

唐宮

Tang Palace

HONG KONG
TANG PALACE
FOOD & BEVERAGE
GROUP

香港唐宮飲食集團



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

2016
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 Overview

For the year of 2016, catering industry remained challenging as usual and sales growth in Mainland China stabilised. According to the statistics published by the National Bureau of Statistics of the PRC, as at 30 June 2016, the income of food and beverage sector experienced a year-on-year growth of 11.2% (30 June 2015: 11.5%). It was noteworthy that online sales across the country increased by 28.2%, underlining the rapid development of online marketing and sales. The catering industry will also respond to market demands and focus on such aspect to develop various kinds of retail channels for business growth.

Business Review

The Group continued to be active and aggressive despite lingering economic uncertainties. In 2015, in wake of eased market rental rates, we took the initiative to open new outlets and further expand our coverage into other cities. In the second half of 2015, the Group opened 5 Chinese restaurants and 2 casual dining restaurants and one casual dining restaurant opened during the period.

The expansion of business counts on the Group's diversified promotion. Since its debut, membership card has been strengthening the customer base of the Group with constant growth in its sales. The number of members had accumulated to near 200,000. Meanwhile, customer demographics are utilised in promotions for different regions and festivals to enhance advertising and encourage customers to top up value and spend again.

The Group believes that broadening income streams from multiple channels is crucial to sustainable business growth. Take-away sales are considered a prime subject of current marketing projects due to a shift in consumption behaviour in the market of Mainland China. Online sales targeting homestay emerges as a dominant channel and take-away food and beverage is no longer restricted to phone order. Online take-away platforms such as "Baidu Takeout Delivery" have risen to prominence. The Group has always put emphasis on this sector and spotted the room of development. Other than ongoing cooperation with dominant take-away platforms in different regions, the Group also has commenced research alongside third-party system developers, with an aim of integrating the management of all online and offline sales and promotions in the future so as to boost efficiency. The banquet market is another focal point of development for the Group. In addition to participating at wedding banquet exhibition to seek banquet orders, we are equally committed to the promotion of small banquets, to further extend the business into family and business banquets etc..

In terms of internal efficiency enhancement, the Group's central procurement strategy has been effective as always and is starting to reap benefits after years of operation. The Group gradually expand its cooperation with sizable suppliers in stages. By fixing the ingredient prices for a specific period, it is not only favourable to the cost control of ingredients, but also allows us to offer a price more affordable than market rate for promotion at the right time, which is overall a policy beneficial to sales efficiency. The strategy of broadening income sources and cutting expenditure is further implemented in every outlet and in ways according to its own features. In addition, the rollout of tax reforms in respect of "business tax to value-added tax transformation" in Mainland China in May 2016 is also beneficial to the Group. Due to the above events, overall gross profit margin increased from 59.7% as at 30 June 2015 to 61.7% as at 30 June 2016, with growth in overall efficiency.

The Group insists to enhance its internal management capability during times of difficulties and maintain promotions via multiple channels in a diversified manner. It also seizes the opportunity to secure favourable rental terms for business expansion. Despite volatile market conditions, a continuous growth in revenue is recorded to yield satisfactory results. As at 30 June 2016, revenue of the Group amounted to RMB630 million, representing an increase of 15.4% over the corresponding period in 2015.

Chinese Restaurant Business

The Group is delighted to report that our Chinese restaurant business in all regions has recorded growth, with outstanding performance in Beijing. Sluggish consumption sentiment in the market in previous years may have dampened our business but such effect is fading. Coupled with stringent comprehensive enhancement of internal control, especially the enhanced cost control over outlets and further expansion of sales of take-away products, consumption per capita and customer flow were boosted generally, and turnovers of all stores increased by over 5% generally. The overall turnover for the period also recorded a strong growth of over 15% attributable to the stores opened in October 2015.

Meanwhile, new stores opened in Shanghai in 2014 and 2015 has started to yield results. Coupled with stable development of the wedding banquet market in Eastern China, we also participated wedding expos regularly in order to bring in additional new customers and orders to our stores. Despite the closure of a restaurant in Pudong, Shanghai in February during the period due to expiry of tenancy, the overall turnover recorded a growth of nearly 10%.

Overall turnover in Southern China maintained steady growth. Flagship wedding banquet restaurants in Shenzhen continued to contribute stable income. Together with contributions from the two "Tang's Cuisine" restaurants in Hong Kong and Macau, total turnover of the region recorded a growth of over 20%.

To extend our presence, one new store was opened in Chengdu in October 2015. We continued promotions in the region by offering discounted signature dish to attract customers and cooperating with famous local celebrities, media and merchants to launch extensive promotion with their resources in order to increase our exposure. Our primary goal is to increase brand recognition and build a sharp image locally. On the other hand, we carry out promotion through e-commerce and online take-away platforms, with a view to diversify income source.

Casual Dining Business

Self-developed Brand

The Group's self-developed casual dining brand "Social Place" has been in operation for more than one year in Hong Kong, the sales of which has been satisfying and increasing at a steady pace. As at 30 June 2016, its turnover has maintained a growth of more than 30% as compared with the corresponding period of last year. The Group saw the development potential in the casual dining segment and captured opportunities by opening restaurants during the Period. The first "Social Place" restaurant in PRC was opened in Chengdu during December 2015, and has since become a local hot topic. The innovative dining mode has been highly popular with customers and become an ideal choice for afternoon tea gatherings and small banquets for the locals. In January 2016, a second restaurant was opened in Shenzhen and has become the spotlight event of the city, with streams of customers coming to dine. The sales performance also met the expectation.

The Group has great faith in the prospect of the casual dining business. By taking full advantage of the renowned products of the Group, quality management recognized by the industry as well as extensive industry experience, we achieved accelerated development in this segment with relatively fewer resources and shorter return period, and yielded satisfying results. Canton Tea Room in Shanghai is another example of the Group's achievement in this segment. The Group has designed a streamlined menu principally featuring dim sum and simple dishes and provides stylish dining environment with a relaxing ambience. Having been in operation for nearly a year, the restaurant has maintained a steady customer headcount, which proved that the operation mode of dim sum specialized restaurants is well-received.

The wide reception by the market for our self-developed dining brands is a reflection on the strategic success of the Group and strengthen our faith in the plan of active preparation and accelerating development in the second half of the year.

Joint Venture Brand

Immediately after additional equity investment last year, our Malaysian partner of “PappaRich” brand started to play an integral role in the business operation arrangement of “PappaRich” in Mainland China and the assessment of the brand’s current market position and the operating condition of each outlet. New development plans have been laid out and two outlets in Shanghai have already been renovated in the first half of 2016 so as to adhere to the latest original Malaysian style and the menu has been updated. The turnover of the two outlets were both increased by more than 10% after resuming operation. Meanwhile, the success of expanding its presence to Taiwan is followed by one new restaurant opened in Hong Kong for the period. As of 30 June 2016, there are in total seven “PappaRich” restaurants in China, Hong Kong and Taiwan.

Franchised Brand

Considering the current and future development strategy of casual dining business, a long-term assessment and multiple evaluation of Pepper Lunch’s operation in various regions, the Group is of the view that it is more appropriate to close down outlets with disappointing operation conditions in Shanghai and returning the region’s franchise right to its owner, together with outlets with good operation conditions. In addition, certain outlets with sub-par performance were closed after an assessment of operation conditions in the Beijing region so as to concentrate management resources on outlets with good operation, thereby boosting efficiency and increasing profit margin.

Strategic Cooperation and Investment

During the Period, the Group has become more active in arrangement for the development of cooperation with external parties. On 18 May 2016, the Group invested in C.Y. Food Trading (HK) Company Limited, a quality food-related company, to work closer with upstream suppliers so as to control and enhance the sourcing network, an aspect of utmost importance to the Group. The Group expects the extensive sourcing network and well-established food processing system of this company will (i) provide the Group with a reliable source of high-quality, stable and traceable food ingredient supply; (ii) strengthen the Group’s control on the costs of food procurement; and (iii) provide potential benefits and profits that will accrue to the Group.

Financial Review

As at 30 June 2016, the Group was operating 49 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	
	2016	2015	2016 RMB	2015 RMB	2016	2015
Tang's Cuisine	6	5	277.1	307.9	14.1%	12.3%
Tang Palace*	25	22	148.4	137.3	73.7%	74.8%
Social Place	3	1	113.5	161.2	4.6%	1.9%
Canton Tea Room	1	–	83.3	–	1.8%	–
Pepper Lunch	13	23	46.5	44.9	5.4%	7.6%

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

As mentioned above, the Group's overall revenue for the Period increased by 15.4% to RMB630 million and the overall gross profit margin has increased by 2.0%. With our persistence in carrying on various measures to manage cost through the past few years of volatile market, operating expenses remained controllable as compared with the prior period, whereas percentage of revenue on staff costs is 27.7% (2015: 27.2%), depreciation of items of property, plant and equipment is 4.5% (2015: 5.1%), rental and related expenses is 10.0% (2015: 10.6%), and other expenses is 6.8% (2015: 6.6%). Effective tax rate reached 30.6% (2015: 23.4%) because tax credit has not been provided for certain business with losses recognised during the period. Despite of this, as driven by the strong uptrend of our business as well as favorable result of our effort in management cost, the Group's profit attributable to owners of the Company for the period increased by 40.1% from RMB29.3 million to RMB41.0 million.

Cash Flow

Cash and cash equivalents increased by RMB71.8 million from RMB297.9 million as at 31 December 2015 to RMB369.7 million as at 30 June 2016.

Net cash of RMB85.3 million was generated from operating activities during the Period. Net cash used in investing activities amounted to RMB12.5 million during the Period, of which RMB16.8 million was related to the purchase of property, plant and equipment. Net cash used in financing activities amounted to RMB1.0 million for the Period, of which RMB1.3 million was related to repayment of bank loan.

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 and time deposit, in aggregate, of RMB461.7 million as at 30 June 2016 (31 December 2015: RMB402.8 million). As at 30 June 2016, the Group's total assets, net current assets and net assets were RMB755.5 million (31 December 2015: RMB699.4 million), RMB218.1 million (31 December 2015: RMB202.9 million) and RMB427.5 million (31 December 2015: RMB421.7 million), respectively.

As at 30 June 2016, the Group had bank borrowings of RMB64.0 million (31 December 2015: RMB65.3 million). The gearing ratio (calculated as bank borrowings divided by total equity) was 15.0% as at 30 June 2016 (31 December 2015: 15.5%).

As at 30 June 2016, the current ratio (calculated as current assets divided by current liabilities) was 1.7 (31 December 2015: 1.7).

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 2016, 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.

Outlook and Prospect

During the second half of 2015 and first half of 2016, based on our close observation and in-depth analysis of the macroeconomic conditions and business environment, the Group have engaged into a more proactive and bold strategy in exploring new markets, pursuing market expansion into new cities, and opening new restaurants at greater pace, while most other players had either suspended or delayed their business development schedules. Such approach shows that the Group has complete confidence in the prospect of the market and we firmly believe that, with our strong management capability and competency, we could reward our shareholders with further profit growth.

The Group focuses on the development of casual dining brands as an objective of 2016. Performance of both “Social Place” restaurants in Chengdu and Shenzhen has been satisfactory. In the second half of 2016, much effort will be dedicated to the preparation work for the expansion of this brand, with a view to further its momentum of development. A third restaurant in China, located in Shenzhen, has already been opened in July 2016. Operating performance of “Canton Tea Room” is also promising. The Group is well positioned to accelerate its business development. Currently, we are making all efforts to actively select store locations with suitable lease conditions and are preparing for the opening of new restaurants and recruiting staff. Other than business expansion, the Group will continue to advance its existing strategies that improve turnover, such as e-commerce, take away marketing and sales, small banquets, etc. The control and balance of cost and efficiency have always been one of the elements of success for the Group and will continue to be an ongoing priority of the management team.

In addition to proactive expansion of business by internal resources, the Group has always embraced the principal of diversification. We strived to explore markets by looking for strategic partnerships and cooperation with various experienced catering groups for years. As at 30 June 2016, the Group entered into a sale and purchase agreement with Dragon King Holdings Limited (龍皇控股有限公司) and its subsidiaries (collectively, the “**DK Group**”), pursuant to which relevant operating assets of 2 of the Chinese restaurants of the Group located in Hong Kong and Macau region will be disposed to the DK Group by stages. Currently, the Group is under negotiation with the DK Group regarding further cooperation in the future. The disposal and the strategic cooperation with the DK Group will enable both parties to strive their comparative advantages, and it will be beneficial to the Group’s development.

In the second half of 2016, corporate sustainable development committee of the Group will work diligently on the compilation of information in relation to the relevant works of the Group over the years and make disclosure in accordance with the Listing Rules.

OTHER INFORMATION

Number and Remuneration of Employees

As at 30 June 2016, the Group had over 4,500 employees. 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, share awards and performance related bonus.

Capital Commitment

The Group's capital commitment was approximately RMB2.6 million and RMB3.3 million as at 30 June 2016 and 31 December 2015, respectively.

Charges on Group's Assets

As at 30 June 2016, the Group had pledged time deposit of RMB68.0 million (31 December 2015: RMB68.0 million) for a banking facility amounting to RMB64.0 million (31 December 2015: RMB65.3 million).

Contingent Liabilities

As at 30 June 2016, 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 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 2016, 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)	23.27%
Mr. Chan Man Wai	2,816,000 (L)	141,000,000 (L) ^(Note 3)	143,816,000 (L)	33.91%
Mr. Ku Hok Chiu	–	42,340,000 (L) ^(Note 4)	42,340,000 (L)	9.98%
Ms. Weng Peihe	5,902,000 (L)	–	5,902,000 (L)	1.39%

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 2016, 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 2016, 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:

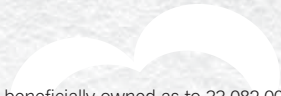
Name of Shareholder	Capacity/nature of interest	Number and class of securities ^(Note 1)	Approximate percentage of shareholding
Current Success Investments Limited ^(Note 2)	Beneficial owner	98,700,000 shares (L)	23.27%
Ms. Wong Sau Mui ^(Note 2)	Interest of spouse	98,700,000 shares (L)	23.27%
Best Active Investments Limited ^(Note 3)	Beneficial owner	141,000,000 shares (L)	33.25%
Ms. Au Yim Bing ^(Note 3)	Interest of spouse	143,816,000 shares (L)	33.91%
Bright Mind Investments Limited ^(Note 4)	Beneficial owner	42,340,000 shares (L)	9.98%
Ms. Ku Wai Man ^(Note 4)	Interest of spouse	42,340,000 shares (L)	9.98%
Orchid Asia IV, L.P. ^(Note 5)	Beneficial owner	33,082,000 shares (L)	7.80%
OAIV Holdings, L.P. ^(Note 5)	Interest of a controlled corporation	33,082,000 shares (L)	7.80%
Orchid Asia IV Group Management, Limited ^(Note 5)	Interest of a controlled corporation	33,082,000 shares (L)	7.80%

Substantial Shareholders' Interests in Shares and Underlying Shares (Continued)

Name of Shareholder	Capacity/nature of interest	Number and class of securities ^(Note 1)	Approximate percentage of shareholding
Orchid Asia IV Group, Limited ^(Note 5)	Interest of a controlled corporation	33,082,000 shares (L)	7.80%
Orchid Asia IV Investment, Limited ^(Note 5)	Interest of a controlled corporation	33,082,000 shares (L)	7.80%
YM Investment Limited ^(Note 5)	Interest of a controlled corporation	33,646,000 shares (L)	7.93%
Ms. Lam Lai Ming ^(Note 5)	Founder of a discretionary trust	33,646,000 shares (L)	7.93%
Mr. Li Gabriel ^(Note 5)	Founder of a discretionary trust	33,646,000 shares (L)	7.93%
ManageCorp Limited ^(Note 5)	Trustee	33,646,000 shares (L)	7.93%

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 2016, 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 Scheme and Share Award Plan

(a) 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 2016, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

(b) 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 2016, 7,045,000 shares (including 2,100,000 new shares awarded during the Period) had been awarded and vested to selected grantees under the Share Award Plan. Save as disclosed above, there was no movement of the Awarded Shares during the Period.

Interim Special Dividend

The Board has resolved to declare an interim special dividend of HK6.00 cents per ordinary share (2015: Nil) for the Period to shareholders whose names appear on the register of members of the Company on 12 September 2016. The interim special dividend will be paid on or around 30 December 2016.

Closure of Register of Members

For determining the entitlement to the interim special dividend, the register of members of the Company will be closed on Monday, 12 September 2016 during which no transfer of shares will be effected.

In order to qualify for the interim special dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 9 September 2016.

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, 25 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Revenue	3	629,689	545,806
Other income	3	17,048	14,566
Cost of inventories consumed		(240,875)	(219,850)
Staff costs		(174,304)	(148,636)
Depreciation of items of property, plant and equipment		(28,530)	(28,001)
Utilities and consumables		(33,444)	(31,929)
Rental and related expenses		(63,076)	(57,874)
Other expenses		(42,772)	(35,849)
Finance costs		(518)	–
Share of losses of joint ventures		(2,939)	–
PROFIT BEFORE TAX	5	60,279	38,233
Income tax expense	6	(18,432)	(8,955)
PROFIT FOR THE PERIOD		41,847	29,278
Attributable to:			
Owners of the Company		41,008	29,278
Non-controlling interests		839	–
		41,847	29,278
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted (<i>RMB cents</i>)		9.67	6.96

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	41,847	29,278
Attributable to:		
Owners of the Company	41,008	29,278
Non-controlling interests	839	–
	41,847	29,278

20 TANG PALACE (CHINA) HOLDINGS LIMITED
**CONDENSED CONSOLIDATED STATEMENT
 OF FINANCIAL POSITION**

As at 30 June 2016

	<i>Notes</i>	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		146,582	159,948
Intangible assets		10,733	13,060
Available-for-sale investment		9,964	–
Investments in joint ventures		6,635	9,574
Deposits		27,731	28,451
Deferred tax assets		7,789	8,998
Total non-current assets		209,434	220,031
CURRENT ASSETS			
Inventories		33,588	40,609
Trade and other receivables and prepayments	9	49,296	34,247
Due from joint ventures		1,544	1,703
Pledged time deposits		68,000	68,000
Time deposits		23,931	36,954
Cash and cash equivalents		369,721	297,873
Total current assets		546,080	479,386
CURRENT LIABILITIES			
Trade and other payables	10	257,316	202,157
Due to joint ventures		234	3,171
Due to a related company		458	1,019
Interest-bearing bank borrowings		64,008	65,268
Tax payable		5,991	4,906
Total current liabilities		328,007	276,521
NET CURRENT ASSETS		218,073	202,865
TOTAL ASSETS LESS CURRENT LIABILITIES		427,507	422,896
NON-CURRENT LIABILITIES			
Deferred tax liabilities		–	1,236
Net assets		427,507	421,660

		As at 30 June 2016	As at 31 December 2015
	<i>Notes</i>	RMB'000 (unaudited)	<i>RMB'000 (audited)</i>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	11	35,586	35,409
Reserves		390,782	386,251
		426,368	421,660
Non-controlling interests		1,139	–
Total equity		427,507	421,660

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2016

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Issued capital	Share premium account	Statutory general reserve	Other reserve	Exchange fluctuation reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
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
At 1 January 2016	35,409	6,047	25,782	74,326	(2,469)	282,565	421,660	-	421,660
Profit for the period	-	-	-	-	-	41,008	41,008	839	41,847
Other comprehensive income for the period:									
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	41,008	41,008	839	41,847
Contribution by non-controlling interests	-	-	-	-	-	-	-	300	300
Issue of shares under a share award plan	177	2,346	-	-	-	-	2,523	-	2,523
Final 2015 dividend declared	-	-	-	-	-	(38,823)	(38,823)	-	(38,823)
At 30 June 2016	35,586	8,393	25,782	74,326	(2,469)	284,750	426,368	1,139	427,507

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2016

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES	60,279	38,233
Profit before tax		
Adjustments for:		
Finance costs	518	–
Interest income	(1,228)	(1,429)
Depreciation of items of property, plant and equipment	28,530	28,001
Amortisation of intangible assets	1,284	763
Loss on disposal of items of property, plant and equipment	1,619	1,542
Impairment of intangible assets	1,043	–
Share of losses of joint ventures	2,939	–
Equity-settled share award plan expense	2,523	–
	97,507	67,110
Decrease in inventories	7,021	3,976
Increase in trade and other receivables and prepayments	(27,352)	(14,889)
Decrease/(increase) in deposits	13,023	(10,052)
Increase in trade and other payables	16,336	8,981
Movements in balances with joint ventures	(2,778)	–
Decrease in an amount due to a related company	(561)	(1,397)
Cash generated from operations	103,196	53,729
Interest paid	(518)	–
Income tax paid	(17,374)	(9,103)
Net cash flows from operating activities	85,304	44,626
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,228	1,429
Investment in available-for-sale investment	(9,964)	–
Interest in a joint venture	–	(828)
Purchases of items of property, plant and equipment	(16,783)	(3,721)
Decrease/(increase) in time deposits	13,023	(11,057)
Net cash flows used in investing activities	(12,496)	(14,177)

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank loan	(1,260)	–
Contribution by non-controlling interests	300	–
Net cash flows used in financing activities	(960)	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	71,848	30,449
Cash and cash equivalents at beginning of Period	297,873	273,357
Effect of foreign exchange rate changes, net	–	–
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	369,721	303,806
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	226,950	248,614
Non-pledged time deposits with original maturity of less than three months when acquired	142,771	55,192
Cash and cash equivalent as stated in the consolidated statement of cash flows	369,721	303,806

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2016

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 was principally engaged in restaurant operations and food productions.

2. Basis of Preparation and Principal Accounting Policies

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial information are consistent with those of the Group as set out in the Group’s annual financial statements for the year ended 31 December 2015, except for the following new and revised Hong Kong Financial Reporting Standards (the “**HKFRSS**”) that have been adopted by the Group for the first time in 2016 for the current period’s interim financial information.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011) <i>Annual Improvements 2012-2014 Cycle</i>	<i>Equity Method in Separate Financial Statements Amendments to a number of HKFRSS</i>

The adoption of the new and revised HKFRSS has had no significant financial effect on the interim financial information.

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 interim financial information.

HKFRS 9	<i>Financial Instruments</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> ³
HKFRS 15	<i>Revenue from Contracts with Customer</i> ¹
HKFRS 16	<i>Leases</i> ²

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

² Effective for annual periods beginning on or after 1 January 2019

³ No mandatory effective date is determined but is available for early adoption

The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application, certain of which may be relevant to the Group's operation and may result in changes in the Group's accounting policies, and changes in presentation and measurement of certain items of the Group's interim financial information.

3. Revenue and Other Income

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Revenue:		
Gross revenue	653,979	576,960
Less: sales related tax	(24,290)	(31,154)
	629,689	545,806
Other income:		
Bank interest income	1,228	1,429
Commission income [#]	11,151	8,764
Others	4,669	4,373
	17,048	14,566

[#] 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 reportable operating segments as in Northern, Eastern, Southern and Western regions of China.

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:

	Northern region		Eastern region		Southern region		Western region		Total	
	For the six months ended 30 June									
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Segment revenue:										
Sales to external customers	167,925	153,670	289,779	274,416	154,481	117,720	17,504	-	629,689	545,806
Inter-segment sales	-	-	18,000	14,594	-	-	-	-	18,000	14,594
	167,925	153,670	307,779	289,010	154,481	117,720	17,504	-	647,689	560,400
<i>Reconciliation:</i>										
Elimination of inter-segment sales									(18,000)	(14,594)
Revenue									629,689	545,806
Segment results	22,356	14,428	43,780	24,718	15,178	15,128	1,450	-	82,764	54,274
<i>Reconciliation:</i>										
Interest income									442	365
Share of losses of joint ventures									(2,939)	-
Unallocated expenses									(19,470)	(16,406)
Finance costs									(518)	-
Profit before tax									60,279	38,233

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 most 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	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Directors' emoluments	2,339	2,172
Other staff costs	160,753	136,561
Pension scheme contributions	11,212	9,903
Total staff costs	174,304	148,636
Depreciation of items of property, plant and equipment	28,530	28,001
Amortisation of intangible assets	1,284	763

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 2015: 25%).

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Current – PRC		
Charge for the period	16,906	8,362
Underprovision in prior periods	316	–
Deferred	1,210	593
	18,432	8,955

7. Dividend

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Interim special dividend – HK6.00 cents per ordinary share (six months ended 30 June 2015: Nil)	21,371	–

On 25 August 2016, the Board declared an interim special dividend for the Period of HK6.00 cents per ordinary share.

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	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the Company	41,008	29,278

	Number of shares	
Shares:		
Weighted average number of ordinary shares in issue during the period for the purpose of basic and diluted earnings per share	423,938,231	420,729,994

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.

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Trade receivables	16,044	12,667
Prepayments	20,289	17,183
Deposits and other receivables	40,694	32,848
	77,027	62,698
Less: Deposits classified as non-current assets	(27,731)	(28,451)
	49,296	34,247

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 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Trade receivables:		
Within 30 days	13,978	8,960
31 to 60 days	932	2,398
61 to 90 days	248	450
Over 90 days	886	859
	16,044	12,667

10. Trade and Other Payables

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Trade payables	64,901	59,775
Other payables and accruals	40,763	41,315
Salary and welfare payables	34,382	34,041
Receipts in advance	78,447	67,026
Dividend payable	38,823	–
	257,316	202,157

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 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Trade payables:		
Within 30 days	45,489	44,459
31 to 60 days	13,373	7,233
61 to 90 days	994	2,970
91 to 180 days	1,284	1,377
Over 180 days	3,761	3,736
	64,901	59,775

11. Issued Capital

	As at 30 June 2016		As at 31 December 2015	
	HK\$'000 (unaudited)	RMB'000 equivalent (unaudited)	HK\$'000 (audited)	RMB'000 equivalent (audited)
Authorised: 2,000,000,000 (31 December 2015: 2,000,000,000) ordinary shares of HK\$0.10 (31 December 2015: HK\$0.10) each	200,000		200,000	
Issued and fully paid: 424,019,000 (31 December 2015: 421,919,000) ordinary shares of HK\$0.1 (31 December 2015: HK\$0.1) each	42,402	35,586	42,192	35,409

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 2016	421,919,000	42,192	35,409
Issue of shares under a share award plan	2,100,000	210	177
At 30 June 2016	424,019,000	42,402	35,586

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	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Purchase of leasehold improvement and equipment ⁽ⁱ⁾	325	90
Rental expenses ⁽ⁱⁱ⁾	516	516
Rental expenses ⁽ⁱⁱⁱ⁾	1,682	1,520

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 Mecos Group at rates agreed between the Group and Mecos 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 Mecos 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, interest-bearing bank borrowings, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, an amount due to a related company and balances with joint ventures 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 (amended on 1 January 2016)
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 as set out in Appendix 14 of 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



Abbreviation	Definition
Nomination Committee	nomination committee of the Company established on 25 March 2011 with written terms of reference
Period	1 January 2016 to 30 June 2016
PRC	People's Republic of China
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