



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

大骨

熬湯



五十年



2022

INTERIM REPORT
中期報告



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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 the 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 fast-growing FCR chain operator.

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 2022, the Group’s nationwide retail network comprises 669 restaurants, Ajisen restaurants have entered over 153 cities and 26 provinces and municipalities of the PRC. Among the major cities, the international metropolis Shanghai boasts the largest number of Ajisen restaurants, being 119, followed by 78 in Jiangsu and 72 in Zhejiang, together with the remaining 400 restaurants spanning across other major cities from the southern to the northern region of the PRC. In Hong Kong, Ajisen (China) operates 20 chain restaurants with its chain network covering all major business areas of the city. The Group also operates 2 restaurants in Europe. Moreover, the restaurant network is supported by the Group’s Shanghai, Chengdu, Tianjin, 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

Ms. Minna Ng

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. Leung Wai Han

Company Secretary

Ms. Leung Wai Han

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

Windward 3

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PO Box 1350

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Principal Share Registrar and Transfer Office

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PO Box 1350

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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
Registered Public Interest Entity Auditors

Hong Kong Legal Adviser

Fairbairn Catley Low & Kong

Investor and Media Relations Consultant

Wonderful Sky Financial Group
www.wsfg.hk

Investor Relations Contact

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www.ajisen.com.cn

Stock Code

538

FINANCIAL HIGHLIGHTS

For the six months ended 30 June (unaudited)	2022	2021	+/- %
Turnover (RMB million)	677.5	1,012.5	-33.1%
Gross profit (RMB million)	496.3	738.0	-32.7%
(Loss) profit before taxation (RMB million)	(136.1)	86.2	N/A
(Loss) profit attributable to owners of the Company (RMB million)	(106.5)	49.7	N/A
(Loss) earnings per share – basic (RMB)	(0.10)	0.05	N/A

Industry Review

During the six months ended 30 June 2022 (the “**Period**”), affected by certain unexpected factors such as the complex evolution of the international environment and the impact of the domestic pandemic, the downward pressure on the economy increased significantly. However, as the domestic pandemic prevention and control situation continued to improve, and a package of policies and measures for stabilizing the economy gradually came into effect, the overall economic operation showed a trend of steady recovery. According to the National Bureau of Statistics of China, during the Period, China’s gross domestic product (GDP) amounted to RMB56,264.2 billion, representing an increase of 2.5% year on year (same period in 2021: 12.7%); the total retail sales of social consumer goods amounted to RMB21,043.2 billion, representing a decrease of 0.7% year on year; the national per capita disposable income amounted to RMB18,463, representing a real growth of 3.0% over the same period last year; and the national consumer price index (CPI) increased by 1.7% year on year.

In the first half of 2022, according to the National Bureau of Statistics of China, the national revenue of the catering industry for the Period was RMB2,004.0 billion, representing a decrease of 7.7% year on year. The pandemic has accelerated the growth of the takeaway market. According to Intelligence Research Group, as of 2021, China’s takeaway market size has reached approximately RMB934.0 billion, representing a year-on-year increase of 40.5%. Meanwhile, driven by delivery platforms, the number of takeaway users in China also increased significantly. According to iiMedia Research, as at the end of 2021, the scale of takeaway users in China reached 540 million, and the proportion of takeaway revenue over the total catering revenue increased to 21.4%.

With the rapid development and popularization of the Internet, “Internet +” has become a trend of the times. Under the guidance of the dual needs of obtaining traffic and sustaining growth, retail has become a new idea for catering development. Currently, catering is dominated by the two scenarios of “offline dine-in + online takeaway”, and the combined model of the three scenarios of “offline + online + new retail” will become a new standard for catering development in the future.

In 2022, facing the complex and severe international environment and the impact of the domestic pandemic, the Group will continue to conduct lean management, and strictly control the quality and safety of food. Meanwhile, the Group will continue to optimize the membership system, increase the members’ repurchase rate by adopting a new membership strategy, speed up digital transformation, and continue to optimize brand strategy upgrading and strive to promote internal organizational reform, with a view to grasping the development opportunities arising from industry reform and bringing better return on investment for the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2022, the catering industry encountered challenging business environment with the resurgence of the COVID-19 pandemic (the “**Pandemic**”) in Mainland China and Hong Kong, the rising inflation across the globe and the slowdown in the world economy. The Group constantly adjusted its operating strategy to strive for a stable and sustainable operation and seek new directions while maintaining stability.

The Pandemic caused some of the Group’s restaurants to fail to operate as usual, resulting in a decreased revenue, but fixed expenses such as rent and salaries still have to be paid, which put pressure on the Group’s profitability. Since the Pandemic is expected to continuously affect the catering industry, the Group will close stores of which the operating performance is not satisfactory to decrease the number of stores strategically, so as to relieve the burden on cash flow and profitability during the outbreak of the Pandemic.

Amid the high global inflation, the Group’s cost of inventories consumed as a proportion to turnover was approximately 26.7%, a slight decrease as compared with 27.1% for the same period last year, mainly due to the continuous optimization of the supply chain by the Group and the search for high-quality supplies from all over the world to supply raw materials at stable prices. The Group also has a production base in Hong Kong and six major production bases in Mainland China, including those in Shanghai, Chengdu, Tianjin, Wuhan, Qingdao and Dongguan, which guaranteed the food quality, food safety and stable supply of the Group’s restaurants during the Pandemic.

The effective operation of the existing 669 restaurants of the Group would not be achieved without our efficient management and intensive staff training. The Group also strengthened the guidance and training of restaurant managers and regional supervisors, and enhanced the operational efficiency of each restaurant through constant improvement of the management ability of frontline employees.

The Group will closely monitor market conditions, respond quickly to market changes, actively control operating costs, and adjust operating strategy to reduce the impact of various negative factors.

MANAGEMENT DISCUSSION AND ANALYSIS

Retail Chain Restaurants

During the Period, the Group's major business and primary source of income continued to stem from the retail chain restaurant business. During the Period, the Group's restaurant business income recorded approximately RMB628,250,000 (corresponding period in 2021: approximately RMB951,011,000), accounted for approximately 92.7% (corresponding period in 2021: approximately 93.9%) of the Group's total revenue, a decrease of approximately 33.9% from the corresponding period last year.

As at 30 June 2022, the Group's restaurant portfolio consisted of 669 chain restaurants, comprising the following:

By provinces	30-Jun 2022	30-Jun 2021	+/-
Shanghai	119	111	+8
Beijing	39	43	-4
Tianjin	3	6	-3
Guangdong (excluding Shenzhen)	64	56	+8
Shenzhen	20	16	+4
Jiangsu	78	86	-8
Zhejiang	72	81	-9
Sichuan	14	15	-1
Chongqing	11	12	-1
Fujian	12	14	-2
Hunan	13	12	+1
Hubei	14	16	-2
Liaoning	13	18	-5
Shandong	43	46	-3
Guangxi	16	17	-1
Guizhou	3	4	-1
Jiangxi	15	18	-3
Shaanxi	10	11	-1
Yunnan	11	10	+1
Henan	9	16	-7
Hebei	12	14	-2
Anhui	17	16	+1
Xinjiang	2	2	-
Hainan	4	6	-2
Shanxi	4	2	+2
Neimenggu	4	6	-2
Heilongjiang	12	12	-
Ningxia	2	3	-1
Jilin	10	12	-2
Tibet	0	1	-1
Gansu	1	1	-
Hong Kong	20	22	-2
Rome	1	1	-
Finland	1	1	-
Total	669	707	-38

MANAGEMENT DISCUSSION AND ANALYSIS

By geographical region:	30-Jun 2022	30-Jun 2021	+/-
Northern China	136	162	-26
Eastern China	286	291	-5
Southern China	151	146	+5
Central China	94	106	-12
Europe	2	2	-
Total	669	707	-38

Financial Review

Turnover

For the six months ended 30 June 2022, the Group's turnover decreased by approximately 33.1%, to approximately RMB677,469,000 from approximately RMB1,012,542,000 for the corresponding period in 2021. The decrease in the revenue is mainly caused by the resurgence of novel coronavirus pneumonia (COVID-19) in both Mainland China and Hong Kong during the Period. In response to the Pandemic prevention measures, some of the Group's restaurants are required to suspend operations or subject to restrictions, resulting in a decrease in the revenue.

Cost of inventories consumed

For the six months ended 30 June 2022, the Group's cost of inventories decreased by approximately 34.0% to approximately RMB181,140,000 from approximately RMB274,547,000 for the corresponding period in 2021. During the Period, the ratio of inventories cost to turnover was approximately 26.7%, which decreased by 0.4 percentage points from 27.1% for the corresponding period in 2021. The cost of inventories consumed proportion to turnover remained relatively stable despite the high inflation since the Group is committed to sourcing the food material from various suppliers to ensure the stable supply of food materials and stable prices.

Gross profit and gross profit margin

Driven by the above factors, gross profit for the six months ended 30 June 2022 decreased by approximately 32.7% to approximately RMB496,329,000 from approximately RMB737,995,000 for the corresponding period in 2021.

Gross profit margin of the Group increased to 73.3% from approximately 72.9% for the corresponding period in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Staff costs

For the six months ended 30 June 2022, staff costs of the Group decreased by approximately 20.4% to approximately RMB211,016,000 from approximately RMB265,160,000 for the corresponding period in 2021. Staff costs as a proportion to turnover increased to 31.1% from 26.2% in the corresponding period in 2021, this is because employees remuneration still incurred when the operations were suspended during the Period.

Depreciation

For the six months ended 30 June 2022, depreciation of the Group decreased by approximately 4.0% to approximately RMB187,855,000 from approximately RMB195,716,000 for the corresponding period in 2021. As a result of the decrease in the number of restaurants, the lease depreciation and fixed asset depreciation decreased.

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 2022, other operating expenses decreased by approximately 16.8% to approximately RMB197,045,000 from approximately RMB236,939,000 for the corresponding period in 2021. Other operating expenses generally decreased as a result of the decrease in the number of restaurants.

Set out below is the breakdown of the main operating expenses for the period ended 30 June 2022 and 2021.

	30 June 2022 RMB million	30 June 2021 RMB million	% +/-
Utilities	35.0	46.1	-24.1
Store and factory management fee	29.9	29.2	+2.4
Service charges for delivery platforms	20.3	21.9	-7.3
Consumables & utensils	18.5	24.9	-25.7
Logistics expenses	12.3	14.9	-17.5
Franchise expenses	11.8	13.4	-11.9
Rental expenses under variable lease payment	8.4	19.0	-55.8
Advertising and promotions	6.7	7.6	-11.8
Rental expenses under short-term lease	5.9	1.3	+353.8
Cleaning expenses	2.1	1.5	+40.0
Bank charges on credit card payment	1.5	2.3	-34.8
Repairment and maintenance expenses	1.5	2.6	-42.3
Travelling expenses	1.5	3.3	-54.6
Consultancy fee	0.6	0.4	+50.0

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

For the six months ended 30 June 2022, other income of the Group decreased by approximately 26.3% to approximately RMB35,522,000 from approximately RMB48,187,000 for the corresponding period in 2021. Other income decreased were mainly caused by the decrease in net property rental income and the decrease in bank interest income of approximately RMB4,480,000 and approximately RMB5,266,000 respectively. Property rental decreased as a result of the deterioration of market condition and some investment properties are left vacant, bank interest income decreased is caused by the overall decrease in the effective deposit rate and the decrease in the bank balance.

Other gains and losses

For the six months ended 30 June 2022, other gains and losses of the Group recorded a net loss of approximately RMB56,301,000, while the corresponding period in 2021 recorded a net gain of approximately RMB13,919,000. The losses for the Period are mainly attributable to the net fair value loss on financial assets and financial liabilities at FVTPL of approximately RMB21,713,000 and impairment loss on the interest of associate of approximately RMB10,130,000 due to the unsatisfied performance of the investees during the Period and the deterioration of market condition. Besides, impairment loss on right-of-use assets, property, plant and equipment of approximately RMB26,743,000 was recognised as a result of the unsatisfied performance of certain restaurants.

Finance costs

For the six months ended 30 June 2022, finance costs decreased by approximately 20.2% to approximately RMB12,715,000 from approximately RMB15,933,000 for the corresponding period in 2021.

Set out below is the breakdown of the finance costs:

	30 June 2022 RMB'000 (Unaudited)	30 June 2021 RMB'000 (Unaudited)
Interest on bank borrowings	634	1,277
Interest on lease liabilities	12,081	14,656
	12,715	15,933

The finance costs decreased as a result of the reduction on the bank borrowing, and the decrease in interest on lease liabilities is caused by the decline in number of shops and future lease payments.

Loss before tax

Being affected by the factors referred to above, the Group recorded a loss before tax of approximately RMB136,066,000 for the six months ended 30 June 2022 (30 June 2021: profit of approximately RMB86,228,000).

Loss attributable to owners of the Company

Being affected by the factors referred to above, loss attributable to owners of the Company for the six months ended 30 June 2022 amounted to approximately RMB106,513,000 (30 June 2021: profit of approximately RMB49,658,000).

RISK MANAGEMENT

Liquidity and financial resources

The liquidity and financial position of the Group as at 30 June 2022 remained healthy and strong, with bank balances amounting to approximately RMB1,528,194,000 (31 December 2021: approximately RMB1,527,538,000) and a current ratio of 2.8 (31 December 2021: 3.1).

As at 30 June 2022, the Group had bank borrowings of approximately RMB78,862,000 (31 December 2021: approximately RMB77,003,000) and therefore the gearing ratio (expressed as a percentage of total borrowings over total assets) was 1.9 (31 December 2021: 1.8).

Exposure to exchange rates

At present, 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 2022 and 31 December 2021 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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2022 and 31 December 2021 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 Mainland China 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 2022, the Group did not have any significant contingent liabilities.

Assets and liabilities

The Group's net current assets were approximately RMB1,149,912,000 and the current ratio was 2.8 as at 30 June 2022 (31 December 2021: 3.1). 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 2022 was approximately RMB99,978,000 while the Group recorded loss before tax for the same period of approximately RMB136,066,000. The difference was primarily due to impairment and depreciation of property, plant and equipment and right-of-use assets.

Capital expenditure

For the six months ended 30 June 2022, the Group's capital expenditure was approximately RMB24,435,000 (corresponding period in 2021: RMB52,969,000). The Group is slowing down the restaurant opening progress as the market condition in the future is unclear.

MANAGEMENT DISCUSSION AND ANALYSIS

Subsequent events

Subsequent to 30 June 2022, 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 announcement, 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 announcement, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

Key operating ratios for restaurant operations

	Hong Kong			Mainland China		
	1-6/2022	1-12/2021	1-6/2021	1-6/2022	1-12/2021	1-6/2021
Comparable restaurant sales growth	-18.7%	13.7%	-1.0%	-23.6%	-0.9%	+30.7%
Per Capita spending	HK\$100.6	HK\$98.4	HK\$94.0	RMB43.0	RMB43.5	RMB47.0
Table turnover per day (times per day)	3.2	4.0	3.9	2.3	3.0	3.2

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 13 to 44, which comprise the condensed consolidated statement of financial position as of 30 June 2022 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.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

23 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	677,469	1,012,542
Cost of inventories consumed		(181,140)	(274,547)
Staff costs		(211,016)	(265,160)
Depreciation		(187,855)	(195,716)
Other operating expenses		(197,045)	(236,939)
(Loss) profit from operation		(99,587)	40,180
Other income	5	35,522	48,187
Impairment losses under expected credit loss model, net of reversal	16	(428)	49
Other gains and losses	6	(56,301)	13,919
Share of loss of associates		(1,430)	(17)
Share of loss of a joint venture		(1,127)	(157)
Finance costs	7	(12,715)	(15,933)
(Loss) profit before tax	8	(136,066)	86,228
Income tax credit (expense)	9	15,705	(35,156)
(Loss) profit for the period		(120,361)	51,072
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		23,219	(10,733)
Other comprehensive income (expense) for the period, net of income tax		23,219	(10,733)
Total comprehensive (expense) income for the period		(97,142)	40,339

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
(Loss) profit for the period attributable to:			
Owners of the Company		(106,513)	49,658
Non-controlling interests		(13,848)	1,414
		(120,361)	51,072
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(84,340)	39,363
Non-controlling interests		(12,802)	976
		(97,142)	40,339
		RMB	RMB
(Loss) earnings per share	11		
– Basic		(0.10)	0.05
– Diluted		(0.10)	0.05

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Non-current Assets			
Investment properties	12	1,018,457	996,028
Property, plant and equipment	12	453,270	509,569
Right-of-use assets	12	503,496	615,458
Intangible assets		717	128
Interests in associates	13	44,802	56,308
Interest in a joint venture		7,363	8,490
Rental deposits		82,704	88,329
Goodwill		1,303	1,264
Deferred tax assets		58,242	37,210
Financial assets at fair value through profit or loss ("FVTPL")	14	155,733	179,320
		2,326,087	2,492,104
Current Assets			
Inventories		102,407	120,387
Trade and other receivables	15	171,289	160,342
Taxation recoverable		764	846
Bank balances and cash	17	1,528,194	1,527,538
		1,802,654	1,809,113
Current Liabilities			
Trade and other payables	18	237,133	261,168
Lease liabilities		239,758	229,974
Contract liabilities		4,362	4,625
Amounts due to related companies	19	6,040	4,047
Amounts due to directors	19	197	462
Amounts due to non-controlling interests	19	13,524	13,509
Amounts due to associates	19	2,121	2,027
Amount due to a joint venture	19	232	480
Dividend payable		91,480	–
Taxation payable		14,358	17,160
Bank borrowings	20	43,537	41,686
		652,742	575,138
Net Current Assets		1,149,912	1,233,975
Total Assets less Current Liabilities		3,475,999	3,726,079

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Non-current Liabilities			
Bank borrowings	20	35,325	35,317
Lease liabilities		320,707	374,395
Deferred tax liabilities		168,731	166,198
Financial liabilities at FVTPL		24,146	36,020
		548,909	611,930
Net Assets			
		2,927,090	3,114,149
Capital and Reserves			
Share capital	21	108,404	108,404
Reserves		2,777,444	2,951,701
Equity attributable to owners of the Company		2,885,848	3,060,105
Non-controlling interests		41,242	54,044
Total Equity			
		2,927,090	3,114,149

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital	Share premium	Special reserve	Share options reserve	Capital reserve	Properties revaluation reserve	Translation reserve	Statutory Surplus Reserve fund	Other reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (audited)	108,404	1,702,727	(234,729)	8,341	1,159	173,305	(217,543)	161,248	(10,005)	1,367,198	3,060,105	54,044	3,114,149
Loss for the period	-	-	-	-	-	-	-	-	-	(106,513)	(106,513)	(13,848)	(120,361)
Other comprehensive income for the period	-	-	-	-	-	-	22,173	-	-	-	22,173	1,046	23,219
Total comprehensive income (expense) for the period	-	-	-	-	-	-	22,173	-	-	(106,513)	(84,340)	(12,802)	(97,142)
Dividends recognised as distribution (Note 10)	-	(91,480)	-	-	-	-	-	-	-	-	(91,480)	-	(91,480)
Recognition of equity-settled share based payments	-	-	-	1,563	-	-	-	-	-	-	1,563	-	1,563
At 30 June 2022 (unaudited)	108,404	1,611,247	(234,729)	9,904	1,159	173,305	(195,370)	161,248	(10,005)	1,260,685	2,885,848	41,242	2,927,090
At 1 January 2021 (audited)	108,404	1,887,197	(234,729)	38,155	1,159	173,305	(207,223)	161,248	(10,005)	1,240,257	3,157,768	71,086	3,228,854
Profit for the period	-	-	-	-	-	-	-	-	-	49,658	49,658	1,414	51,072
Other comprehensive expense for the period	-	-	-	-	-	-	(10,295)	-	-	-	(10,295)	(438)	(10,733)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(10,295)	-	-	49,658	39,363	976	40,339
Dividends paid to a non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(9,000)	(9,000)
Dividends recognised as distribution (Note 10)	-	(86,286)	-	-	-	-	-	-	-	-	(86,286)	-	(86,286)
Recognition of equity-settled share based payments	-	-	-	294	-	-	-	-	-	-	294	-	294
Transfer on forfeiture of share options	-	-	-	(236)	-	-	-	-	-	236	-	-	-
At 30 June 2021 (unaudited)	108,404	1,800,911	(234,729)	38,213	1,159	173,305	(217,518)	161,248	(10,005)	1,290,151	3,111,139	63,062	3,174,201

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Net cash generated from operating activities	99,978	212,225
Investing activities		
Interest received	6,724	12,017
Purchase of financial assets at FVTPL	(10,000)	–
Refund (Payments) of rental deposits	3,714	(1,183)
Purchase of property, plant and equipment	(24,435)	(52,969)
Proceeds on disposal of property, plant and equipment	801	360
Net cash used in investing activities	(23,196)	(41,775)
Financing activities		
Repayment of bank borrowings	(1,644)	(1,605)
Repayment of lease liabilities	(85,825)	(148,085)
Interest paid	(637)	(15,959)
Dividends paid to a non-controlling interest	–	(9,000)
Advance from related companies	–	607
Repayment to a joint venture	(248)	(576)
Repayment to directors	(265)	(298)
Repayment to associates	–	(24)
Net cash used in financing activities	(88,619)	(174,940)
Net decrease in cash and cash equivalents	(11,837)	(4,490)
Cash and cash equivalents at 1 January	1,527,538	1,738,380
Effect of foreign exchange rate changes	12,493	(8,927)
Cash and cash equivalents at 30 June, representing bank balances and cash	1,528,194	1,724,963

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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”).

1.A Significant Events and Transactions in The Current Interim Period

The spread of the COVID-19 pandemic in China and the subsequent control measures and restrictions implemented by the central government and local governments during different times throughout the first half of 2022 have had a severe negative impact on the operations of the Group, as most of the Group’s restaurants are located in China, especially in the seriously affected areas, such as Shanghai and Beijing. In order to comply with the governmental control measures and restrictions, the Group temporarily suspended a number of its restaurant operations.

As such, the financial positions and performance of the Group were affected in different aspects, including reduction in revenue, impairment of property, plant and equipment and right-of-use assets and fair value loss on certain investments as disclosed in the relevant notes.

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.

Other than additional accounting policies resulting from application of 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 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

2. Principal Accounting Policies (Continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

3. Revenue from Contracts with Customers

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Operation of restaurants	628,250	951,011
Manufacture and sales of noodles and related products	49,219	61,531
	677,469	1,012,542
Timing of revenue recognition		
A point in time	677,469	1,012,542

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

4. Operating Segments

Information reported to Ms. Poon Wai ("Ms. Poon"), the Group's chief operating decision maker, for the purposes of resource allocation and assessment of performance, is analysed by different operating divisions and geographical locations. This is also the basis upon which the Group is organised and specifically focuses on the Group's three operating divisions, namely operation of restaurants, manufacture and sales of noodles and related products and investment holding. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

Six months ended 30 June 2022 (unaudited)

	Operation of restaurants			Manufacture and sales of noodles and related products	Investment holding	Segment total	Elimination	Total
	Mainland China	Hong Kong	Total					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue								
– external sales	569,420	58,830	628,250	49,219	–	677,469	–	677,469
– inter-segment sales	–	–	–	257,865	–	257,865	(257,865)	–
	569,420	58,830	628,250	307,084	–	935,334	(257,865)	677,469
Segment (loss) profit	(106,880)	(7,472)	(114,352)	1,797	(16,463)	(129,018)	–	(129,018)
Interest income								6,589
Central administrative expenses								(13,003)
Unallocated finance costs								(634)
Loss before taxation								(136,066)
Income tax credit								15,705
Loss for the period								(120,361)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

4. Operating Segments (Continued)

Six months ended 30 June 2021 (unaudited)

	Operation of restaurants			Manufacture and sales of noodles and related products RMB'000	Investment holding RMB'000	Segment total RMB'000	Elimination RMB'000	Total RMB'000
	Mainland China RMB'000	Hong Kong RMB'000	Total RMB'000					
Revenue								
– external sales	878,421	72,590	951,011	61,531	–	1,012,542	–	1,012,542
– inter-segment sales	–	–	–	357,981	–	357,981	(357,981)	–
	878,421	72,590	951,011	419,512	–	1,370,523	(357,981)	1,012,542
Segment profit	39,724	6,913	46,637	2,979	28,611	78,227	–	78,227
Interest income								12,073
Central administrative expenses								(2,795)
Unallocated finance costs								(1,277)
Profit before taxation								86,228
Income tax expense								(35,156)
Profit for the period								51,072

Segment (loss) profit represents the loss/profit incurred/earned by each segment without allocation of interest income, central administrative expenses, unallocated finance costs and income tax credit (expense). This is the measure reported to the chief operating decision maker, Ms. Poon, for the purposes of resource allocation and assessment of segment performance.

Measures of total assets and total liabilities are not reported as these financial information is not reviewed by the Group's chief operating decision maker for the assessment of performance and resources allocation of the Group's business activities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

4. Operating Segments (Continued)

All of the Group's non-current assets (other than loan to an associate, rental deposits, deferred tax assets, goodwill and financial assets at FVTPL), including investment properties, property, plant and equipment, right-of-use assets, intangible assets, interests in associates and interest in a joint venture are located in Mainland China and Hong Kong at the end of each interim period.

All of the Group's revenue from external customers are attributed to the location of the relevant group entities, which are Mainland China and Hong Kong, for the current and preceding interim periods.

None of the customers accounted for 10% or more of the total revenue of the Group in each of the current and preceding interim period.

5. Other Income

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Royalty and other income from sub-franchisees	2,734	3,918
Property rental income, net of direct outgoings (Note i)	12,307	16,787
Bank interest income	6,807	12,073
Government grants (Note ii)	11,216	7,730
Others	2,458	7,679
	35,522	48,187

Note i: Direct outgoings during the current interim period amounted to RMB3,864,000 (six months ended 30 June 2021: RMB4,082,000).

Note ii: During the current interim period, under the Covid-19-related subsidies provided by the Hong Kong government, the Group recognised government grants of RMB8,020,000 (six months ended 30 June 2021: RMB3,250,000), of which RMB4,404,000 (six months ended 30 June 2021: RMB3,250,000) and RMB3,616,000 (six months ended 30 June 2021: Nil) are related to Subsidy Schemes under Anti-epidemic Fund and Employment Support Scheme, respectively. The remaining amounts of government grants represent the incentive subsidies received from the Mainland China local district authorities for the business activities carried out by the Group. There are no specific conditions attached to the grants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6. Other Gains and Losses

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Loss on disposal of property, plant and equipment	(6,101)	(3,627)
Fair value gain on investment properties	5,630	8,213
Fair value loss on financial assets at FVTPL	(33,587)	(22,736)
Fair value gain on financial liabilities at FVTPL	11,874	17,369
Net foreign exchange gain	1,752	2,655
Gain on termination of leases, net	1,004	4,072
Impairment loss (recognised) reversed in respect of		
– property, plant and equipment (Note 12)	(3,089)	(365)
– right-of-use assets (Note 12)	(23,654)	(814)
– interest in an associate (Note 13)	(10,130)	9,152
	(56,301)	13,919

7. Finance Costs

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on bank borrowings	634	1,277
Interest on lease liabilities	12,081	14,656
	12,715	15,933

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

8. (Loss) Profit Before Tax

(Loss) profit before tax has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cost of inventories consumed	181,140	274,547
Depreciation of property, plant and equipment	67,161	68,599
Depreciation of right-of-use assets	120,694	127,117
Total depreciation	187,855	195,716
Covid-19-related rent concessions (Note 12)	(5,908)	–
Fuel and utility expenses	34,960	46,060
Property rentals in respect of		
– Variable lease payment	8,408	18,968
– Short-term lease payment	5,933	1,259

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

9. Income Tax (Credit) Expense

	Six months endd 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Hong Kong Profits Tax		
– current period	1,043	1,744
	1,043	1,744
Mainland China Enterprise Income Tax (“EIT”)		
– current period	1,537	14,754
– under (over) provision in prior periods	213	(1,331)
	1,750	13,423
Withholding tax	–	15,238
Deferred taxation	(18,498)	4,751
	(15,705)	35,156

The income tax expense in Hong Kong and Mainland China is recognised based on management’s best estimate of the annual income tax rate enacted for the full financial year. During the current period, the tax rates for Hong Kong Profits Tax and Mainland China EIT are 16.5% and 25% (six months ended 30 June 2021: 16.5% and 25%), respectively, for the period under review.

Pursuant to the relevant provincial policy in 2020, Chongqing Weiqian Food & Restaurant Management Co., Ltd. 重慶味千餐飲管理有限公司 (“Chongqing Weiqian”), successfully applied a preferential tax rate of 15% from 2021 to 2030.

Under the relevant tax law and implementation regulations in Mainland China, dividends paid out of the net profits derived by the Mainland China operating subsidiaries after 1 January 2008 are subject to the withholding tax at a rate of 10% or a lower treaty rate in accordance with the relevant tax laws in Mainland China. Under the relevant tax treaty, withholding tax rate on distributions to Hong Kong resident companies is 5%. The Group’s withholding tax has been provided based on the anticipated level of dividend payout ratio of the Mainland China entities at applicable tax rates of 10% and 5%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

10. Dividends

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Dividends recognised as distribution during the period:		
Final, declared – RMB0.08 (HK9.8 cents) per share for 2021 (six months ended 30 June 2021: declared – RMB0.08 (HK9.5 cents) per share for 2020)	91,480	86,286

Subsequent to six months ended 30 June 2021, an interim dividend of RMB0.02 (HK2.40 cents) per share was paid to the owners of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

11. (Loss) Earnings Per Share

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share, being (loss) profit for the period attributable to owners of the Company	(106,513)	49,658
	Number of shares	
Number of ordinary shares for the purpose of calculating basic (loss) earnings per share	1,091,538,820	1,091,538,820
Effect of dilutive potential ordinary shares relating to: – outstanding share options	–	74,412
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	1,091,538,820	1,091,613,232

During the six months ended 30 June 2022, the computation of diluted loss per share does not assume the exercise of outstanding share options of the Company as this would result in the decrease in the loss per share.

During the six months ended 30 June 2021, 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 because the exercise prices of these share options were higher than the average market prices of the Company's shares during the current interim period.

12. Right-Of-Use Assets, Investment Properties and Property, Plant and Equipment

Right-Of-Use Assets

During the current period, the Group renewed/entered into certain new lease agreements for periods ranging from 2 to 7 years, which are mainly for chain restaurant operation. The Group is required to make minimum fixed payments and additional variable payments based on certain percentages of sales whenever the Group's sales achieved the prescribed amounts as specified in relevant lease agreements. On lease commencement, the Group recognised right-of-use asset of approximately RMB38,731,000 and lease liabilities of approximately RMB38,731,000.

Regarding rent concessions occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in HKFRS 16.46B, the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the current interim period, the effects on change in lease payments due to forgiveness or waiver by the lessors for the relevant leases amounting to RMB5,908,000 were recognised as negative variable lease payments (six months ended 30 June 2021: nil).

Investment Properties

The fair values of the Group's investment properties as at 30 June 2022 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 recognised a fair value gain of approximately RMB5,630,000 of the investment properties for the current period (six months ended 30 June 2021: fair value gain of RMB8,213,000).

Property, Plant and Equipment

During the current period, the Group acquired property, plant and equipment of approximately RMB22,503,000 (six months ended 30 June 2021: RMB50,646,000) for business operation of the Group.

During the current period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB6,902,000 (six months ended 30 June 2021: RMB3,987,000) for cash proceeds of RMB801,000 (six months ended 30 June 2021: RMB360,000), resulting in a loss on disposal of RMB6,101,000 (six months ended 30 June 2021: a loss on disposal of RMB3,627,000).

Impairment assessment

As a result of the changes in the current economic environment related to COVID-19 pandemic, the Group has been experiencing negative conditions resulting in shrink in revenues and restaurant closures that indicate the relevant property, plant and equipment, right-of-use and intangible assets may be impaired. During the current interim period, the Group performed impairment assessment and recognised impairment losses of RMB3,089,000 and RMB23,654,000 related to property, plant and equipment and right-of-use assets (six months ended 30 June 2021: RMB365,000 and RMB814,000), respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

13. Interests in Associates

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Cost of investment in associates	151,341	151,341
Share of post-acquisition results and other comprehensive expense	(4,953)	(3,522)
	146,388	147,819
Less: accumulated impairment losses recognised (<i>Note</i>)	(102,863)	(92,733)
Loan to an associate	1,277	1,222
	44,802	56,308

Note: The management of the Group, by reference to the valuation model formulated by the external independent qualified valuer engaged by the Group for the year ended 31 December 2021, revisited and determined the appropriate assumptions and inputs in performing impairment review for an associate of the Group. Based on the valuation, an impairment loss of RMB10,130,000 has been recognised during the period ended 30 June 2022 (six months ended 30 June 2021: an impairment loss of RMB9,152,000 reversed).

14. Financial Assets at FVTPL

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Unlisted equity investments and fund investments (<i>Note</i>)	155,733	179,320

Note: The above unlisted equity investments and fund investments represent the Group's investments in certain private entities and funds established in Mainland China.

The management of the Group, by reference to the valuation model formulated by the external independent qualified valuer engaged by the Group for the year ended 31 December 2021, revisited and determined the appropriate assumptions and inputs for fair value measurement for these unlisted equity investments and fund investments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

15. Trade and Other Receivables

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables		
– third parties	19,202	19,096
Less: allowance for credit losses	(682)	(232)
	18,520	18,864
Other receivables		
Rental and utility deposits	31,901	28,929
Prepaid management fee	2,915	5,729
Advance to suppliers	41,542	28,117
Value-added tax recoverable	40,676	45,093
Lease receivables	10,577	12,028
Prepayments	11,687	9,364
Staff advance	5,841	5,911
Others	17,071	15,770
Less: allowance for doubtful debts on other receivables	(9,441)	(9,463)
	152,769	141,478
	171,289	160,342

Customers relating to manufacture and sales of noodles and related products are either having no credit period or granted up to 90 days (year ended 31 December 2021: nil 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 (year ended 31 December 2021: 180 days), while there is no credit period for customers relating to sales from restaurant operations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

15. Trade and Other Receivables (Continued)

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
0 to 30 days	9,767	13,988
31 to 60 days	8,294	2,599
61 to 90 days	413	1,602
91 to 180 days	46	675
	18,520	18,864

16. Impairment Assessment on Financial Assets Subject to Expected Credit Loss ("ECL") Model

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

As at 30 June 2022, the impairment allowance of trade and other receivables is RMB10,123,000 (31 December 2021: RMB9,695,000). Impairment allowance was provided on trade and other receivables by the Group based on the provision matrix and individual assessment during the six months ended 30 June 2022. The directors of the Company consider that the expected credit loss for other financial assets are insignificant to the condensed consolidated financial statements.

17. Bank Balances and Cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less which carry interest at market rates ranging from 0.001% to 1.62% (31 December 2021: 0.001% to 1.75%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

18. Trade and Other Payables

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade payables		
– related parties (Note)	32,689	43,976
– third parties	52,289	73,542
	84,978	117,518
Payroll and welfare payables	34,625	38,926
Customers' deposits received	11,214	10,500
Payable for acquisition of property, plant and equipment	28,428	30,360
Payable for variable lease payments	17,100	9,190
Other taxes payable	10,804	9,292
Others	49,984	45,382
	237,133	261,168

Note: The related parties are certain associates of the Group, and the companies in which Mr. Katsuaki Shigemitsu, who is a director and shareholder of the Company, or Ms. Poon has controlling interests.

The average credit period for the purchase of goods is 60 days (year ended 31 December 2021: 60 days). The following is an analysis of trade payables by age, presented based on the invoice date.

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
0 to 30 days	62,130	89,825
31 to 60 days	13,276	20,277
61 to 90 days	1,372	1,051
91 to 180 days	1,258	283
Over 180 days	6,942	6,082
	84,978	117,518

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

19. Amount(s) Due to Related Companies/Directors/Non-Controlling Interests/Associates/A Joint Venture

The amount(s) due to related companies/directors/non-controlling interests/associates/a joint venture 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.

20. Bank Borrowings

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Secured bank borrowings with carrying amounts repayable:		
Within one year or repayable on demand	43,537	41,686
In more than one year but not more than two years	5,157	4,993
In more than two years but not more than five years	16,110	15,599
In more than five years	14,058	14,725
	78,862	77,003
Less: amounts shown as current liabilities	(43,537)	(41,686)
Amounts shown as non-current liabilities	35,325	35,317

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

20. Bank Borrowings (Continued)

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

Denominated in	Interest rate	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
HK\$	Prime rate of the counterparty bank minus 3.25% (2021: prime rate of the counterparty bank minus 3.25%)	36,399	36,257
HK\$	Prime rate of the counterparty bank minus 2.8% (2021: prime rate of the counterparty bank minus 2.8%)	3,979	3,954
HK\$	Hong Kong InterBank Offered Rate ("HIBOR") plus 1.05% (2021: 1.05%)	38,484	36,792
		78,862	77,003

All these bank borrowings are denominated in HK\$. As at 30 June 2022, the weighted average effective interest rate on the bank borrowings was 1.22% (31 December 2021: 1.22%).

Detail of the assets of the Group as at 30 June 2022 and 31 December 2021 that have been pledged as collateral to secure the general bank facilities of the Group are set out in note 25.

21. Share Capital

	Number of shares	Share capital RMB'000
Ordinary shares of HK\$0.10 each:		
Authorised:		
At 1 January 2021, 31 December 2021 and 30 June 2022	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2021, 31 December 2021 and 30 June 2022	1,091,538,820	108,404

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

22. Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") for its employees. The following table disclosed movements of the Company's share options under the Share Option Scheme during the six months ended 30 June 2022 and 30 June 2021.

Grant date	Exercise price HK\$	Outstanding at 1 January 2022	Granted during the period	Forfeited during the period	Outstanding at 30 June 2022
<i>Employees</i>					
15 October 2012	5.530	400,000	–	–	400,000
27 August 2013	8.740	530,000	–	–	530,000
25 September 2014	6.450	100,000	–	–	100,000
8 January 2015	5.900	150,000	–	–	150,000
17 April 2015	5.060	1,400,000	–	–	1,400,000
2 July 2015	4.104	1,700,000	–	–	1,700,000
19 July 2017	3.504	500,000	–	–	500,000
1 June 2018	3.256	1,900,000	–	–	1,900,000
14 January 2019	2.214	55,000	–	–	55,000
3 June 2019	3.322	200,000	–	–	200,000
27 August 2020	1.250	700,000	–	–	700,000
8 April 2021	1.300	500,000	–	–	500,000
1 November 2021	1.344	29,790,000	–	–	29,790,000
		37,925,000	–	–	37,925,000
<i>Directors</i>					
15 October 2012	5.530	400,000	–	–	400,000
		38,325,000	–	–	38,325,000
Exercisable at the end of the period		6,112,000			6,818,000
Weighted average exercise price (HK\$)		1.96	–	–	1.96

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

22. Share Option Scheme (Continued)

Grant date	Exercise price HK\$	Outstanding at 1 January 2021	Granted during the period	Forfeited during the period	Outstanding at 30 June 2021
<i>Employees</i>					
26 August 2011	5.530	5,536,000	–	(45,000)	5,491,000
15 October 2012	5.530	400,000	–	–	400,000
2 July 2013	6.310	300,000	–	–	300,000
27 August 2013	8.740	530,000	–	–	530,000
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	1,700,000	–	–	1,700,000
19 July 2017	3.504	2,500,000	–	–	2,500,000
1 June 2018	3.256	1,900,000	–	–	1,900,000
14 January 2019	2.214	55,000	–	–	55,000
3 June 2019	3.322	200,000	–	–	200,000
27 August 2020	1.250	700,000	–	–	700,000
8 April 2021	1.300	–	500,000	–	500,000
		16,271,000	500,000	(45,000)	16,726,000
<i>Directors</i>					
15 October 2012	5.530	400,000	–	–	400,000
		16,671,000	500,000	(45,000)	17,126,000
Exercisable at the end of the period		13,627,000			14,013,000
Weighted average exercise price (HK\$)		4.67	1.30	5.53	4.57

The Group recognised an expense of approximately RMB1,563,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB294,000) in relation to share options granted by the Company under the Share Option Scheme. For the six months ended 30 June 2021, the Group transferred the expense of RMB236,000, which was previously recognised to retained earnings because the share options were forfeited after the vesting date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

23. Fair Value Measurements of Financial Instruments

Fair value measurements and valuation processes

The board of directors of the Company has set up a valuation team to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. 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 management will also engage external professional valuer when the management considers necessary and appropriate. The valuation team report 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.

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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

23. Fair Value Measurements of Financial Instruments (Continued)

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

Financial assets/ Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30/06/2022 (Unaudited) RMB'000	31/12/2021 (Audited) RMB'000			
Financial assets at FVTPL – unlisted equity investments	134,247	155,495	Level 3	Market approach The key inputs include equity value of investees, risk free rate, volatility, expected option life and probability of conversion, redemption and liquidation	Equity value Expected option life. Probability of conversion, redemption and liquidation.
Financial assets at FVTPL – unlisted equity investments	4,242	4,242	Level 3	Income approach in this approach the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investee based on an appropriate discount rate.	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries (Note i). Discount rate, taking into account of weighted average cost of capital determined using a Capital Asset Pricing Model (Note ii).
Financial assets at FVTPL – fund investments	17,244	19,583	Level 2	Discounted cash flow Future cash flows are estimated based on expected return.	N/A
Financial liabilities at FVTPL	24,146	36,020	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.	The significant unobservable inputs are the same as the underlying investments, which are determined by market approach.

Note i: Any increases (decreases) in long-term revenue growth rate would result in an increase (decrease) in fair value.

Note ii: Any increases (decreases) in discount rate would result in a decrease (increase) in fair value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

23. Fair Value Measurements of Financial Instruments (Continued)

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

	Financial assets at FVTPL RMB'000	Financial liabilities at FVTPL RMB'000	Total RMB'000
At 1 January 2022 (audited)	159,737	(36,020)	123,717
(Loss) gain on fair value change	(21,248)	11,874	(9,374)
At 30 June 2022 (unaudited)	138,489	(24,146)	114,343
At 1 January 2021 (audited)	200,717	(61,067)	139,650
Exchange realignment	–	586	586
(Loss) gain on fair value change	(8,705)	17,369	8,664
At 30 June 2021 (unaudited)	192,012	(43,112)	148,900

Of the total gains or losses for the period included in profit or loss, loss of RMB21,248,000 and gain of RMB11,874,000 relates to financial assets and liabilities at FVTPL held at the end of the current reporting period (six months ended 30 June 2021: loss of RMB8,705,000 and gain of RMB17,369,000), respectively. Such fair value gains or losses are included in 'other gains and losses'.

Fair value of the financial assets and liabilities that are not measured at fair value on a recurring basis

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 2022 and 31 December 2021 approximate their fair values.

24. Capital Commitments

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 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	11,487	10,445

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

25. Pledge of Assets

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Investment properties	383,448	363,364
Right-of-use assets	474,286	585,761
Property, plant and equipment	4,811	4,927
	862,545	954,052

26. Related Party Transactions

- (a) During the current 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	
		2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Shigemitsu Industry Co., Ltd., a company in which Mr. Katsuaki Shigemitsu has significant beneficial interests	Sales of noodles and related products	514	396
	Purchase of food products, materials and supplies	(7,089)	(16,550)
	Franchise commissions		
	– for restaurant operating in Hong Kong	(140)	(303)
	– for restaurant operating in the PRC	(10,539)	(12,162)
	Technical fee paid/payable	(292)	(229)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

26. Related Party Transactions (Continued)

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

Relationship with related parties	Nature of transactions	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Companies in which Mr. Poon Ka Man, Jason, a director of the Company, has controlling interests	Fees for decoration and renovation services	–	(1,935)
Ms. Poon	Lease liabilities	(3,390)	(8,332)
	Interest expense on lease liabilities	(182)	(242)
Japan Foods Holdings Ltd., non-controlling shareholder of a subsidiary of the Company	Franchise commission paid/payable	(629)	(705)
Hubei Jupeng Kitchen Equipment Co., Ltd. an associate of the Company	Purchase of property, plant and equipment	(2,259)	(12,526)
Guangzhou Yunnex Information Technology Co., Ltd., an associate of the Company	Purchase of services	(5,530)	(9,718)

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Short-term employee benefits	2,632	2,085
Retirement benefits scheme contributions	195	73
Share-based payments	127	93
	2,954	2,251

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 trend.

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 2022, save and except for the deviation from the code provision C.2.1 of the Code. Under the code provision C.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 C.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 2022, 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, has 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 2022 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 2022.

OTHER INFORMATION

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 2022, 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 by the Company 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 ordinary 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%
Ms. Minna Ng	beneficial owner	2,788,000 (L)	0.26%
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%

Notes:

- The letter "L" denotes the Director's long position in such shares.
- 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.
- 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 ordinary shares (Note 1)
Mr. Jen Shek Voon	beneficial owner	share options (Note 2)	100,000 (L)
Mr. Lo Peter	beneficial owner	share options (Note 2)	100,000 (L)
Mr. Wang Jincheng	beneficial owner	share options (Note 2)	100,000 (L)
Mr. Katsuaki Shigemitsu	beneficial owner	share options (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 ordinary 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 ordinary 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 2022, none of the Directors and chief executive of the Company, or any of their spouse, or children under eighteen years of age, had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

Interests and Short Positions of Substantial Shareholders Discloseable under the SFO

So far as is known to the Company, as at 30 June 2022, 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 positions in the shares or underlying shares of the Company:

Name of shareholder	Capacity and nature of interest	Number of ordinary shares (Note 1)	Approximate % of shareholding
Favor Choice (Note 2)	beneficial owner	480,123,041 (L)	43.99%
Anmi Holding (Note 2)	interest of controlled corporation	480,123,041 (L)	43.99%
HSBC International Trustee Limited (Note 2)	trustee	480,123,041 (L)	43.99%
Invesco Hong Kong Limited	investment manager	86,338,000 (L)	7.90%
The Bank of New York Mellon Corporation	interest of controlled corporation	73,800,000 (L) (P)	6.76%

Notes:

1. The letter "L" denotes the substantial shareholder's long position in such shares. The letter "P" denotes the substantial shareholder's "lending pool" status 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, and 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.

Save as disclosed herein, as at 30 June 2022, 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 by the Company under section 336 of the SFO.

Share Option Scheme

The 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. An offer for an option must be accepted by relevant eligible participant for a period of 28 days from the date on which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date or after the 2017 Share Option Scheme has been terminated. 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 five years. For any particular option that issued under the 2017 Share Option Scheme, the option period is determined by the Board at its absolute discretion and notified by the Board to the Grantee as being the period during which the option may be exercised and in any event such period shall not exceed a period of ten years commencing on the commencement date but subject to the provisions for early termination thereof contained in the 2017 Share Option Scheme.

As at 30 June 2022, 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 4,680,000 shares and 33,645,000 shares respectively, representing approximately 0.43% and 3.08% of the shares of the Company in issue as at 30 June 2022.

No shares would be available for issue under the 2007 Share Option Scheme, representing 0.00% 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 75,508,882 shares, representing 6.92% 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 2022 under the 2007 Share Option Scheme and 2017 Share Option Scheme are set out in the table below and note 22 to the condensed consolidated financial statements.

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Grantee	Date of grant of share options	As at 1 January 2022	Number of share options				As at 30 June 2022	Exercise price of share options HK\$	Validity period of share options (both dates inclusive)	Vesting Period
			Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period				
Employees (in aggregate)	15 October 2012	400,000	-	-	-	-	400,000	5.530	15 October 2012 to 25 August 2021	Note 2
	27 August 2013	530,000	-	-	-	-	530,000	8.740	27 August 2014 to 26 August 2023	Note 1
	25 September 2014	100,000	-	-	-	-	100,000	6.450	25 September 2014 to 24 September 2024	Note 1
	8 January 2015	150,000	-	-	-	-	150,000	5.900	8 January 2015 to 7 January 2025	Note 1
	17 April 2015	1,400,000	-	-	-	-	1,400,000	5.060	17 April 2015 to 16 April 2025	Note 3
	2 July 2015	1,700,000	-	-	-	-	1,700,000	4.104	2 July 2015 to 1 July 2025	Note 1
	19 July 2017	500,000	-	-	-	-	500,000	3.504	19 July 2017 to 18 July 2027	Note 1
	1 June 2018	1,900,000	-	-	-	-	1,900,000	3.256	1 June 2018 to 31 May 2028	Note 1
	14 January 2019	55,000	-	-	-	-	55,000	2.214	14 January 2019 to 13 January 2029	Note 1
	3 June 2019	200,000	-	-	-	-	200,000	3.322	3 June 2019 to 2 June 2029	Note 1
	27 August 2020	700,000	-	-	-	-	700,000	1.250	27 August 2020 to 26 August 2030	Note 1
8 April 2021	500,000	-	-	-	-	500,000	1.3	8 April 2021 to 7 April 2031	Note 1	
1 November 2021	29,790,000	-	-	-	-	29,790,000	1.344	1 November 2021 to 31 October 2031	Note 1	
Directors										
Mr. Jen Shek Voon	15 October 2012	100,000	-	-	-	-	100,000	5.53	15 October 2012 to 14 October 2022	Note 4
Mr. Lo Peter	15 October 2012	100,000	-	-	-	-	100,000	5.53	15 October 2012 to 14 October 2022	Note 4
Mr. Katsuaki Shigemitsu	15 October 2012	100,000	-	-	-	-	100,000	5.53	15 October 2012 to 14 October 2022	Note 4
Mr. Wang Jincheng	15 October 2012	100,000	-	-	-	-	100,000	5.53	15 October 2012 to 14 October 2022	Note 4
		38,325,000	-	-	-	-	38,325,000			

OTHER INFORMATION

Notes:

Note 1

Grantees may only exercise their share options in the following manner:

Maximum percentage of share options exercisable	Period for vesting of the relevant percentage of the share options
20% of the total number of share options	From the expiry of the first anniversary of the date of grant to the date immediately before the second anniversary of the date of grant
20% of the total number of share options	From the second anniversary of the date of grant to the date immediately before the third anniversary of the date of grant
20% of the total number of share options	From the third anniversary of the date of grant to the date immediately before the fourth anniversary of the date of grant
20% of the total number of share options	From the fourth anniversary of the date of grant to the date immediately before the fifth anniversary of the date of grant
20% of the total number of share options	From the fifth anniversary of the date of grant to the date immediately before the sixth anniversary of the date of grant

Note 2

Grantees may only exercise their share options in the following manner:

Maximum percentage of share options exercisable	Period for vesting of the relevant percentage of the share options
20% of the total number of share options	From 15 October 2012 to 25 August 2013
20% of the total number of share options	From 26 August 2013 to 25 August 2014
20% of the total number of share options	From 26 August 2014 to 25 August 2015
20% of the total number of share options	From 26 August 2015 to 25 August 2016
20% of the total number of share options	From 26 August 2016 to 25 August 2017

Note 3

Grantees may only exercise their share options in the following manner:

Maximum percentage of share options exercisable	Period for vesting of the relevant percentage of the share options
12.5% of the total number of share options	From the expiry of the first anniversary of the date of grant to the date immediately before the second anniversary of the date of grant
12.5% of the total number of share options	From the second anniversary of the date of grant to the date immediately before the third anniversary of the date of grant
12.5% of the total number of share options	From the third anniversary of the date of grant to the date immediately before the fourth anniversary of the date of grant
12.5% of the total number of share options	From the fourth anniversary of the date of grant to the date immediately before the fifth anniversary of the date of grant
12.5% of the total number of share options	From the fifth anniversary of the date of grant to the date immediately before the sixth anniversary of the date of grant
12.5% of the total number of share options	From the sixth anniversary of the date of grant to the date immediately before the seventh anniversary of the date of grant
12.5% of the total number of share options	From the seventh anniversary of the date of grant to the date immediately before the eighth anniversary of the date of grant
12.5% of the total number of share options	From the eighth anniversary of the date of grant to the date immediately before the ninth anniversary of the date of grant

Note 4

Grantees may only exercise their share options in the following manner:

Maximum percentage of share options exercisable	Period for vesting of the relevant percentage of the share options
20% of the total number of share options	From 15 October 2012 to 14 October 2013
20% of the total number of share options	From 15 October 2013 to 14 October 2014
20% of the total number of share options	From 15 October 2014 to 14 October 2015
20% of the total number of share options	From 15 October 2015 to 14 October 2016
20% of the total number of share options	From 15 October 2016 to 14 October 2017

OTHER INFORMATION

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 2022, 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 Directors

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Employee's Remuneration and Policy

As at 30 June 2022, the Group employed 7,982 persons (30 June 2021: 9,451 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 2022 was approximately RMB211,016,000 (30 June 2021: RMB265,160,000).

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB0.02 (HK2.40cents)).

By order of the Board

Ajisen (China) Holdings Limited

Poon Wai

Chairman

Hong Kong, 23 August 2022



J A P A N C H I N A
U S A M A L A Y S I A
A U S T R A L I A C A N A D A
S I N G A P O R E F I N L A N D
T H A I L A N D I T A L Y
P H I L I P P I N E S N E W Z E A L A N D

“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。