



唐宮

TANG PALACE

香港唐宮飲食集團

HONG KONG
TANG PALACE
FOOD & BEVERAGE
GROUP



唐宮(中國)控股有限公司

TANG PALACE (CHINA) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1181

2015 INTERIM REPORT

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Directors

Executive Directors

Mr. Yip Shu Ming (*Chairman*)
Mr. Chan Man Wai (*Vice-Chairman*)
Mr. Ku Hok Chiu
Ms. Weng Peihe (*Chief Executive Officer*)

Independent Non-Executive Directors

Mr. Kwong Chi Keung
Mr. Kwong Ping Man
Mr. Cheung Kin Ting Alfred

Company Secretary

Mr. Wong Chung Yeung, CPA

Authorised Representatives

Mr. Chan Man Wai
Mr. Wong Chung Yeung, CPA

Members of Audit Committee

Mr. Kwong Ping Man (*Chairman*)
Mr. Kwong Chi Keung
Mr. Cheung Kin Ting Alfred

Members of Nomination Committee

Mr. Cheung Kin Ting Alfred (*Chairman*)
Mr. Kwong Chi Keung
Mr. Kwong Ping Man

Members of Remuneration Committee

Mr. Kwong Chi Keung (*Chairman*)
Mr. Kwong Ping Man
Mr. Cheung Kin Ting Alfred

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Unit 3, 10th Floor
Greenfield Tower
Concordia Plaza
No. 1 Science Museum Road
Kowloon
Hong Kong

Cayman Islands Share Registrar and Transfer Office

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

Bank of China Limited
Industrial and Commercial Bank of China Limited

Auditors

Ernst & Young
Certified Public Accountants

Legal Advisor

As to Hong Kong law:
CFN Lawyers in association with Broad & Bright

As to the People's Republic of China's law:
Beijing Bairui (Shenzhen) Law Firm

Stock Code

The Stock Exchange of Hong Kong Limited:
1181

Website

www.tanggong.cn

Industry Review

During the first half of 2015, China's economy grew steadily at a reasonable level under ongoing State reform. According to the National Bureau of Statistics, GDP increased by 7.0% year-on-year in the first half of 2015. As major indicators for different categories picked up, catering industry maintained modest and stable growth with a year-on-year increase in revenue of 11.5% in the first half year. The increase in dining out benefited the popular catering market, resulting in a more intense competition. Rising cost of food ingredient was still a major concern to the catering industry. In particular, grain and pork prices increased by over 2% while price of fresh vegetables increased significantly by 4.6%. The change of consumers' spending pattern had profound effects on the catering industry. Along with high-end restaurants' shift to diversified and innovative development models, new brands featuring light meal and casual dining had been booming, which aggravated the market competition. During the first half of 2015, popularity of the Internet drove vigorous growth in online sales which posted a year-on-year increase of over 39% in national retail sales. With booming diverse online and offline sales, such a lucrative market will never be overlooked by the catering industry.

Business Review

Despite keen competition in the catering industry, the Group maintained satisfactory growth in revenue of HK\$545.8 million as at 30 June 2015, representing an increase of 14.3% as compared with the corresponding period in 2014.

Chinese Restaurant Business

As at 30 June 2015, the Group was operating 27 Chinese restaurants. Our operating strategies for the first half year focused on consolidating brand awareness, expanding income source and controlling costs.

Marketing Strategies to Boost Customer Loyalty

The Group adopts customers-oriented approach. Taking into account the prevailing trend of using the internet and the speed of circulation of information, we collect feedbacks by traditional channels such as customer service hotlines and email, as well as WeChat groups in different regions, in addition, a "Customer Satisfaction Appraisal System" is also put into place. We closely track comments on popular online platforms like "大眾點評網" (dianping.com) and WeChat to handle daily comments. Moreover, we improved our procedures to speed up our response in order to maintain good online rating with further enhanced customer service quality. This has proved that the Group managed to improve service quality through information technology effectively.



Multi-channel Marketing to Improve Turnover and Efficiency

Marketing is an essential element for business growth. Apart from the membership card scheme, which continued to bring stable customer source, and stepping up promotion for different festivals, the Group also rolled out new initiatives to boost turnover. Particularly, expanding take-away product range was one of the important initiatives of the Group as a means to raise our brand awareness and explore new customers base when customers send out our products as a gift. In 2015, the Group launched its newly developed gift product with refreshing packaging and unique taste, which appealed to customers and generated satisfactory sales. The Group believes it will generate good income by stepping up promotion, improving its products and developing new products. In respect of the promising take-away market, the cooperation with “到家美食” (daojia.com.cn) in 2014 opened door for the Group to develop such business and the Group started cooperation with “百度外賣”(waimai.baidu.com) in 2015.

Thank to the effective promotion of group purchase through the Group’s regional internet platform, not only our brand reputation has been substantially enhanced, but also group purchase orders keep increasing. With the introduction of new customers through group purchase from internet, coupled with offline favorable policies which encouraged continuous consumption by new customers, appropriate adherence procured a better interaction with customers, and helped to foster loyal customers.

The internet and mobile applications are now an integral part of modern lifestyle, which cover many aspects of livelihood with profound influence and presence. Online marketing explored extensive customer source for the Group. “WeChat Ordering and Payment”, a key project actively developed by the Group in 2014, commenced full-scale operation progressively in the first half of this year after successful test run in some stores last year. In 2015, the Group took the lead in working with “美味不用等” (9now.cn) in eastern China and Guangdong Province, a reservation app under Dianping.com. With this app, customers no longer have to wait outside stores with number tags; instead, they can obtain a number tag and check the waiting queue anytime, anywhere. This can reduce the number of customer losses due to long waiting time and avoid any dissatisfaction that may lead to poor reputation. The app will soon be running at each of our Chinese restaurant.



Casual Dining Business

Since 2014, the Group has been reviewing and restructuring the operation and management of each store of Pepper Lunch and PappaRich. After assessing their operating conditions and growth potential, the Group intended to close or change the business of stores which are underperforming in terms of profit. In turn, the Group focused on enhancing management and consolidating brand awareness of existing stores as well as stepping up promotion to boost revenue. As at 30 June 2015, Pepper Lunch has 23 branches with revenue up by over 8% as compared to the corresponding period last year. As at 30 June 2015, PappaRich has 5 branches, and its revenue doubled as compared to the corresponding period last year. PappaRich successfully embarked on the expansion of market presence in Taiwan through the cooperation with Shin Yeh Restaurant Group Inc.* (欣葉國際餐飲股份有限公司) of Taiwan last year. As a joint venture, it opened the first branch in Taiwan in May 2015. The opening was well-received and widely reported by several media with satisfactory operating condition. Since its opening in October 2014, Social Place's turnover kept increasing, with monthly revenue at a compound average growth of 15.3% up to 30 June 2015, as its simple and stylish image was well-received by younger generations. Besides, novelty dishes were frequently launched to the delight of our customers and creative dim sums with delicate appearance often attracted coverage from both local and foreign media. In addition, by making good use of social platforms such as Facebook and Instagram, we enhanced brand image and maintained a close tie with target customers.

Overall Efficiency Enhanced with Effective Cost Control

Despite continuous rise in prices of food ingredients, the Group adopted a bulk purchase strategy with specific focuses in previous years, which had successfully stabilised prices and made costs under control for us. The Group had been expanding the categories and volume of bulk purchases, which focused on grain and oil and frozen meat in the past. In recent years, the purchase was boosted with extra product categories as well as seafood, seasonal fruits, beverages and seasonings and added premium dried goods in this year. It was one of the Group's objectives to lift the gross profit by adjusting its product mix. Novel and low-cost food ingredients were used in promotional sets and newly introduced dishes, with a view of keeping the constant newness for our customers as well as to enhancing our gross profit. Meanwhile, in an attempt to reduce costs and boost income, the Group also set up a reduction target for food waste and was committed to the research and development of dishes which maximise the utilisation of food ingredients. Moreover, casual dining concentrates on light meals and has a simpler operating model which requires less technical and management input and lower product structure and food ingredient costs than Chinese dining. Gross profit benefited from the maturity of the business. There was an increase in the Group's overall margin due to its cost controlling measures in response to ongoing rise in prices of food ingredients.

* For identification purpose only



Outlook and Prospect

In the second half of 2015, the Group intended to expand its presence and enhance the brand awareness across many regions by multiple approaches. Five Chinese restaurants and two casual dining restaurants in total will be set up in Shanghai, Beijing, Chengdu and Hong Kong. Given the popularity of the Chinese restaurant brand in the PRC, the Group will strive to strengthen the brand and create income streams while further enhancing its efficiency with steadfast and unwavering efforts. Maturity and rapid growth of online sales and mobile applications should pave the way for the Group to secure new customer bases with low costs. In August this year, “WeChat Ordering and Payment” system had been implemented in the majority of stores in the eastern and northern regions in the PRC and promotional campaigns, such as “Reducing 30 upon successful payment”, were jointly organised with Tencent to boost the number of users of “WeChat Ordering and Payment”. The system was widely accepted by customers immediately after its launch and the fans count on WeChat had reached 30,000, having successfully attracted new customers and boosted brand reputation for the Group, which effectively catered for the payment needs of users and enhanced their shopping experience. Furthermore, it also shortened the time required for ordering and payment during peak hours. Given the prevailing mobile payment and the giant customer base of Ali Baba Group, the Group has started to renew all branch systems in its Chinese restaurant, and comprehensively connected to the Alipay system under Ali Baba Group in August this year, so as to secure prompt bill payment and enhance efficiency. The Group intended to carry out in phase a targeted and large-scale internet promotion in the second half this year. In addition, the Group will also grasp the opportunity to set up “Wei Dian” (weidian.com) selling E-coupons, gifts and initiate more WeChat functions, and continue to actively seek for internet business opportunities with high potential that can enhance operation efficiency.

Popular catering is now the mainstream format in the market and simple and light meals, which suit the modern life style, are a more popular and appealing option to customers. Our self-owned casual dining brands, such as “Social Place”, had been successful which makes the Group highly confident in respect to this sector and we plan to introduce the brands to Chengdu, a city with enormous potential spending power. In August 2015, the Group opened a brand new dim sum outlet which delivers Cantonese dim sum and delicious cuisines in a presentation that appeals to younger generations. Complemented with a radiant and comfortable environment, the outlet provides our loyal customers with a fresh experience and is expected to expand our customer base by tapping into the market of the youths. The first two weeks of operation had witnessed wide acclaims and overwhelming number of customers and generated satisfactory results, which were reflected by daily sales of over 800 items of the award winning “Signature Roasted Pigeon” and an average daily customer counts of 800.



The Group foresees challenges in second half of 2015. Persistent rise in food ingredients and staff costs will counteract our efforts on cost control and the influx of players into the arena of popular catering will result in escalated competition. However, the Group believes that it is capable of maintaining its dominance in the market through effective implementation of the prevailing strategies, prudent approach to handle various issues and rapid strategic adjustments in response to market changes.

Financial Review

Revenue and cost inventories consumed

The Group's revenue for the period increased 14.3%. This is mainly attributable to the full operation of 2 Tang Palace restaurants in Shanghai and 1 Social Place restaurant in Hong Kong which commenced business during or close to the second half of 2014, as well as improved sales from the most of the existing stores.

Cost of inventories consumed as a percentage of revenue decreased by 0.3%. In addition to our continue enhancement on efficiency in procurement and production, the improvement is resulted from more casual dining business is conducted during the period which is generally with lower food cost than traditional Chinese restaurants.

As at 30 June 2015, the Group is operating 57 restaurants. The table below illustrates the number of restaurants by major brands, together with the average spending per customer and percentage of revenue to the Group:

Brand	No. of restaurants as at 30 June		Average spending per customer as at 30 June		Percentage of revenue contributed to the Group as at 30 June	
	2015	2014	2015	2014	2015	2014
Tang Palace*	22	21	137.3	139.3	74.8%	75.8%
Tang's Cuisine	5	5	307.9	301.7	12.3%	13.9%
Pepper Lunch	23	22	44.9	42.6	7.6%	8.0%
PappaRich	5	3	64.5	64.4	2.8%	1.5%
Social Place	1	–	161.2	–	1.9%	–

* including Tang Palace Seafood Restaurant, Excellent Tang Palace, Tang Palace Restaurant and Tang Palace

Operating expenses

It is noted that staff cost as a percentage of revenue increased by 1.5%, which is primarily due to the increase in the minimum wage in Mainland China, as well as additional human resources invested for the development of casual dining business. A decrease in depreciation of property, plant equipment as a percentage of revenue by 0.5% is noted which is benefited from the improved sales from most of the existing stores. Rental and related expenses slightly increased by 0.5% as a result of increasing proportion of casual dining business which is generally of smaller size and relatively higher market rental per area of lease. Utilities and consumables as a percentage of revenue is constant with the prior period and other expenses as a percentage of revenue slightly dropped by 0.3% due to our continues effect on cost control.

Profit attributable to owners of the Company for the Period

The Group's profit attributable to owners of the Company for the Period increased by 2.2% from RMB28.6 million to RMB29.3 million.

Cash flow

Cash and cash equivalents increased by RMB30.4 million from RMB273.4 million as at 31 December 2014 to RMB303.8 million as at 30 June 2015.

Net cash of RMB44.6 million was generated from operating activities for the Period. Net cash used in investing activities amounted to RMB14.2 million for the Period, of which RMB3.7 million related to the purchase of property, plant and equipment.



Liquidity and Financial Resources

The Group's funding and treasury activities are managed and controlled by the senior management. The Group maintained cash and cash equivalents of RMB303.8 million as at 30 June 2015 (31 December 2014: RMB273.4 million). As at 30 June 2015, the Group's total assets, net current assets and net assets were RMB635.6 million (31 December 2014: RMB597.7 million), RMB204.7 million (31 December 2014: RMB191.3 million) and RMB402.1 million (31 December 2014: RMB403.3 million), respectively.

As at 30 June 2015, the Group had bank borrowings 22.2 million (31 December 2014: 22.2 million). The gearing ratio (calculated as borrowed fund over equity) was 5.5% as at 30 June 2015 (31 December 2014: 5.5%).

As at 30 June 2015, the current ratio (current assets divided by current liabilities) was 1.9 (31 December 2014: 2.0).

The directors are of the opinion that the Group has sufficient working capital for the Group's operations and expansion in the near future.

Foreign Currency Exposure

The business operations of the Group's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated mainly in RMB. The Group's cash and bank deposits were denominated mainly in RMB, with some denominated in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars against RMB as the functional currency may have a financial impact to the Group.

As at 30 June 2015, the directors considered the Group's foreign exchange risk to be insignificant. During the Period, the Group did not use any financial instruments for hedging purposes.

Number and Remuneration of Employees

As at 30 June 2015, the Group had over 4,000 employees in Hong Kong, Macau and the PRC. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited for expansion of new restaurants. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industrial practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes, share options and performance related bonus.

Capital Commitment

The Group's capital commitment were approximately RMB16.8 million and RMB2.8 million as at 30 June 2015 and 31 December 2014, respectively.

Charges on Group's Assets

As at 30 June 2015, the Group had pledged time deposit of RMB25.0 million (31 December 2014: RMB25.0 million) for a banking facility amounting to RMB22.4 million (31 December 2014: RMB22.4 million).

Contingent Liabilities

As at 30 June 2015, the Group did not have any material contingent liabilities.

Material Acquisitions and Disposal of Subsidiaries and Associated Companies

During the Period, there was no material acquisition or disposal of subsidiaries or associated companies of the Company.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Code

The Board is of the opinion that the Company has complied with all the code provisions as set out in the corporate governance code contained in Appendix 14 to the Listing Rules throughout the Period.

Model Code For Securities Transactions By Directors of Listed Issuers (The "Model Code")

The Company has adopted its own code for securities transactions by directors on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiries of all directors and all of the directors confirmed that they have complied with the required standards set out in the Model Code during the Period.



Audit Committee

The Audit Committee of the Company has reviewed the unaudited condensed consolidated interim results and interim report of the Group for the Period.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures

As at 30 June 2015, the interests and short positions of the directors and chief executive of the Company in the shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained 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 as follows:

Name of Director	Number of ordinary shares ^(Note 1)			Percentage of the issued share capital of the Company
	Beneficial Owners	Held by controlled corporation	Total	
Ordinary shares of HK\$0.1 each of the Company				
Mr. Yip Shu Ming	–	98,700,000 (L) ^(Note 2)	98,700,000 (L)	23.44%
Mr. Chan Man Wai	2,716,000 (L)	141,000,000 (L) ^(Note 3)	143,716,000 (L)	34.14%
Mr. Ku Hok Chiu	–	42,340,000 (L) ^(Note 4)	42,340,000 (L)	10.05%
Ms. Weng Peihe	4,670,000 (L)	–	4,670,000 (L)	1.10%

Notes:

- (1) The letter "L" denotes the directors' long position in the shares of the Company or the relevant associated corporation.
- (2) These shares were held by Current Success Investments Limited, which is wholly-owned by Mr. Yip Shu Ming. By virtue of the SFO, Mr. Yip is taken to be interested in the shares held by Current Success Investments Limited.
- (3) These shares were held by Best Active Investments Limited, which is wholly-owned by Mr. Chan Man Wai. By virtue of the SFO, Mr. Chan is taken to be interested in the shares held by Best Active Investments Limited.
- (4) These shares were held by Bright Mind Investments Limited, which is wholly-owned by Mr. Ku Hok Chiu. By virtue of the SFO, Mr. Ku is taken to be interested in the shares held by Bright Mind Investments Limited.

Save as disclosed above, as at 30 June 2015, none of the directors or chief executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 June 2015, the interests or short positions of the persons (other than a director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/nature of interest	Number and class of securities ^(Note 1)	Approximate percentage of shareholding
Current Success Investments Limited ^(Note 2)	Beneficial owner	98,700,000 shares (L)	23.44%
Ms. Wong Sau Mui ^(Note 2)	Interest of spouse	98,700,000 shares (L)	23.44%
Best Active Investments Limited ^(Note 3)	Beneficial owner	141,000,000 shares (L)	33.49%
Ms. Au Yim Bing ^(Note 3)	Interest of spouse	143,716,000 shares (L)	34.14%
Bright Mind Investments Limited ^(Note 4)	Beneficial owner	42,340,000 shares (L)	10.05%
Ms. Ku Wai Man ^(Note 4)	Interest of spouse	42,340,000 shares (L)	10.05%
Orchid Asia IV, L.P. ^(Note 5)	Beneficial owner	33,082,000 shares (L)	7.85%
OAIV Holdings, L.P. ^(Note 5)	Interest of a controlled corporation	33,082,000 shares (L)	7.85%
Orchid Asia IV Group Management, Limited ^(Note 5)	Interest of a controlled corporation	33,082,000 shares (L)	7.85%

Name of Shareholder	Capacity/nature of interest	Number and class of securities <small>(Note 1)</small>	Approximate percentage of shareholding
Orchid Asia IV Group, Limited <small>(Note 5)</small>	Interest of a controlled corporation	33,082,000 shares (L)	7.85%
Orchid Asia IV Investment, Limited <small>(Note 5)</small>	Interest of a controlled corporation	33,082,000 shares (L)	7.85%
YM Investment Limited <small>(Note 5)</small>	Interest of a controlled corporation	33,646,000 shares (L)	7.99%
Ms. Lam Lai Ming <small>(Note 5)</small>	Founder of a discretionary trust	33,646,000 shares (L)	7.99%
Mr. Li Gabriel <small>(Note 5)</small>	Founder of a discretionary trust	33,646,000 shares (L)	7.99%
ManageCorp Limited <small>(Note 5)</small>	Trustee	33,646,000 shares (L)	7.99%

Notes:

- (1) The letter "L" denotes the shareholder's long position in the shares of the Company.
- (2) These shares were beneficially owned by Current Success Investments Limited, which was wholly-owned by Mr. Yip Shu Ming. By virtue of the SFO, Mr. Yip is taken to be interested in the shares held by Current Success Investments Limited. Ms. Wong Sau Mui is the spouse of Mr. Yip. Under the SFO, Ms. Wong is taken to be interested in the shares in which Mr. Yip is interested.
- (3) These shares were beneficially owned by Best Active Investments Limited, which was wholly-owned by Mr. Chan Man Wai. By virtue of the SFO, Mr. Chan is taken to be interested in the shares held by Best Active Investments Limited. Ms. Au Yim Bing is the spouse of Mr. Chan. Under the SFO, Ms. Au is taken to be interested in the shares in which Mr. Chan is interested.
- (4) These shares were beneficially owned by Bright Mind Investments Limited, which was wholly-owned by Mr. Ku Hok Chiu. By virtue of the SFO, Mr. Ku is taken to be interested in the shares held by Bright Mind Investments Limited. Ms. Ku Wai Man is the spouse of Mr. Ku. Under the SFO, Ms. Ku is taken to be interested in the shares in which Mr. Ku is interested.

- (5) So far as the directors are aware of, these shares were beneficially owned as to 33,082,000 shares by Orchid Asia IV, L.P. and as to 564,000 shares by Orchid Asia IV Co-investment, Limited. Orchid Asia IV, L.P. was wholly controlled by OAIV Holdings, L.P., which was in turn wholly controlled by Orchid Asia IV Group Management, Limited, which was in turn wholly controlled by Orchid Asia IV Group, Limited, which was in turn wholly controlled by Orchid Asia IV Investment, Limited, which was approximately 92.61% controlled by YM Investment Limited. Orchid Asia IV Co-investment, Limited was wholly controlled by YM Investment Limited. Under the SFO, OAIV Holdings, L.P., Orchid Asia IV Group Management, Limited, Orchid Asia IV Group, Limited, Orchid Asia IV Investment, Limited and YM Investment Limited were taken to be interested in the shares beneficially owned by Orchid Asia IV, L.P., and YM Investment Limited was taken to be interested in the shares beneficially owned by Orchid Asia IV Co-investment, Limited. Ms. Lam Lai Ming and Mr. Li Gabriel were also interested in YM Investment Limited through ManageCorp Limited as Trustee and were taken to be interested in the shares in which YM Investment Limited was interested.

Save as disclosed above, as at 30 June 2015, no person (other than a director or chief executive of the Company) had registered an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Share Option Schemes and Share Award Plan

(a) Pre-IPO Share Option Scheme

The Company had granted 4,000,000 options to eligible senior management and employees of the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated under the Pre-IPO Share Option Scheme.

All the options were exercised, cancelled or lapsed by 31 December 2014 and there was no outstanding options granted under the Pre-IPO Share Option Scheme as at 30 June 2015.

(b) Share Option Scheme

Pursuant to the Share Option Scheme adopted by the Company on 25 March 2011, the directors may invite participants to take up options at a price determined by the Board but in any event shall not be less than the higher of:

- (i) the closing price of the shares as stated in the daily quotations sheets issued by 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 issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of the shares.

The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which may be determined and notified by the Board to the grantee at the time of making an offer which shall not expire later than 10 years from the grant date.

Up to and as at 30 June 2015, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

(c) Share Award Plan

The Board may, subject to and in accordance with the rules of the Share Award Plan, make an award of shares to certain classes of eligible participants as specified in the Share Award Plan, as determined by the Board from time to time on the basis of the Board's opinion as to the proposed awardee's contribution and/or future contribution to the development and growth of the Group. The shares and other trust fund for the implementation of the Share Award Plan are administered by a trustee (the "**Share Award Plan Trustee**") appointed by the Company.

Under the Share Award Plan, the Board shall determine the eligibility of the eligible participants and the number of shares to be awarded (the "**Awarded Shares**") and notify the Share Award Plan Trustee of the making of awards. The Share Award Plan Trustee shall then set aside the appropriate number of Awarded Shares pending the transfer and vesting to the relevant participants out of a pool of shares which shall comprise of, among others, shares either (1) transferred to it from any person (other than the Group) by way of gift; (2) purchased by the Share Award Plan Trustee out of the funds received by it by way of gift or for nominal consideration; (3) subscribed for or purchased by the Share Award Plan Trustee out of the funds allocated by the Board out of the Group's resources, subject to the terms and conditions of the rules of the Share Award Plan.

The Share Award Plan Trustee may purchase shares on the Stock Exchange at the prevailing market price or off market. In respect of off-market transactions, purchases shall not be made with any connected person, nor shall the purchase price be higher than the lower of:

- (1) the closing market price on the date of such purchase, and
- (2) the average closing market price for the five preceding trading days on which shares of the Company were traded on the Stock Exchange.

In any given financial year of the Company, the maximum numbers of shares to be purchased by the Share Award Plan Trustee shall not exceed 10% of the total number of shares in issue of the Company at the beginning of such financial year. The Share Award Plan Trustee may also subscribe for new shares at par or at such other subscription price as instructed by the Board out of the Group's contribution if the Board considers it appropriate to do so. The Company shall comply with the relevant Listing Rules when granting the Awarded Shares.

The legal and beneficial ownership of the relevant Awarded Shares shall vest in the relevant selected participant within 10 business days after the latest of (1) the date specified on the notice of the award given by the Board to the Share Award Plan Trustee; and (2) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such selected participant as specified in the related notice of award have been attained and notified to the Share Award Plan Trustee by the Board in writing.

Unless early termination by the Board, the Share Award Plan shall be valid and effective for a term of 10 years commencing from the adoption date. Up to and as at 30 June 2015, 2,693,000 shares had been awarded to selected grantees under the Share Award Plan.

Interim Dividend

The Board does not declare an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

Appreciation

The Board would like to thank the management of the Group and all of the staff for their hard work and dedication, as well as its shareholders, business partners and associates, bankers and auditors for their support to the Group throughout the Period.

By order of the Board
Tang Palace (China) Holdings Limited
Yip Shu Ming
Chairman

Hong Kong, 28 August 2015



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Revenue	3	545,806	477,610
Other income	3	14,566	11,100
Cost of inventories consumed		(219,850)	(193,612)
Staff cost		(148,636)	(122,738)
Depreciation of items of property, plant and equipment		(28,001)	(26,688)
Utilities and consumables		(31,929)	(27,597)
Rental and related expenses		(57,874)	(48,243)
Other expenses		(35,849)	(32,542)
PROFIT BEFORE TAX	5	38,233	37,290
Income tax expense	6	(8,955)	(8,650)
PROFIT FOR THE PERIOD		29,278	28,640
Attributable to:			
Owners of the Company		29,278	28,640
Non-controlling interests		–	–
		29,278	28,640
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic (RMB cents)		6.96	6.84
Diluted (RMB cents)		6.96	6.83

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
PROFIT FOR THE PERIOD	29,278	28,640
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	–	24
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	29,278	28,664
Attributable to:		
Owners of the Company	29,278	28,664
Non-controlling interests	–	–
	29,278	28,664



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	As at 30 June 2015	As at 31 December 2014
<i>Notes</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
NON-CURRENT ASSETS		
Property, plant and equipment	143,630	167,910
Intangible assets	9,615	10,378
Interest in a joint venture	828	–
Deposits	38,864	28,812
Deferred tax assets	5,473	5,897
Total non-current assets	198,410	212,997
CURRENT ASSETS		
Inventories	32,312	36,288
Trade and other receivables and prepayments	39,448	24,559
Pledged time deposit	25,000	25,000
Time deposits	36,600	25,543
Cash and cash equivalents	303,806	273,357
Total current assets	437,166	384,747
CURRENT LIABILITIES		
Trade and other payables	207,649	166,679
Amount due to a related company	252	1,649
Interest-bearing bank borrowing	22,160	22,160
Tax payable	2,417	2,990
Total current liabilities	232,478	193,478
NET CURRENT ASSETS	204,688	191,269
TOTAL ASSETS LESS CURRENT LIABILITIES	403,098	404,266
NON-CURRENT LIABILITIES		
Deferred tax liabilities	950	950
Net assets	402,148	403,316

		As at 30 June 2015	As at 31 December 2014
	<i>Notes</i>	RMB'000 (unaudited)	RMB'000 (audited)
EQUITY			
Equity attributable to owners of the Company			
Issued capital	11	35,327	35,221
Reserves		366,821	368,095
		402,148	403,316
Non-controlling interests		–	–
		402,148	403,316
Total equity		402,148	403,316

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2015

	Attributable to owners of the Company									
	Issued capital	Share premium account	Statutory general reserve	Share options reserve	Other reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2014	35,133	55,531	23,207	1,137	74,326	(1,268)	183,351	371,417	1,000	372,417
Profit for the period	-	-	-	-	-	-	28,640	28,640	-	28,640
Other comprehensive income for the period:										
Exchange difference on translation of foreign operations	-	-	-	-	-	24	-	24	-	24
Total comprehensive income for the period	-	-	-	-	-	24	28,640	28,664	-	28,664
Equity-settled share option arrangement	-	-	-	110	-	-	-	110	-	110
Exercise of share options	88	1,877	-	(1,247)	-	-	-	718	-	718
Final 2013 dividend declared	-	(22,153)	-	-	-	-	-	(22,153)	-	(22,153)
At 30 June 2014	35,221	35,255	23,207	-	74,326	(1,244)	211,991	378,756	1,000	379,756
At 1 January 2015	35,221	35,255	23,677	-	74,326	(1,244)	236,081	403,316	-	403,316
Profit for the period	-	-	-	-	-	-	29,278	29,278	-	29,278
Other comprehensive income for the period:										
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	29,278	29,278	-	29,278
Issue of shares under a share award plan	106	1,436	-	-	-	-	-	1,542	-	1,542
Final 2014 dividend declared	-	(31,988)	-	-	-	-	-	(31,988)	-	(31,988)
At 30 June 2015	35,327	4,703	23,677	-	74,326	(1,244)	265,359	402,148	-	402,148

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

– Six months ended 30 June 2015

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	38,233	37,290
Adjustments for:		
Interest income	(1,429)	(767)
Depreciation of items of property, plant and equipment	28,001	26,688
Amortisation of intangible assets	763	749
Issue of shares under a share award plan	1,542	–
Equity-settled share option expense	–	110
	67,110	64,070
Decrease/(increase) in inventories	3,976	(1,118)
Increase in trade and other receivables and prepayments	(14,889)	(7,026)
Decrease/(increase) in deposits	(10,052)	2,496
Increase in trade and other payables	8,981	2,369
Increase/(decrease) in amount due to a related company	(1,397)	749
	53,729	61,540
Cash generated from operations	53,729	61,540
Income tax paid	(9,103)	(7,777)
	44,626	53,763
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,429	767
Interest in a joint venture	(828)	–
Purchases of items of property, plant and equipment	(3,721)	(26,927)
Additions to intangible assets	–	(91)
Decrease/(increase) in time deposits	(11,057)	2,845
	(14,177)	(23,406)
Net cash flows used in investing activities	(14,177)	(23,406)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	–	718
Dividends paid	–	(22,153)
	–	(21,435)
Net cash flows used in financing activities	–	(21,435)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of Period	30,449	8,922
Effect of foreign exchange rate changes, net	273,357	234,035
	—	—
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	303,806	242,957
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	248,614	225,957
Non-pledged time deposits with original maturity of less than three months when acquired	55,192	17,000
Cash and cash equivalent as stated in the consolidated statement of cash flows	303,806	242,957

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2015

1. Corporate Information

Tang Palace (China) Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability and its share are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located in Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is located at Unit 3, 10th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong.

During the Period, the Group were principally engaged in restaurant operations and food productions.

2. Basis of Preparation and Principal Accounting Policies

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and 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**”).

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those used in the financial statements of the Group for the year ended 31 December 2014, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSS**”), which are effective for the Group’s accounting period beginning on or after 1 January 2015.

Amendments to HKAS 19
Annual Improvements
2010-2012 Cycle
Annual Improvements
2011-2013 Cycle

Defined Benefit Plans: Employee Contributions
Amendments to a number of HKFRSS

Amendments to a number of HKFRSS

The adoption of these new and revised HKFRSS has had no significant financial effect on the unaudited interim financial statements and there have been no significant changes to the accounting policies applied in the unaudited interim financial statements.



2. Basis of Preparation and Principal Accounting Policies

(Continued)

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the unaudited interim financial statements.

HKFRS 9	<i>Financial Instruments</i> ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁴
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

⁴ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

3. Revenue and Other Income

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Revenue:		
Gross revenue	576,960	505,314
Less: sales related tax	(31,154)	(27,704)
	545,806	477,610
Other income:		
Bank interest income	1,429	767
Commission income [#]	8,764	7,943
Others	4,373	2,390
	14,566	11,100

[#] Commission income represents commission received or receivable in respect of sales of tea related products.

4. Operating Segment Information

For management purposes, the Group is organised into business units based on geographical areas and has three reportable operating segments as follows:

- (i) the Southern China region;
- (ii) the Eastern China region; and
- (iii) the Northern China region

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted operating profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that head office and corporate income and expenses are excluded from such measurement.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. Operating Segment Information *(Continued)*

Information about major customers

During the Period, there was no revenue from customers individually contributing over 10% to the total revenue of the Group.

Segment information about the business is presented below:

	Southern China		Eastern China		Northern China		Total	
	For the six months ended 30 June							
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Segment revenue:								
Sales to external customers	117,720	93,734	274,416	235,626	153,670	148,250	545,806	477,610
Inter-segment sales	-	-	14,594	5,489	-	-	14,594	5,489
	117,720	93,734	289,010	241,115	153,670	148,250	560,400	483,099
<i>Reconciliation:</i>								
Elimination of inter-segment sales							(14,594)	(5,489)
Revenue							545,806	477,610
Segment results	15,128	10,050	24,718	22,043	14,428	15,684	54,274	47,777
<i>Reconciliation:</i>								
Interest income							365	175
Unallocated expenses							(16,406)	(10,662)
Profit before tax							38,233	37,290

For management purposes, segment revenue and segment results are the two key indicators provided to the Group's chief operating decision maker to make decisions about the resource allocation and to assess performance. No segment assets and liabilities information is presented as, in the opinion of the directors, such information is not a key indicator provided to the Group's chief operating decision maker.

The Group's revenue are arising from restaurants operations and food productions.

4. Operating Segment Information *(Continued)*

Geographical information

All of the Group's operations are located in the People's Republic of China (the "PRC"). The Group's revenue from external customers and all of its non-current assets are located in the PRC, including Hong Kong and Macau.

5. Profit Before Tax

The Group's profit before tax has been arrived at after charging:

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Directors' emoluments	2,172	1,983
Other staff costs	136,561	112,012
Pension scheme contributions	9,903	8,743
Total staff costs	148,636	122,738
Depreciation of items of property, plant and equipment	28,001	26,688
Amortisation of intangible assets	763	749

6. Income Tax

Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. The Company's subsidiaries in Mainland China are subject to income tax at the rate of 25% (six months ended 30 June 2014: 25%).

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Current charge for the period – PRC	8,362	8,454
Deferred	593	196
	8,955	8,650

7. Dividend

The Board does not declare an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

8. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

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

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the Company	29,278	28,640
	Number of shares	
Shares:		
Weighted average number of ordinary shares in issue during the period	420,729,994	418,709,420
Effect of dilutive potential ordinary shares in respect of share options	–	334,761
Weighted average number of ordinary shares for the purpose of diluted earnings per share	420,729,994	419,044,181

9. Trade and Other Receivables and Prepayments

The Group's trading terms with its customers are mainly on credit with credit period ranging from 30 to 80 days. Each customer has a maximum credit limit. The aged analysis of the trade receivables as at the end of the reporting period, based on invoice date and net of provisions, is as follows:

	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
Trade receivables:		
Within 30 days	9,906	8,022
31 to 60 days	1,167	707
61 to 90 days	454	382
Over 90 days	1,275	1,180
	12,802	10,291
Prepayments	13,140	12,577
Deposits and other receivables	13,506	1,691
	39,448	24,559

10. Trade and Other Payables

An aged analysis of trade payables by age as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
Trade payables:		
Within 30 days	38,746	42,168
31 to 60 days	3,437	4,782
61 to 90 days	809	1,630
91 to 180 days	1,084	1,869
Over 180 days	3,617	2,502
	47,693	52,951
Other payables and accruals	38,893	31,694
Salary and welfare payables	31,411	25,850
Receipts in advance	57,664	56,184
Dividend payable	31,988	–
	207,649	166,679

11. Share Capital

	As at 30 June 2015		As at 31 December 2014	
	HK\$'000 (unaudited)	RMB'000 equivalent (unaudited)	HK\$'000 (audited)	RMB'000 equivalent (audited)
Authorised:				
2,000,000,000 (31 December 2014: 2,000,000,000) ordinary shares of HK\$0.10 (31 December 2014: HK\$0.10) each	200,000		200,000	
Issued and fully paid:				
420,899,000 (31 December 2014: 419,569,000) ordinary shares of HK\$0.1 (31 December 2014: HK\$0.10) each	42,090	35,327	41,957	35,221

A summary of the transactions during the Period with reference to the movements in the Company's issued ordinary share capital is as follows:

	Number of shares in issue	Issued capital HK\$'000	Issued capital RMB'000 equivalent
At 1 January 2015	419,569,000	41,957	35,221
Issue of shares under a share award plan	1,330,000	133	106
At 30 June 2015	420,899,000	42,090	35,327

12. Related Parties Disclosures

The Group had the following material transactions with related parties during the period:

Nature of transaction	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Purchase of leasehold improvement and equipment ⁽ⁱ⁾	90	1,807
Rental expenses ⁽ⁱⁱ⁾	516	516
Rental expenses ⁽ⁱⁱⁱ⁾	1,520	1,700

Notes:

- (i) The selling price of the leasehold improvement and equipment was made at pre-determined prices agreed between the Group and Chiu Kwun. Mr. Ku Hok Chiu, a director of the Company, is the beneficial owner of Chiu Kwun.
- (ii) The rental expenses were charged by Dongguan Well Excellent at rates agreed between the Group and Dongguan Well Excellent. Mr. Yip Shu Ming, Mr. Chan Man Wai and Mr. Ku Hok Chiu, directors and shareholders of the Company, are also directors and shareholders of Dongguan Well Excellent.
- (iii) The rental expenses were charged by Mecco Group at rates agreed between the Group and Mecco Group. Mr. Yip Shu Ming, Mr. Chan Man Wai and Mr. Ku Hok Chiu, directors and shareholders of the Company, are also directors and shareholders of Mecco Group.

13. Fair Value of Financial Instruments

Management has assessed that the fair values of time deposits, cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and an accrual and an amount due to a related company, approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

Abbreviation	Definition
Audit Committee	audit committee of the Company established on 25 March 2011 with written terms of reference
Board	board of Directors of Tang Palace (China) Holdings Limited
Chiu Kwun	Chiu Kwun Engineering (Shenzhen) Co. Ltd., a company established in the PRC with limited liability on 4 April 1990 and indirectly wholly-owned by Mr. Ku Hok Chiu, being one of our executive directors and substantial shareholders
Company	Tang Palace (China) Holdings Limited
Corporate Governance Code	corporate governance code contained in Appendix 14 to the Listing Rules
Dongguan Well Excellent	Dongguan Well Excellent Hotel Management Services Co., Ltd., a company established in the PRC with limited liability on 27 October 2006 and wholly owned by HK Well Excellent
Group	Tang Palace (China) Holdings Limited together with its subsidiaries
HK Well Excellent	Well Excellent Development Limited, an investment holding company incorporated in Hong Kong with limited liability and owned as to 50% by Mr. Chan Man Wai, 35% by Mr. Yip Shu Ming, 15% by Mr. Ku Hok Chiu
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
Meco Group	Meco Group Company Limited, a company incorporated in Hong Kong with limited liability on 14 July 1992 and owned as to 50% by Mr. Chan Man Wai, 35% by Mr. Yip Shu Ming and 15% by Mr. Ku Hok Chiu
Model Code	model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules
Nomination Committee	nomination committee of the Company established on 25 March 2011 with written terms of reference
Period	1 January 2015 to 30 June 2015
PRC	People's Republic of China
Pre-IPO Share Option Scheme	pre-initial public offering share option scheme adopted by the Company on 25 March 2011
Remuneration Committee	remuneration committee of the Company established on 25 March 2011 with written terms of reference
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Share Award Plan	share award plan adopted by the Company on 25 March 2011 and revised on 22 March 2013
Share Option Scheme	share option scheme adopted by the Company on 25 March 2011
Stock Exchange	The Stock Exchange of Hong Kong Limited