local district authorities for the business activities carried out by the Group in the district. There are no specific conditions attached to the grant.

6. Other Gains and Losses

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gain from disposal of the financial asset at FVTPL	**11,313**	–
Gain (loss) on disposal of property, plant and equipment	**13,821**	(3,861)
Loss on revaluation of property, plant and equipment on transfer to investment properties	**(834)**	–
Net foreign exchange gain (loss)	**223**	(780)
Reclassification adjustment of cumulative gain on fair value change previously recognised in other comprehensive income to profit or loss on an available-for-sale investment	**–**	1,626
	24,523	(3,015)

7. Finance Costs

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings:		
– wholly repayable within five years	**2,855**	2,144
– not wholly repayable within five years	**533**	591
	3,388	2,735

8. Profit Before Taxation

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging the following items:		
Cost of inventories consumed *(note a)*	**286,512**	310,130
Advertising and promotion expenses	**3,437**	7,945
Depreciation of property, plant and equipment	**78,013**	75,427
Fuel and utility expenses	**54,739**	52,518
Operating lease rentals in respect of		
– land lease	**768**	1,013
– rented premises *(note b)*	**171,151**	161,691

Notes:

a. This represents costs of raw materials and consumables used.

b. For the six months ended 30 June 2018, the amount included in the operating lease rentals in respect of rental premises are minimum lease payments of approximately RMB139,567,000 (for the six months ended 30 June 2017: RMB115,318,000) and contingent rent of approximately RMB31,584,000 (for the six months ended 30 June 2017: RMB46,373,000).

9. Taxation

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
– current period	**2,044**	2,426
PRC Enterprise Income Tax ("EIT")		
– current period	**44,850**	47,759
– over-provision in prior periods	**(5,568)**	(4,384)
	39,282	43,375
Deferred taxation	**5,631**	3,864
	46,957	49,665

The income tax expense in Hong Kong and the PRC is recognised based on management's best estimate of the annual income tax rate expected for the full financial year. The estimated annual tax rates for Hong Kong Profits Tax and the PRC EIT are 16.5% (for the six months ended 30 June 2017: 16.5%) and 25% (for the six months ended 30 June 2017: 25%), respectively, for the period under review.

Pursuant to the relevant provincial policy and written approval obtained from the State Tax Bureau in Chongqing ("Chongqing STB") in 2016, Chongqing Weiqian Food & Restaurant Management Co., Ltd. 重慶味千餐飲管理有限公司 ("Chongqing Weiqian"), which is located in Chongqing, the PRC, applied a preferential tax rate of 15% ("Preferential Tax Treatment") from 2016 to 2020.

According to the Chongqing STB, the preferential tax rate needs to be applied by Chongqing Weiqian and approved year by year. As such, the Group applied the standard enterprise income tax rate of 25% for Chongqing Weiqian and reduced the income tax liability only after obtaining the written approval.

During the six months ended 30 June 2018, Chongqing Weiqian was granted a preferential tax rate of 15% for year 2017, the Group reversed the income tax liability of approximately RMB5.6 million which was previously recognised for year 2017.

During the six months ended 30 June 2017, Chongqing Weiqian was granted a preferential tax rate of 15% for year 2016, the Group reversed the income tax liability of approximately RMB4.4 million which was previously recognised for year 2016.

10. Dividends

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the period:		
Final, declared – RMB0.04 (HK5.00 cents) per share for 2017 (2017: declared – RMB0.08 (HK9.30 cents) per share for 2016)	**43,662**	89,455

At a meeting of the board of directors held on 23 August 2018, the directors of the Company resolved to declare an interim dividend of RMB0.02 (HK2.80 cents) per ordinary share for the six months ended 30 June 2018 (for the six months ended 30 June 2017: RMB0.02 (HK2.50 cents) per ordinary share).

11. Earnings Per Share

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings for the purposes of basic and diluted earnings per share, being profit for the period attributable to owners of the Company	**121,290**	108,603
	Number of shares	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,091,538,820**	1,091,538,820
Effect of dilutive potential ordinary shares relating to:		
– outstanding share options	**24,486**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,091,563,306**	1,091,538,820

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have a dilutive effect to the Group's earnings per share during the six months ended 30 June 2018 and 2017 because the exercise prices of these share options were higher than the average market prices of the Company's shares during both periods.

12. Movements in Investment Properties and Property, Plant and Equipment

During the six months ended 30 June 2018, the Group changed their intention of the use of certain properties from self-use to operating leases and transferred these properties with carrying values of approximately RMB14,906,000 (six months ended 30 June 2017: Nil) from property, plant and equipment, and RMB8,143,000 (six months ended 30 June 2017: Nil) from prepaid lease payments to investment properties. The resulting revaluation surplus of approximately RMB41,609,000 (six months ended 30 June 2017: Nil) relating to certain property interests as at the date of transfer had been credited to the properties revaluation reserve in equity and the resulting revaluation loss of approximately RMB834,000 (six months ended 30 June 2017: Nil) relating to certain property interests as at the date of transfer had been recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair values of certain investment properties transferred during the period at the date of change of intention of the use of the property interests were determined by the directors of the Company with reference to recent fair values valued by CHFT Advisory and Appraisal Limited, independent qualified professional valuer not related to the Group.

The fair values of the Group's investment properties as at 30 June 2018 were determined by the directors of the Company with reference to recent transaction prices of similar properties. Based on such assessment, the directors of the Company concluded there was no material change in the fair value of the investment properties as at 30 June 2018 as compared with that of as at 31 December 2017.

During the six months ended 30 June 2018, the Group spent approximately RMB147,035,000 on acquisition of property, plant and equipment (for the six months ended 30 June 2017: RMB81,496,000).

During the six months ended 30 June 2018, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB16,917,000 (for the six months ended 30 June 2017: RMB4,131,000) for cash proceeds of RMB30,738,000 (for the six months ended 30 June 2017: RMB270,000), resulting in a gain on disposal of RMB13,821,000 (for the six months ended 30 June 2017: a loss on disposal of RMB3,861,000).

13. Interests in Associates

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Cost of investment in associates	**151,341**	151,341
Share of post-acquisition results and other comprehensive expense	**(5,962)**	(6,697)
	145,379	144,644

14. Interest in a Joint Venture

	30 June 2018 **RMB'000** **(Unaudited)**	31 December 2017 RMB'000 (Audited)
Cost of investment in a joint venture	**12,858**	5,143
Share of post-acquisition results and other comprehensive expense	**(1,996)**	–
	10,862	5,143

On 28 April 2017, the Group entered into a joint venture cooperation agreement with two independent third parties to the admission and management of Beijing Feicui Jinghua & Restaurant Management Co., Ltd. ("Feicui Jinghua"), which is principally engaged in operating restaurants. The Group took up approximately 42% of equity interest of Fei Cui Jinghua. As at 31 December 2017, the Group invested an amount of RMB5,143,000 in Feicui Jinghua. During the six months ended 30 June 2018, the Group invested the remaining RMB7,715,000 in Feicui Jinghua.

As at 30 June 2018, the cost of investment in this joint venture is RMB12,858,000 and the share of post-acquisition results and total comprehensive expenses RMB1,996,000.

15. Financial Assets at FVTPL

	RMB'000
At 31 December 2017	–
Reclassification of financial assets from financial assets designated as at FVTPL to financial assets at FVTPL	245,487
Reclassification of financial assets from available-for-sale investments to financial assets at FVTPL	6,906
Remeasurement from cost less impairment to fair value	(2,664)
At 1 January 2018 (restated)	249,729
Exchange realignment	783
Addition	115,760
Disposal	(64,270)
At 30 June 2018 (unaudited)	302,002

15. Financial Assets at FVTPL (Continued)

The components of financial assets at FVTPL are as follow:

	30 June 2018 **RMB'000** **(Unaudited)**	1 January 2018 RMB'000 (Restated)
Ele. Me *(Note a)*	**–**	63,487
Yunxi *(Note b)*	**132,000**	122,000
Jiahua Anyuan Fund *(Note c)*	**70,000**	60,000
Hezhi *(Note d)*	**95,760**	–
Others	**4,242**	4,242
	302,002	249,729

Notes:

a. During the period, Ali Panini Investment Limited, an independent third company which has significant influence on the holding company of the Ele.me ("Ele.me"), entered into a share purchase agreement with other shareholders of Ele.me and purchased all shares of Ele.me held by other shareholders (the "Acquisition"). After the Acquisition, the Group was paid in aggregate RMB75,583,000 (US$11,525,000) for the Series G-1 Shares of Ele.me held by the Company.

   Based on the share purchase price in the Acquisition, and the management of the Group recognised a disposal gain from the financial asset at FVTPL of approximately RMB11,313,000 (US$1,725,000) in the condensed consolidated statement of profit and loss and other comprehensive income for the period ended 30 June 2018. As at 30 June 2018, the Group has been partially paid with cash of RMB61,161,000 (US$9,335,000), and the rest consideration of RMB14,422,000 (US$2,190,000) will be paid in two years.

b. During the period, the Group made an additional cash capital contribution of RMB10,000,000 in Shanghai Jingjing Investment Center (Limited Partnership) ("Jingjing"), a subsidiary of the Company. During the period, Jingjing invested an additional RMB10,000,000 in Guangzhou Yunxi Information Technology Co., Ltd. ("Yunxi"). Therefore, as at 30 June 2018, Jingjing invested RMB132,000,000 in Yunxi, which represents approximately 8.3824% equity interest of Yunxi.

   The fair values of the investment in Yunxi as at 30 June 2018 were determined by the management of the Group with reference to the price agreed and accepted by other independent third party investors in recent funding rounds. Based on such assessment, the management of the Group concluded there was no material change in the fair value of the investment as at 30 June 2018 as compared with that of as at 31 December 2017.

15. Financial Assets at FVTPL (Continued)

c. During the period, Jiahua Mingde (Tianjin) Enterprise Management and Consulting Partnership (Limited Partnership) ("Jiahua Mingde"), a subsidiary of the Company, made an additional investment of RMB10,000,000 in Anhui Jiahua Anyuan Investment Fund Partnership (Limited Partnership) ("Jiahua Anyuan Fund"). Therefore, as at 30 June 2018, Jiahua Mingde invested RMB70,000,000 in Jiahua Anyuan Fund, which represents approximately 12% equity interest of Jiahua Anyuan Fund.

The management of the Group considers that the carrying amounts of the investment costs approximate its fair values and as such no fair value change was recognised during the period.

d. During the period, Weiqian Noodle Food Service (Shenzhen) Co., Ltd. ("Weiqian Shenzhen"), a wholly-owned subsidiary of the Company, together with other two independent third parties to the Company, as the limited partners, and Beijing Housheng Investment & Management Center (Limited Partnership) and Guangzhou Hezhi Investment & Management Co., Ltd., two independent third parties to the Company, as the general partners, entered into a limited partnership agreement in relation to the admission and management of Guangzhou Hezhi Investment Center (Limited Partnership) ("Hezhi"). The total capital contribution of Hezhi was RMB1,000,000,000, and Weiqian Shenzhen invested an amount of RMB95,760,000, which took up approximately 9.58% equity interest. As Weiqian Shenzhen has no control, joint control nor significant influence in the limited partnership, this investment was presented as financial asset at FVTPL in the condensed consolidated statement of financial position of the Group. The fair value of the investment is made with reference to the recent investment cost of its investment on initial recognition, and as such no fair value change was recognised during the six months ended 30 June 2018.

16. Trade and Other Receivables

	30 June 2018 **RMB'000** **(Unaudited)**	31 December 2017 RMB'000 (Audited)
Trade receivables		
– related companies	**993**	935
– others	**36,880**	36,311
	37,873	37,246
Less: allowance for doubtful debts	**(2,956)**	–
	34,917	37,246
Rental and utility deposits	**16,116**	16,962
Property rentals paid in advance for restaurants	**25,044**	24,638
Advance to suppliers	**32,332**	23,434
Deductible value added tax	**21,218**	15,839
Prepaid lease payment – current portion	**1,533**	1,799
Other receivables	**16,119**	15,606
	147,279	135,524

16. Trade and Other Receivables (Continued)

The related companies are a company in which Ms. Poon has controlling interests and a joint venture of the Group.

Customers including both independent third parties and related companies of noodles and related products are normally granted 60 to 90 days (for the year ended 31 December 2017: 60 to 90 days) credit period upon issuance of invoices, except for certain well established customers for which the credit terms are up to 180 days (for the year ended 31 December 2017: 180 days). There is no credit period for customers relating to sales from operation of restaurants. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

Age	**30 June 2018** **RMB'000** **(Unaudited)**	31 December 2017 RMB'000 (Audited)
0 to 30 days	**31,351**	32,739
31 to 60 days	**2,307**	134
61 to 90 days	**670**	674
91 to 180 days	**589**	–
181 to 365 days	**–**	714
Over 365 days	**–**	2,985
	34,917	37,246

17. Impairment Assessment on Financial Assets Subject to ECL Model

As part of the Group's credit risk management, the Group assesses the ECL on the financial assets individually for debtors with significant balances.

For other debtors, the Group assesses the ECL collectively and uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

17. Impairment Assessment on Financial Assets Subject to ECL Model (Continued)

Allowance for impairment

The movement in the allowance for impairment in respect of trade receivables during the period was as follows.

	RMB'000
Balance at 31 December 2017	–
Effect of adoption of HKFRS 9	2,956
Balance at 1 January 2018 and 30 June 2018	2,956

As at 30 June 2018, the impairment allowance of trade receivables is RMB2,956,000. No further impairment allowance was provided on trade receivables by the Group based on the provision matrix and individual assessment during the six months ended 30 June 2018. The directors of the Company consider that the expected credit loss for other financial assets are insignificant to the condensed consolidated financial statements.

18. Amounts Due From a Related Party

Details of the amounts due from a related party are as follows:

Name of a related party	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
Well Keen International Ltd., a company in which Ms. Poon has controlling interests	**12**	12

The amounts were unsecured, interest-free and repayable on demand.

19. Bank Balance and Cash/Pledged Bank Deposits

As at 30 June 2018, pledged bank deposits held by the Group amounting to RMB380,000 (31 December 2017: RMB380,000) represent deposits pledged to banks to secure advances on construction, which are classified as current assets. Details are set out in note 27.

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of one year or less which carry interest at market rates ranging from 0.35% to 4.40% (2017: 0.35% to 4.30%) per annum.

20. Trade and Other Payables

	30 June 2018	31 December 2017
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables		
– a related company	**5,259**	6,474
– others	**84,988**	89,348
	90,247	95,822
Payroll and welfare payables	**36,830**	33,651
Customers' deposits received	**3,289**	8,618
Payable for acquisition of property, plant and equipment	**44,772**	15,418
Payable for property rentals	**24,456**	26,376
Other taxes payable	**21,415**	22,645
Others	**8,966**	22,368
	229,975	224,898

The related company is a company in which Mr. Katsuaki Shigemitsu, who is a director and shareholder of the Company, has controlling interests.

The average credit period for the purchase of goods is 60 days (for the year ended 31 December 2017: 60 days). The following is an aged analysis of trade payables presented based on invoice dates at the end of the reporting period:

	30 June 2018	31 December 2017
	RMB'000	RMB'000
	(Unaudited)	(Audited)
0 to 30 days	**51,918**	60,373
31 to 60 days	**31,131**	26,496
61 to 90 days	**510**	1,252
91 to 180 days	**360**	1,221
Over 180 days	**6,328**	6,480
	90,247	95,822

21. Amounts Due to Related Companies/Directors/A Shareholder/Non-Controlling Interests/Associates

The amounts due to related companies/directors/a shareholder/non-controlling interests/associates are unsecured, non-trade related, interest-free and repayable on demand.

Either Ms. Poon or Mr. Katsuaki Shigemitsu has controlling interests in these related companies.

22. Bank Loans

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Secured bank loans with carrying amounts repayable:		
On demand or within one year	**288,743**	269,532
In more than one year but not more than two years	**3,163**	3,104
In more than two years but not more than five years	**9,880**	9,698
In more than five years	**36,420**	37,784
	338,206	320,118
Less: amounts shown as non-current liabilities	**(49,463)**	(50,586)
Amounts shown as current liabilities	**288,743**	269,532

The carrying amounts of the Group's bank loans are analysed as follows:

The amounts due are based on scheduled repayment dates set out in the loan agreements.

Denominated in	**Interest rate**	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
HK$	HIBOR plus 1.35% (31 December 2017: HIBOR plus 1.35%)	**50,586**	50,155
HK$	Prime rate of the counterparty bank minus 3.25% (31 December 2017: prime rate of the counterparty bank minus 3.25%)	**47,456**	48,426
HK$	Prime rate of the counterparty bank minus 2.80% (31 December 2017: prime rate of the counterparty bank minus 2.80%)	**5,106**	5,203
HK$	HIBOR plus 1.20% (31 December 2017: HIBOR plus 1.20%)	**235,058**	216,334
		338,206	320,118

22. Bank Loans (Continued)

As at 30 June 2018, the weighted average effective interest rate on the bank loans was 2.00% (31 December 2017: 1.78%), and are further analysed as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Denominated in HK$	**2.00%**	1.78%

Detail of the assets of the Group as at 30 June 2018 and 31 December 2017 that have been pledged as collateral to secure the general bank facilities of the Group are set out in note 27.

23. Share Capital

	Number of shares	**Share capital** RMB'000
Authorised:		
Ordinary shares of HK$0.10 each		
At 1 January 2017, 31 December 2017 and 30 June 2018	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2017, 31 December 2017 and 30 June 2018	1,091,538,820	108,404

All the shares issued by the Company ranked pari passu in all respects.

24. Share Option Schemes

The Company adopted a share option scheme (the "Share Option Scheme") and a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme").

(a) Share Option Scheme

The following table disclosed movements of the Company's share options under the Share Option Scheme during the six months ended 30 June 2018 and 30 June 2017.

Grant date	Exercise price HK$	Outstanding at 1 January 2018	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2018
Employees						
25 June 2008	3.726	40,000	–	–	–	40,000
31 December 2008	3.726	5,000	–	–	–	5,000
3 July 2009	4.938	27,500	–	–	–	27,500
2 July 2010	8.884	328,000	–	–	–	328,000
26 August 2011	5.530	7,242,000	–	–	(141,000)	7,101,000
15 October 2012	5.530	400,000	–	–	–	400,000
2 July 2013	6.310	600,000	–	–	–	600,000
27 August 2013	8.740	1,150,000	–	–	–	1,150,000
25 October 2013	8.350	1,050,000	–	–	–	1,050,000
30 June 2014	6.020	150,000	–	–	–	150,000
25 September 2014	6.450	100,000	–	–	–	100,000
8 January 2015	5.900	150,000	–	–	–	150,000
17 April 2015	5.060	2,200,000	–	–	–	2,200,000
2 July 2015	4.104	2,070,000	–	–	(40,000)	2,030,000
19 July 2017	3.504	2,500,000	–	–	–	2,500,000
1 June 2018 *(note i)*	3.256	–	2,100,000	–	–	2,100,000
		18,012,500	2,100,000	–	(181,000)	19,931,500
Directors						
22 January 2009	3.308	137,500	–	–	–	137,500
15 October 2012	5.530	400,000	–	–	–	400,000
		537,500	–	–	–	537,500
		18,550,000	2,100,000	–	(181,000)	20,469,000
Exercisable at the end of the period		14,118,540				13,772,000
Weighted average exercise price (HK$)		5.34	3.256	–	5.21	5.12

24. Share Option Schemes (Continued)

(a) Share Option Scheme (Continued)

Grant date	Exercise price HK$	Outstanding at 1 January 2017	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2017
Employees						
25 June 2008	3.726	40,000	–	–	–	40,000
31 December 2008	3.726	62,500	–	–	–	62,500
3 July 2009	4.938	27,500	–	–	–	27,500
2 July 2010	8.884	443,000	–	–	–	443,000
26 August 2011	5.530	9,001,000	–	–	(361,000)	8,640,000
15 October 2012	5.530	400,000	–	–	–	400,000
2 July 2013	6.310	600,000	–	–	–	600,000
27 August 2013	8.740	1,210,000	–	–	–	1,210,000
25 October 2013	8.350	1,050,000	–	–	–	1,050,000
30 June 2014	6.020	150,000	–	–	–	150,000
25 September 2014	6.450	100,000	–	–	–	100,000
8 January 2015	5.900	150,000	–	–	–	150,000
17 April 2015	5.060	2,200,000	–	–	–	2,200,000
2 July 2015	4.104	2,440,000	–	–	(270,000)	2,170,000
		17,874,000	–	–	(631,000)	17,243,000
Directors						
22 January 2009	3.308	137,500	–	–	–	137,500
15 October 2012	5.530	400,000	–	–	–	400,000
		537,500	–	–	–	537,500
		18,411,500	–	–	(631,000)	17,780,500
Exercisable at the end of the period		13,772,750				13,826,500
Weighted average exercise price (HK$)		5.56	–	–	4.92	5.58

The details of the share options granted during the period ended 30 June 2018 are set out below:

Note i: Share options granted on 1 June 2018:

(1) The share options granted under the Share Option Scheme on 1 June 2018 were at an exercise price of HK$3.256 per share.

(2) The exercise period is from 1 June 2018 to 30 May 2028.

(3) For the share options granted on 1 June 2018, the options will be vested in 5 tranches, i.e. the first 20% on 1 June 2019, the second 20% on 1 June 2020, the third 20% on 1 June 2021, the fourth 20% on 1 June 2022 and the remaining 20% on 1 June 2023.

24. Share Option Schemes (Continued)

(a) Share Option Scheme (Continued)

Note i: Share options granted on 1 June 2018: (Continued)

(4) The fair values of the share options of the Company at the grant date were calculated using the Binomial option pricing model. The inputs into the model were as follows:

	Granted on 1 June 2018
Share price	**HK$3.160**
Exercise price	**HK$3.256**
Expected volatility	**43.51%**
Expected life (years)	**10 years**
Risk-free interest rates	**2.15%**
Expected dividend yield	**2.71%**
Exercise Multiple	**2.2**

The closing price of the Company's shares on the date immediately before the date of grant was HK$3.160. The risk-free interest rates were based on the yield of Hong Kong Exchange Fund Note. Expected volatility was determined by using the historical volatility of the Group's share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Changes in variables and assumptions may result in changes in fair values of the share options.

The Group recognised an expense of approximately RMB1,009,000 for the six months ended 30 June 2018 (for the six months ended 30 June 2017: RMB1,121,000) in relation to share options granted by the Company under the Share Option Scheme. The Group transferred the expense of RMB743,000 (for the six months ended 30 June 2017: RMB1,998,000) which was previously recognised to retained earnings because the share options were forfeited after the vesting date.

(b) Pre-IPO Share Option Scheme

The following table disclosed movements of the Company's share options under the Pre-IPO Share Option Scheme during the six months ended 30 June 2017:

Grantees	**Outstanding at 1 January 2017**	**Exercised during the period**	**Forfeited during the period**	**Cancelled during the period**	**Outstanding at 30 June 2017**
Employees and others	386,000	–	(386,000)	–	–

25. Fair Value Measurements of Financial Instruments

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how 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 those derived from 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).

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**
	30/6/2018	31/12/2017			
Financial assets designated as at FVTPL	**N/A**	RMB245,487,000	Level 3	Market approach-a valuation technique that uses prices and other relevant information obtained from market transactions.	These investments are not publicly traded in an open market. Therefore, the fair value of these investments were determined with reference to the issue prices for recently issued shares of each investment, taking into consideration any adjustment factors for the period since the date of recent issuance up to 30 June 2018. A slightly increase in the adjustment factors would result in a significant increase in the fair value measurement of these investments, and vice versa.
Financial assets at FVTPL	**RMB302,002,000**	N/A			
Financial liabilities at FVTPL	**RMB76,370,000**	N/A	Level 3	Based on the net asset values/fair value of the underlying investments, which are determined by market approach and adjustments of related expenses.	These underlying investments are not publicly traded in an open market. Therefore, the fair value of these investments were determined with reference to the issue prices for recently issued shares of each investment, taking into consideration any adjustment factors for the period since the date of recent issuance up to 30 June 2018. A slightly increase in the adjustment factors would result in a significant increase in the fair value measurement of these investments, and vice versa.

25. Fair Value Measurements of Financial Instruments (Continued)

Except for set out above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements as at 30 June 2018 and 31 December 2017 approximate their fair values.

During the six months ended 30 June 2018, no fair value change relating to financial assets that are measured at fair value are recognised by the Group in the condensed consolidated financial statements (for the six months ended 30 June 2017: nil).

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

	Financial assets designated as at FVTPL	**Financial assets at FVTPL**	**Financial liabilities at FVTPL**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	1,272,943	–	–	1,272,943
Exchange realignment	(34,260)	–	–	(34,260)
Addition	9,578	–	–	9,578
Reclassification	–	–	–	–
At 30 June 2017 (unaudited)	1,248,261	–	–	1,248,261
At 31 December 2017	245,487	–	–	245,487
Effect of adoption of HKFRS 9	(245,487)	249,729	–	4,242
At 1 January 2018	–	249,729	–	249,729
Exchange realignment	–	783	–	783
Addition	–	115,760	(79,370)	36,390
Disposal	–	(64,270)	–	(64,270)
At 30 June 2018 (unaudited)	–	302,002	(79,370)	222,632

Fair value measurements and valuation processes

The board of directors of the Company has set up a valuation team, 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 of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the valuation team performs the valuation and establishes the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation findings to the board of directors of the Company regularly to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

26. Capital Commitments

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of		
– property, plant and equipment	**13,094**	84,883
– Interest in a joint venture	**–**	7,429
	13,094	92,312

27. Pledge of Assets

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Investment properties	**350,308**	284,042
Property, plant and equipment	**5,733**	15,200
Prepaid lease payments	**6,799**	14,929
Pledged bank deposits	**380**	380
	363,220	314,551

28. Related Party Transactions

(a) During the period, except as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following significant transactions with related parties:

Relationship with related parties	Nature of transactions	Six months ended 30 June **2018** **RMB'000** **(Unaudited)**	 2017 RMB'000 (Unaudited)
Shigemitsu Industry Co., Ltd., a company in which Mr. Katsuaki Shigemitsu has significant beneficial interests	Sales of noodles and related products	**378**	350
	Purchase of raw materials	**16,026**	12,738
	Franchise commissions		
	– for restaurant operating in Hong Kong	**(628)**	(587)
	– for restaurant operating in the PRC	**(13,619)**	(12,107)
	Technical fee	**(292)**	(265)
Companies in which Mr. Poon Ka Man, Jason, a director of the Company, has significant beneficial interests	Decoration expenses	**(193)**	(1,208)
Ms. Poon	Property rentals	**(963)**	(996)
Katrina International Pte Ltd., non-controlling shareholder of a subsidiary of the Company	Franchise commissions	**(502)**	–
Japan Foods Holdings Ltd., non-controlling shareholder of a subsidiary of the Company	Franchise commissions	**(1,782)**	(385)

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

	Six months ended 30 June **2018** **RMB'000** **(Unaudited)**	 2017 RMB'000 (Unaudited)
Short-term employee benefits	**3,102**	3,590
Other long-term benefits	**69**	67
Share-based payments	**630**	75
	3,801	3,732

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

Compliance with the Corporate Governance Code

The Company has complied with all applicable code provisions under the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 June 2018, save and except for the deviation from the code provision A.2.1 of the Code. Under the code provision A.2.1, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. Currently, the Company does not comply with code provision A.2.1, i.e., the roles of the Chairman and CEO have not been separated. Although Ms. Poon Wai performs both the roles of Chairman and CEO, the division of responsibilities between the Chairman and CEO is clearly established and set out in writing. In general, the Chairman is responsible for supervising the functions and performance of the Board, while the CEO is responsible for the management of the business of the Group. The two roles are performed by Ms. Poon distinctly. The Board believes that at the current stage of development of the Group, vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. The relevant deviation is therefore considered reasonable at the current stage. It is also considered that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors (number of which exceeds one-third of the members of the Board). However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard (the "Required Standard") of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

The Company has made specific enquiry to all Directors, and all Directors have confirmed that, throughout the six months ended 30 June 2018, they were in compliance with the Required Standard.

Audit Committee Review

The audit committee of the Company (the "Audit Committee"), which comprises three independent non-executive Directors, namely Mr. Jen Shek Voon, Mr. Lo Peter and Mr. Wang Jincheng, reviewed the accounting principles and practices adopted by the Company and discussed auditing, risk management and internal controls, and financial reporting matters. The Company's unaudited interim results for the six months ended 30 June 2018 have been reviewed by the Audit Committee.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the company during the six months ended 30 June 2018.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (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, are set out below:

(i) Interests and short positions in the shares of the Company

Name of director	**Capacity and nature of interest**	**Number of shares** *(Note 1)*	**Approximate % of shareholding**
Ms. Poon Wai	founder of a discretionary trust *(Note 2)*	480,123,041 (L)	43.99%
	beneficial owner	38,848,347 (L)	3.56%
Mr. Poon Ka Man, Jason	beneficial owner	2,500,000 (L)	0.23%
Mr. Katsuaki Shigemitsu	beneficial owner	950,000 (L)	0.09%
	interest of controlled corporation *(Note 3)*	31,425,380 (L)	2.88%
Mr. Jen Shek Voon	beneficial owner	95,000 (L)	0.01%
Mr. Lo Peter	beneficial owner	75,000 (L)	0.01%

Notes:

1. The letter "L" denotes the Director's long position in such shares.

2. The 480,123,041 shares were held by Favor Choice Group Limited ("Favor Choice"), which is an investment holding company wholly owned by Anmi Holding Company Limited ("Anmi Holding"). Anmi Holding is incorporated in the British Virgin Islands and its issued share capital is wholly owned by Anmi Trust, which is founded by Ms. Poon Wai. Ms. Poon Wai is an executive Director and the CEO.

3. Among the 31,425,380 shares, 10,604,251 shares were held by Shigemitsu Industry Co. Ltd., and 20,821,129 shares were held by Wealth Corner Limited. The aforesaid companies are respectively owned as to approximately 69.89% and 100% by Mr. Katsuaki Shigemitsu, a non-executive Director.

(ii) Interests and short positions in underlying shares of equity derivatives of the Company

Name of director	Capacity and nature of interest	Description of equity derivatives	Number of underlying shares *(Note 1)*
Mr. Jen Shek Voon	beneficial owner	share option *(Note 2)*	200,000 (L)
Mr. Lo Peter	beneficial owner	share option *(Note 2)*	100,000 (L)
Mr. Wang Jincheng	beneficial owner	share option *(Note 2)*	137,500 (L)
Mr. Katsuaki Shigemitsu	beneficial owner	share option *(Note 2)*	100,000 (L)

Notes:

1. The letter ''L'' denotes the Director's long position in such shares.
2. The share options were granted under the share option scheme of the Company adopted on 8 March 2007.

(iii) Interests and short positions in the shares of the associated corporations

(1) Long position in the shares of Anmi Holding

Name of director	Capacity and nature of interest	Number of shares	Approximate % of shareholding
Ms. Poon Wai	founder of a discretionary trust	1	100% *(Note)*

Note: The entire issued share capital of Anmi Holding is owned by Anmi Trust, which is founded by Ms. Poon Wai.

(2) Long position in the shares of Favor Choice

Name of director	Capacity and nature of interest	Number of shares	Approximate % of shareholding
Ms. Poon Wai	founder of a discretionary trust	10,000	100% *(Note)*

Note: The entire issued share capital of Favor Choice is owned by Anmi Holding, which is wholly owned by Anmi Trust. Anmi Trust is founded by Ms. Poon Wai.

Save as disclosed herein, as at 30 June 2018, none of the Directors and chief executive of the Company, or any of their spouses, or children under eighteen years of age, has any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders Discloseable under the SFO

So far as is known to the Company, as at 30 June 2018, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or the chief executive of the Company, were the substantial shareholders (within the meaning of the Listing Rules) of the Company and had the following interests or short position in the shares or underlying shares of the Company:

Name of shareholder	Capacity and nature of interest	Number of shares	Approximate % of shareholding
Favor Choice *(Note 2)*	beneficial owner	480,123,041 (L)	43.99%
Anmi Holding *(Notes 2 and 3)*	interest of controlled corporation	480,123,041 (L)	43.99%
HSBC International Trustee Limited *(Note 3)*	trustee	500,523,720 (L)	45.85%
Invesco Hong Kong Limited	investment manager	109,305,000 (L)	10.01%
Invesco Management S.A.	investment manager	54,737,000 (L)	5.01%

Notes:

1. The letter "L" denotes the substantial shareholder's long position in such shares.

2. The 480,123,041 shares were held by Favor Choice, which is an investment holding company wholly owned by Anmi Holding. Anmi Holding is incorporated in the British Virgin Islands and its issued share capital is wholly owned by Anmi Trust, which is founded by Ms. Poon Wai. Ms. Poon Wai is an executive Director and the CEO.

3. Among the 500,523,720 shares, HSBC International Trustee Limited (in its capacity as the trustee of Anmi Trust) is the legal owner of the entire issued share capital of Anmi Holding and Royal Century Investment Limited. Anmi Holding wholly owned Favor Choice which held 476,625,041 shares and Royal Century Investment Limited wholly owned Brilinda Hilltop Inc. which held 23,898,679 shares.

Save as disclosed herein, as at 30 June 2018, the Company had not been notified of any substantial shareholder (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

Share Option Scheme

The previous share option scheme adopted pursuant to a resolution passed by the then shareholders on 8 March 2007 (the "2007 Share Option Scheme") had expired on 7 March 2017. In light of the expiry of the 2007 Share Option Scheme and in order to enable the Board to continue providing incentives and rewards to the eligible persons, a new share option scheme was adopted by the shareholders at the extraordinary general meeting of the Company held on 13 July 2017 (the "2017 Share Option Scheme").

The purpose of the 2017 Share Option Scheme is to enable the Company to grant options to the eligible participants in recognition of their contribution made or to be made to the Group. Under the 2017 Share Option Scheme, the Board may offer to grant options to any Director or employee, or any advisor, consultant, individual or entity who, in the opinion of the Board, has contributed or will contribute to the growth and development of the Group. The amount payable by a participant upon acceptance of a grant of options is HK$1.00.

The total number of shares issued and which may fall to be issued upon exercise of the options granted pursuant to the 2017 Share Option Scheme to an eligible participant in any twelve-month period shall not exceed 1% of the number of shares in issue unless (i) a circular is despatched to the shareholders; (ii) the shareholders approve the grant of the options in excess of the limit referred to therein in general meeting; and (iii) the relevant eligible participant and its close associates or his associates if the eligible participant is a connected person abstain from voting on the resolution. The maximum number of shares which may be issued upon exercise of all options which may be granted under the 2017 Share Option Scheme and any other scheme(s) shall not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the 2017 Share Option Scheme, i.e. a total of 109,153,882 shares.

The subscription price in respect of options granted under the 2017 Share Option Scheme may be determined by the Board at its absolute discretion provided that it shall not be less than the higher of: (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five consecutive business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

The 2017 Share Option Scheme will be valid and effective for a period of ten years, commencing from 13 July 2017. The remaining life of the 2017 Share Option Scheme is approximately eight years and eleven months.

As at 30 June 2018, the number of shares in respect of which options under the 2007 Share Option Scheme and 2017 Share Option Scheme had been granted and remained outstanding was 15,869,000 shares and 4,600,000 shares respectively, representing approximately 1.45% and 0.42%, respectively, of the shares of the Company in issue as at 30 June 2018.

Total number of shares available for issue under the 2007 Share Option Scheme was 15,869,000 shares, representing approximately 1.45% of the shares of the Company in issue as at the date of this interim report.

Total number of shares available for issue under the 2017 Share Option Scheme was 109,153,882 shares, representing 10% of the shares of the Company in issue as at the date of this interim report.

Details of the share options movement during the six months ended 30 June 2018 under the 2007 Share Option Scheme and the 2017 Share Option Scheme are set out in note 24 to the condensed consolidated financial statements.

Particulars of the vesting period and exercise period of the 2007 Share Option Scheme and the 2017 Share Option Scheme are contained in note 32 to the consolidated financial statement of 2017 annual report of the Company dated 20 March 2018.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" and "Share Option Scheme", during the six months ended 30 June 2018, no arrangements have been entered into by the Company or any of its subsidiaries or fellow subsidiaries to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of eighteen was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right.

Change in Information of Director

Mr. Peter Lo resigned as the chairman and an executive director of China Outfitters Holdings Limited (stock code: 1146), a company listed on the Stock Exchange with effect from 22 June 2018.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2017 annual report of the Company.

Employee's Remuneration and Policy

As at 30 June 2018, the Group employed 11,615 persons (30 June 2017: 10,252 persons), most of the Group's employees work in the chain restaurants of the Group in the PRC. The number of employees will vary from time to time as necessary and the remuneration will be determined by reference to the practice of the industry.

The Group conducted regular reviews on its remuneration policy and overall remuneration payment. Besides retirement scheme and internal training courses, employees may be granted discretionary bonuses and/or share options based on their performances.

The total remuneration payment of the Group for the six months ended 30 June 2018 was approximately RMB302,612,000 (30 June 2017: RMB291,300,000).

Dividend

An interim dividend of RMB0.02 (HK2.80 cents) per ordinary share for the six months ended 30 June 2018 (for the six months ended 30 June 2017: RMB0.02 (HK2.50 cents)) have been declared by the Board to shareholders and such interim dividend will be paid on 30 November 2018 to shareholders whose names appear on the register of members of the Company on 14 September 2018.

Closure of the Register of Members

The register of members of the Company will be closed from 12 September 2018 to 14 September 2018 (both days inclusive), during which period no share transfers will be registered.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 11 September 2018.

By order of the Board
Ajisen (China) Holdings Limited
Poon Wai
Chairman

Hong Kong, 23 August 2018

JAPAN CHINA
USA SOUTH KOREA
AUSTRALIA VIETNAM
SINGAPORE INDONESIA
THAILAND MALAYSIA
PHILIPPINE CANADA

“味千拉面”不是用面来做人的生意，
而是追求用人来做面的生意。