



太興集團控股有限公司

TAI HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 6811

2021

INTERIM REPORT

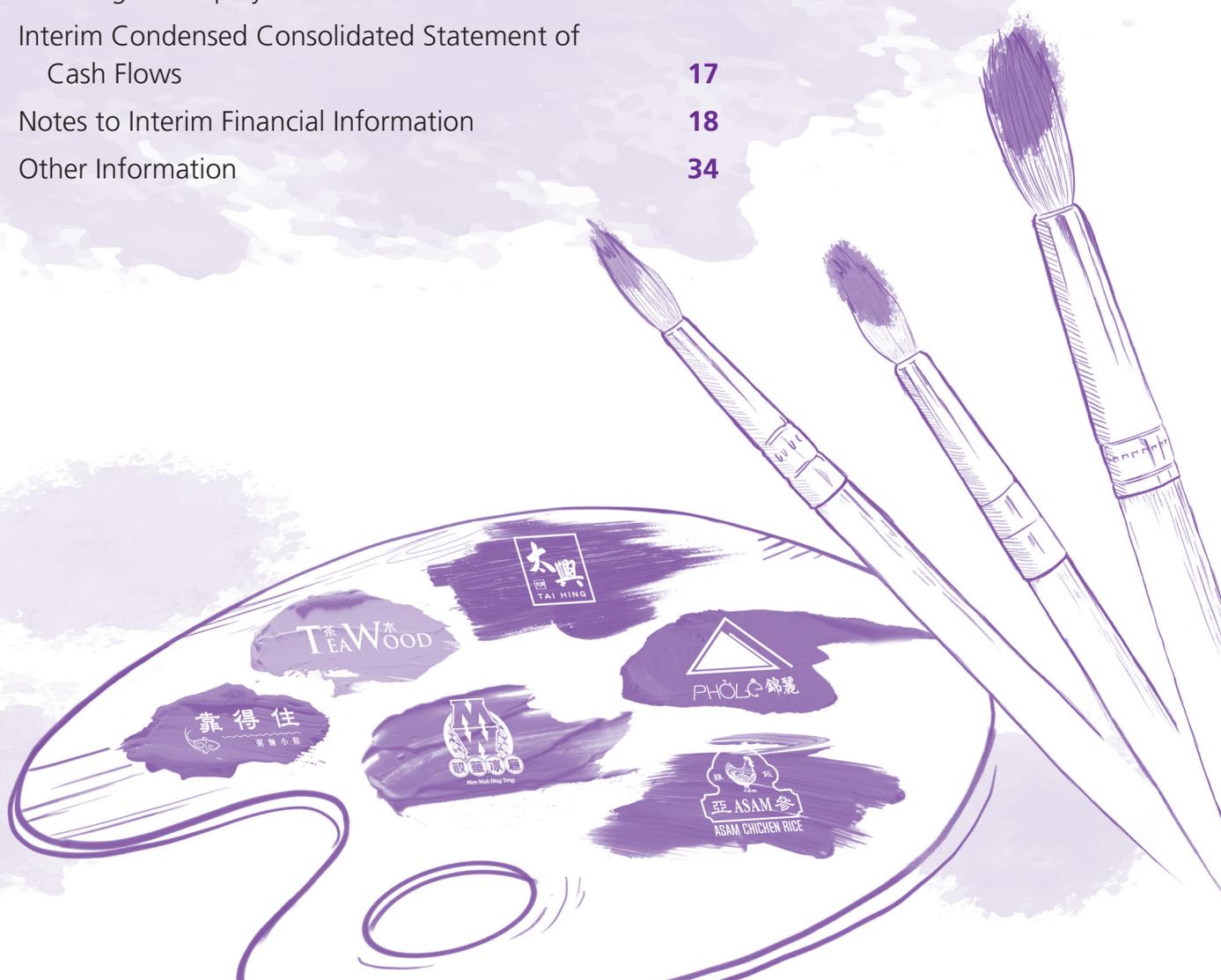


Multi-brands  
Multiple Experience



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Chan Wing On (*Chairman*)  
Mr. Yuen Chi Ming  
Mr. Lau Hon Kee  
Ms. Chan Shuk Fong

### Non-Executive Director

Mr. Ho Ping Kee

### Independent Non-Executive Directors

Mr. Mak Ping Leung  
(alias: Mak Wah Cheung)  
Mr. Wong Shiu Hoi Peter  
Dr. Sat Chui Wan

## AUDIT COMMITTEE

Dr. Sat Chui Wan (*Chairman*)  
Mr. Mak Ping Leung  
(alias: Mak Wah Cheung)  
Mr. Wong Shiu Hoi Peter

## REMUNERATION COMMITTEE

Mr. Mak Ping Leung (*Chairman*)  
(alias: Mak Wah Cheung)  
Mr. Chan Wing On  
Ms. Chan Shuk Fong  
Mr. Wong Shiu Hoi Peter  
Dr. Sat Chui Wan

## NOMINATION COMMITTEE

Mr. Chan Wing On (*Chairman*)  
Ms. Chan Shuk Fong  
Mr. Mak Ping Leung  
(alias: Mak Wah Cheung)  
Mr. Wong Shiu Hoi Peter  
Dr. Sat Chui Wan

## COMPANY SECRETARY

Ms. Lau Yin Wan  
(appointed with effect from 15 June 2021)  
Mr. Wong Kin Pong Edmond  
(resigned with effect from 15 June 2021)

## AUDITOR

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

## LEGAL ADVISERS

### As to Hong Kong law:

Deacons

### As to Cayman Islands law:

Conyers Dill & Pearman

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited

## 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

13/F, Chinachem Exchange Square  
1 Hoi Wan Street  
Quarry Bay  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers 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 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## STOCK CODE

6811

## WEBSITE

[www.taihing.com](http://www.taihing.com)

# FINANCIAL HIGHLIGHTS

	Six-months ended		Change
	30 June 2021 (Unaudited)	2020 (Unaudited)	
<b>Revenue (HK\$'000)</b>	<b>1,532,667</b>	1,316,937	16.4%
Hong Kong, Macau and Taiwan	<b>1,177,108</b>	1,135,499	3.7%
Mainland China	<b>355,559</b>	181,438	96.0%
<b>Gross profit margin (%)</b>	<b>71.8%</b>	70.5%	1.3 percentage points
<b>Profit attributable to owners of the Company (HK\$'000)</b>	<b>33,441</b>	8,405	297.9%
<b>Basic earnings per share (HK cents)</b>	<b>3.34</b>	0.84	297.6%
<b>Interim dividend per share (HK cents)</b>	<b>2.50</b>	1.30	92.3%
<b>Number of restaurants</b>	<b>30 June 2021</b>	31 December 2020	
Hong Kong	<b>157</b>	148	9
Mainland China	<b>63</b>	62	1
Macau	<b>1</b>	1	–
Taiwan	<b>2</b>	2	–
Total	<b>223</b>	213	10



# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERALL PERFORMANCE

The Board of Directors (the “Board”) of Tai Hing Group Holdings Limited (the “Company”), together with its subsidiaries (“Tai Hing Group” or the “Group”), is pleased to announce the Group’s interim results for the six months ended 30 June 2021 (“1H2021” or the “Review Period”), together with the comparative figures for the corresponding period of 2020 (“1H2020”).

The outbreak of the COVID-19 was largely brought under control during the Review Period, and market confidence and consumption sentiment were gradually restored as a result. However, the market still faced a number of challenges and continued uncertainty due to various anti-epidemic measures, including those tight social distancing regulations implemented by the Hong Kong Government before the Chinese New Year, though slightly relaxed with the roll-out of vaccination program, as well as lockdowns imposed in some cities of Guangdong Province, Mainland China in response to a surge in new cases. While these measures inevitably affected the Group’s business in both Hong Kong and Mainland China, the Group has been well-equipped with extensive experience in coping with the effects of the pandemic and has taken swift action to mitigate their impact. As a result, the Group was still able to record satisfactory overall revenue for the Review Period, with a year-on-year increase of 16.4% to reach HK\$1,532.7 million in 1H2021 (1H2020: HK\$1,316.9 million).

Hong Kong remains the Group’s principal market. During the Review Period, the Hong Kong, Macau and Taiwan markets collectively contributed to revenue of HK\$1,177.1 million (1H2020: HK\$1,135.5 million), an increase of 3.7% as compared with the same period last year. The Mainland China market, meanwhile, contributed HK\$355.6 million in revenue in 1H2021 (1H2020: HK\$181.4 million), up 96.0% as compared with 1H2020. The Group’s gross profit and gross profit margin were HK\$1,100.9 million (1H2020: HK\$928.4 million) and 71.8% (1H2020: 70.5%), respectively, aided by the economies of scale achieved through the operation of one food factory in Hong Kong and another in Mainland China, alongside the bulk purchase discounts provided by suppliers. The Group’s profit attributable to owners of the Company during 1H2021 amounted to HK\$33.4 million (1H2020: HK\$8.4 million). Basic earnings per share attributable to owners of the Company were HK3.34 cents (1H2020: HK0.84 cents).

The Group’s financial position remains positive, with sufficient cash and a healthy operating cash flow that has enabled it to withstand the current headwinds and fuel further growth. As at 30 June 2021, the Group had cash and cash equivalents of HK\$518.5 million (as at 31 December 2020: HK\$562.1 million).

## OPERATING COSTS

### Cost of Materials Consumed

The cost of materials consumed amounted to HK\$431.7 million (1H2020: HK\$388.5 million) for the Review Period. Having operated a food production facility in Mainland China since October 2018, in addition to its established factory in Hong Kong, the Group has been able to increase its production output and improve its efficiency, allowing for greater economies of scale. The Group has also benefitted from discounts obtained through bulk purchasing, and has negotiated with its suppliers for higher discounts amid ongoing external uncertainty. Furthermore, the Group has introduced universal menu options on some high growth brands, in order to achieve greater flexibility. Consequently, the Group has been able to effectively control its food costs.



# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATING COSTS (Continued)

### Staff Costs

The Group has implemented flexible work arrangements since the onset of the pandemic. Employees are able to take leave during non-peak periods, optimising manpower and ensuring that the Group's operations remain unaffected. Besides, the Group simplified the workflows of certain high-growth brands, which resulted in a reduction in manpower. However, staff costs rose to HK\$534.4 million in 1H2021 (1H2020: HK\$449.0 million) due to the absence of the Employment Support Scheme ("ESS") subsidies from the Hong Kong Government. Nonetheless, it is worth noting that if ESS subsidies were excluded, the staff costs to revenue ratio would have decreased during the Review Period, as compared with that of 1H2020.

### Amortisation of Right-of-Use Assets, Rental and Related Expenses

During 1H2021, the Group's amortisation of right-of-use assets, rental and related expenses amounted to HK\$251.6 million (1H2020: HK\$218.3 million) with related finance costs of HK\$19.3 million (1H2020: HK\$19.7 million). The Group continued to negotiate with landlords for rent reductions and other concessions in the face of the negative impact of the pandemic. It also placed greater effort on internal analysis for rental arrangements, which helped to reduce rental and related expenses. Accordingly, rental and related expenses to revenue ratio had slightly decreased during the Review Period.

## INDUSTRY REVIEW

According to data released by the Hong Kong Government's Census and Statistics Department, the estimated aggregate revenue generated by restaurants in Hong Kong in the second quarter of 2021 was HK\$23.3 billion, representing a year-on-year increase of 9.9%<sup>1</sup>, reflecting that Hong Kong food and beverage industry rebounded along the stable local epidemic situation and improved market confidence and consumption sentiment.

Prospects in Mainland China were also positive. The economy has continued to recover in the wake of the pandemic, with the National Bureau of Statistics having announced that the country's GDP grew by 7.9% in the second quarter of the year when compared with the same period last year<sup>2</sup>. The local catering industry also recorded encouraging results, with revenue totalling RMB2171.2 billion for the period from January to June 2021, an increase of 48.6% over the corresponding period of last year<sup>3</sup>. However, the possibility of having a second wave of COVID-19, coupled with sporadic regional outbreaks, means that there is still cause for concern for the catering sector.

<sup>1</sup> Census and Statistics Department  
[https://www.censtatd.gov.hk/en/data/stat\\_report/product/B1080002/att/B10800022021Q02B0100.pdf](https://www.censtatd.gov.hk/en/data/stat_report/product/B1080002/att/B10800022021Q02B0100.pdf)

<sup>2</sup> The National Bureau of Statistics of China  
[http://www.stats.gov.cn/english/PressRelease/202107/t20210719\\_1819688.html](http://www.stats.gov.cn/english/PressRelease/202107/t20210719_1819688.html)

<sup>3</sup> The National Bureau of Statistics of China  
[http://www.stats.gov.cn/english/PressRelease/202107/t20210716\\_1819547.html](http://www.stats.gov.cn/english/PressRelease/202107/t20210716_1819547.html)



# MANAGEMENT DISCUSSION AND ANALYSIS

## GEOGRAPHICAL ANALYSIS

In Hong Kong, the restrictions on catering businesses have been partially relaxed in recent months, with anti-epidemic measures such as social distancing policies and vaccine rollouts proving effective in controlling the pandemic. While an improvement in consumption sentiment has been observed during the Review Period, the sector has yet to see a return to normal in terms of dine-in level, and the Group has therefore continued to increase its efforts in boosting sales from takeaway and delivery services. As a result, revenue from such services to total revenue for the Group's restaurant operations was approximately 28.0% during 1H2021, offsetting the decline in dine-in revenue.

As for the Group's operations in Mainland China, another wave of COVID-19 that erupted in late May across Guangdong province posed a challenge for many restaurant chains, and the Group's business was no exception. With several major regions, such as Guangzhou, having been in lockdown in order to control the spread of the new outbreak, local eating establishments were inevitably impacted. However, high-growth brands, such as "Men Wah Bing Teng (敏華冰廳)", that cater for the mass market performed encouragingly during the Review Period, and the Group consequently opened six new restaurants under the "Men Wah Bing Teng" brand in 1H2021. Going forward, the uncertainty surrounding further potential outbreaks and subsequent lockdown measures is likely to pose new challenges for the catering sector. The Group will continue to closely monitor the situation in order to adapt its operations accordingly and maintain its profitability.

## BUSINESS SEGMENT ANALYSIS

"Tai Hing" is a multi-brand casual dining restaurant group headquartered in Hong Kong, with a market presence stretching more than three decades. In addition to its flagship "Tai Hing (太興)" brand, the Group has launched, acquired and licensed a number of brands over the years. This expansive portfolio currently includes "TeaWood (茶木)", "Trusty Congee King (靠得住)", "Men Wah Bing Teng (敏華冰廳)", "Phở Lê (錦麗)", "Tokyo Tsukiji (東京築地食堂)", "Fisher & Farmer (漁牧)", "Rice Rule (飯規)", "Hot Pot Couple (夫妻沸片)", "King Fong Bing Teng (瓊芳冰廳)", "Asam Chicken Rice (亞參雞飯)", "Daocheng (稻埕飯店)", "Dumpling Station (餃子馱)" and "Dimpot (點煲)", providing its customers with a multitude of dining options.

As at 30 June 2021, the Group had a network of 223 restaurants (as at 31 December 2020: 213 restaurants) in Hong Kong, Mainland China, Macau and Taiwan.

The "Men Wah Bing Teng" brand continued to serve as one of the major catalysts boosting the Group's sales. Having outperformed the market in 1H2021, the business achieved significant revenue growth during the period, increasing by 63.4% to HK\$345.0 million (1H2020: HK\$211.2 million). It was also the Group's second-largest revenue contributor during the Review Period, accounting for 22.5% (1H2020: 16.0%) of the Group's total revenue in 1H2021. In light of the brand's impressive sales revenue, the Group opened six new stores in both Hong Kong and Mainland China in 1H2021. In order to maintain its pace of growth, the Group will exert further efforts in the promotion of "Men Wah Bing Teng" in the Greater Bay Area as well as other potential markets.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS SEGMENT ANALYSIS *(Continued)*

“Asam Chicken Rice” was another fast-growing revenue contributor of the Group in 1H2021, with impressive revenue growth of 873.2% to HK\$57.42 million (1H2020: HK\$5.90 million) and same-store sales growth reaching a high single-digit percent during the Review Period. The brand’s eateries have proved popular among office workers in premier districts and families in residential areas, with takeaway orders being particularly strong. During 1H2021, the Group opened five new “Asam Chicken Rice” restaurants — hence a total of 11 branches in Hong Kong, which are located principally in core business and residential districts and cater for the dining needs of consumers in those locations. By in large, the new branches received favourable market response during the Review Period, which led to a ninefold increase in revenue when compared with that of 1H2020. The profitability of “Asam Chicken Rice” was also more competitive owing primarily to less manpower required in the kitchen and more universal menu options.

As the Group’s signature brand, “Tai Hing” is a well-recognised name in the mass market and continues to be a stable source of revenue. With the majority of its restaurants located in shopping malls or within well-populated communities, it has successfully captured the demand arising from the work-from-home trend. In order to remain aligned with current local catering trends, the Group is currently reviewing the brand positioning and consolidating its store network, with an enhancement review expected to be conducted in the near term with an aim to fully unleash the brand’s market potential. During 1H2021, the “Tai Hing” brand generated revenue totalling HK\$734.3 million (1H2020: HK\$692.6 million), which represents 48.0% of the Group’s total revenue for the Review Period.

“TeaWood” remained the Group’s third-largest revenue contributor during the Review Period, having achieved revenue of HK\$178.7 million (1H2020: HK\$204.9 million), which represents 11.7% (1H2020: 15.6%) of the Group’s total revenue in 1H2021. In order to ensure that the brand maintains its satisfactory performance, the Group will continue to adjust the menus of its brand portfolio and utilise effective marketing strategies to keep up with current consumption trends.

Having introduced several new brands including “Daocheng (稻埕飯店)”, “Dumpling Station (餃子駅)” and “Dimpot (點煲)” to the market during the preceding financial year, the Group will continue to nurture and enhance these new brands to ensure that they reach their full potential.

With the dine-at-home trend having gained momentum in the wake of the pandemic, the Group has placed greater emphasis on enhancing its takeaway and delivery operations. It continued to work with leading third-party food ordering platforms, both in Hong Kong and Mainland China while continuing to advance its self-developed digital mobile APP, “Fanfanslife”, and enhance its membership program to strengthen customer loyalty and for direct marketing to reduce cost. In addition, the Group has further developed its line of ready-to-eat products in order to capitalise on the increasing dine-at-home trend.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE, EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES AND OTHERS

### Liquidity and Financial Resources

The principal sources of funds for the Group are through a combination of internally generated cash flows, bank borrowings and proceeds received from listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 June 2019 ("Listing"). As at 30 June 2021, the Group's cash and cash equivalents were approximately HK\$518.5 million (31 December 2020: approximately HK\$562.1 million). The majority of the bank deposits and cash were denominated in Hong Kong dollars and Renminbi. The additional funds raised from Listing would be used for implementing the future expansion plan.

As at 30 June 2021, the Group's total current assets and current liabilities were approximately HK\$744.2 million (31 December 2020: approximately HK\$813.9 million) and approximately HK\$990.9 million (31 December 2020: approximately HK\$1,009.3 million), respectively, while the current ratio of the Group (calculated by dividing total current assets by total current liabilities at the end of respective periods) was approximately 0.8 times (31 December 2020: approximately 0.8 times).

The Group had interest-bearing bank borrowings of approximately HK\$120.0 million as at 30 June 2021 (31 December 2020: approximately HK\$78.8 million). The interest-bearing bank borrowings were secured, denominated in Hong Kong dollars and subject to floating rate basis. During the six-month period ended 30 June 2021, there were no financial instruments used for hedging purposes.

As at 30 June 2021, the gearing ratio of the Group (calculated by dividing the interest-bearing bank borrowings by equity attributable to owners of the Company) was approximately 11.4% (31 December 2020: approximately 7.3%).

### Foreign Currency Risk

The Group's revenue and costs are mostly denominated in Hong Kong dollars and Renminbi. The change in value of the Renminbi against the Hong Kong dollars may fluctuate and is affected by changes in China's political and economic conditions. The appreciation or devaluation of the Renminbi against Hong Kong dollars may affect the Group's results. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. The Group will continue to closely monitor the foreign currency exposure and take appropriate measures to minimize the risk when necessary.

### Contingent Liabilities

As at 30 June 2021, the Group had contingent liabilities of approximately HK\$47.5 million (31 December 2020: approximately HK\$40.1 million) in respect of bank guarantees given in favour of the landlords in lieu of rental deposits.



# MANAGEMENT DISCUSSION AND ANALYSIS

## CHARGE ON GROUP ASSETS

As at 30 June 2021, the Group had certain property, plant and equipment and right-of-use assets with an aggregate net carrying value of approximately HK\$248.0 million (31 December 2020: HK\$253.0 million) pledged to secure the bank borrowings granted to the Group.

## MATERIAL ACQUISITIONS AND DISPOSAL

Save as disclosed herein, for the six months ended 30 June 2021, the Group did not make any material acquisitions and disposal of subsidiaries, associates and joint ventures, significant investments nor capital commitment.

## EMPLOYEES

The Group had approximately 7,200 employees as at 30 June 2021 (31 December 2020: approximately 6,900). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2021 and up to the date of this report.

## PROSPECTS AND BUSINESS STRATEGIES

With its successful multi-brand strategy, the Group is well positioned to take advantage of opportunities under the current market conditions. It will therefore continue to negotiate with landlords for rent reductions and other concessions, in order to strengthen its control over rental and related expenses in the next three years. Meanwhile, as the Group's multi-brand strategy remains key to its future development, it will strategically integrate its brand portfolio in response to marketing performance. It will also continue to steadily expand its restaurant network in a prudent and pragmatic manner. A principal focus of this expansion plan — covering both Mainland China and Hong Kong, will centre on the Group's high-growth brands which have enjoyed remarkable success and generated high returns, such as "Men Wah Bing Teng". In addition, with the Southeast Asian cuisine brand "Asam Chicken Rice", which was launched in late 2019, having received such a positive market response, the Group has plans to introduce it to the Mainland China market later this year. The Group will continue to develop and launch new brands in both Hong Kong and Mainland China based on market trends and customer preferences. To this end, more new casual dining brands are set to be introduced to both markets in the near future.

In order to support its rapid business growth in the future, the Group will further optimise the production capacity of its food factories in both Mainland China and Hong Kong as well as improve the quantity, variety and quality of output from such factories through "direct procurement and centralised production", and thus effectively reduce food costs and bolster the Group's competitiveness. It is worth noting that the food factory in Dongguan recorded a profit and achieved an increase in production capacity in 1H2021, and the Group hopes to emulate this success at both of its factories going forward.



## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS AND BUSINESS STRATEGIES *(Continued)*

Regarding the HK\$5,000 consumption voucher introduced by the Hong Kong Government as part of the Consumption Voucher Scheme (“the Scheme”) to encourage public support of the local retail, catering and service sectors, the first batch of consumption vouchers were issued on 1 August 2021. The Group has been buoyed by the public response and plans to further capture opportunities by co-operating with various designated digital payment platforms and with corporations and shopping malls in Hong Kong to attract more consumers. In addition, the Group will also give full play to its multi-brand advantages and launch special promotions relating to the Scheme, so as to enhance the appeal of its restaurants among consumers and capitalise on the synergies generated among the brands. Given Tai Hing Group’s positioning as a multi-brand casual dining restaurant group targeting the general public, it is confident that the Scheme can help boost its sales performance in the second half of this year.

The Group has taken a conservative approach in allocating resources to marketing activities over the past year due to the lingering pandemic situation and poor market sentiment. However, with the pandemic being brought under control in Hong Kong, the Group will bolster its marketing efforts going forward in order to stimulate consumption at its restaurants and revitalise its brand image. This will begin with the launch of marketing campaigns for the “Tea Wood” brand through online and offline cross-platform promotions to attract high-quality consumers with strong purchasing power. With respect to the Group’s signature brand, “Tai Hing” and high-growth brand “Men Wah Bing Teng”, a series of marketing activities focusing on promoting the brands’ hero products will be launched in accordance with the strategic goal of further boosting consumption and increasing revenue.

In view of the global digitisation trend, the Group will continue to further increase its level of systematic digitalisation and increase automation so as to improve the efficiency of its restaurant operations. The Group will also develop its first integrated digital mobile application with the aim of enhancing and improving its customer relationship management. In addition, by utilising big data applications, the Group will be able to increase both the effectiveness and flexibility in which marketing resources are allocated, leading ultimately to greater patronage and stronger loyalty from target customers. Furthermore, by leveraging the Group’s solid customer base, it will be able to develop online sales and delivery platform as well as promote the cross-selling of its products in the future. With this in mind, it will dedicate greater resources to the deployment of various advanced technology systems, upgrade its IT systems, and utilise big data applications, with the ultimate objective of supporting the expansion of the Group’s restaurant network and facilitating sustainable development in the long run.

Given the constantly evolving pandemic situation, the Group remains cautiously optimistic about its prospects in the remaining year. However, the pace and degree of the market’s recovery will be very much dependent on how fully the virus subsides in the near future. The Group will therefore continue to closely monitor market developments and will take proactive and appropriate steps to facilitate continuous business growth based on the external environment. The management remains confident in the Group’s ability to withstand the current headwinds and move towards a more favourable trajectory once market conditions improve.



# INDEPENDENT REVIEW REPORT



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ey.com

To the board of directors of  
**Tai Hing Group Holdings Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 12 to 33, which comprises the condensed consolidated statement of financial position of Tai Hing Group Holdings Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Ernst & Young**  
Certified Public Accountants  
Hong Kong

26 August 2021

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>REVENUE</b>	4	<b>1,532,667</b>	1,316,937
Cost of materials consumed		<b>(431,745)</b>	(388,549)
Gross profit		<b>1,100,922</b>	928,388
Other income and gains, net	4	<b>40,679</b>	39,077
Staff costs		<b>(534,375)</b>	(448,972)
Depreciation and amortisation		<b>(80,816)</b>	(78,234)
Amortisation of right-of-use assets, rental and related expenses		<b>(251,564)</b>	(218,279)
Other operating expenses, net		<b>(213,677)</b>	(183,153)
Finance costs	6	<b>(20,314)</b>	(24,698)
<b>PROFIT BEFORE TAX</b>	5	<b>40,855</b>	14,129
Income tax expense	7	<b>(9,028)</b>	(6,595)
<b>PROFIT FOR THE PERIOD</b>		<b>31,827</b>	7,534
Profit for the period attributable to:			
Owners of the Company		<b>33,441</b>	8,405
Non-controlling interests		<b>(1,614)</b>	(871)
		<b>31,827</b>	7,534
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic	9	<b>HK3.34 cents</b>	HK0.84 cent
Diluted	9	<b>HK3.33 cents</b>	HK0.84 cent

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>31,827</b>	7,534
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>4,410</b>	(3,778)
	<b>4,410</b>	(3,778)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>36,237</b>	3,756
Attributable to:		
Owners of the Company	<b>37,785</b>	4,594
Non-controlling interests	<b>(1,548)</b>	(838)
	<b>36,237</b>	3,756

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment and right-of-use assets	10	2,102,100	2,195,312
Investment properties		45,041	36,867
Intangible assets		934	1,012
Prepayments, deposits and other receivables		145,725	141,244
Deferred tax assets		24,971	26,311
Total non-current assets		2,318,771	2,400,746
<b>CURRENT ASSETS</b>			
Inventories		68,649	78,800
Trade receivables	11	21,618	24,331
Prepayments, deposits and other receivables		132,798	130,716
Tax recoverable		2,628	17,953
Cash and cash equivalents		518,531	562,081
Total current assets		744,224	813,881
<b>CURRENT LIABILITIES</b>			
Trade payables	12	98,297	91,935
Other payables and accruals		220,702	248,796
Contract liabilities		41,304	77,847
Interest-bearing bank borrowings		120,000	24,230
Lease liabilities		497,705	555,028
Tax payable		12,870	11,500
Total current liabilities		990,878	1,009,336
<b>NET CURRENT LIABILITIES</b>		<b>(246,654)</b>	(195,455)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,072,117</b>	2,205,291

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		979,360	1,029,264
Other payables and accruals		32,295	33,589
Interest-bearing bank borrowings		–	54,545
Deferred tax liabilities		4,478	4,881
Total non-current liabilities		1,016,133	1,122,279
Net assets		1,055,984	1,083,012
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital	13	10,019	10,019
Reserves		1,041,961	1,067,441
Non-controlling interests		1,051,980	1,077,460
		4,004	5,552
Total equity		1,055,984	1,083,012

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company										
	Issued capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Statutory reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>For the six months ended 30 June 2021</b>											
At 1 January 2021 (audited)	10,019	718,655	118,643	5,207	(14,885)	8,099	6,160	225,562	1,077,460	5,552	1,083,012
Profit for the period	-	-	-	-	-	-	-	33,441	33,441	(1,614)	31,827
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	4,344	-	-	-	4,344	66	4,410
Total comprehensive income for the period	-	-	-	-	4,344	-	-	33,441	37,785	(1,548)	36,237
Final 2020 dividends declared	-	-	-	-	-	-	-	(64,320)	(64,320)	-	(64,320)
Equity-settled share option arrangement (note 14(a))	-	-	-	-	-	-	1,055	-	1,055	-	1,055
Transfer of share option reserve upon the lapse of share options	-	-	-	-	-	-	(2)	2	-	-	-
At 30 June 2021 (unaudited)	10,019	718,655*	118,643*	5,207*	(10,541)*	8,099*	7,213*	194,685*	1,051,980	4,004	1,055,984
<b>For the six months ended 30 June 2020</b>											
At 1 January 2020 (audited)	10,000	713,488	118,643	5,207	(28,518)	7,246	2,180	138,475	966,721	4,133	970,854
Profit for the period	-	-	-	-	-	-	-	8,405	8,405	(871)	7,534
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	(3,811)	-	-	-	(3,811)	33	(3,778)
Total comprehensive income for the period	-	-	-	-	(3,811)	-	-	8,405	4,594	(838)	3,756
Final 2019 dividends declared	-	-	-	-	-	-	-	(18,000)	(18,000)	-	(18,000)
Equity-settled share option arrangement (note 14(a))	-	-	-	-	-	-	6,363	-	6,363	-	6,363
At 30 June 2020 (unaudited)	10,000	713,488	118,643	5,207	(32,329)	7,246	8,543	128,880	959,678	3,295	962,973

\* These reserve accounts comprise the consolidated reserves of HK\$1,041,961,000 (31 December 2020: HK\$1,067,441,000) in the condensed consolidated statement of financial position.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	40,855	14,129
Adjustments for:		
Non-cash adjustments	328,255	340,941
Working capital adjustments	(55,684)	(57,705)
Cash generated from operations	313,426	297,365
Hong Kong profits tax refunded/(paid)	9,266	(39,160)
Overseas tax refunded/(paid)	(449)	506
Net cash flows from operating activities	322,243	258,711
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,181	5,048
Purchases of items of property, plant and equipment and right-of-use assets	(86,408)	(66,671)
Purchase of investment properties	(7,795)	(7,106)
Proceeds from disposal of items of property, plant and equipment	1,416	3,488
Net cash flows used in investing activities	(91,606)	(65,241)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank borrowings	120,000	25,474
Repayment of bank borrowings	(78,775)	(46,394)
Principal portion of lease payments	(232,000)	(233,377)
Interest element on lease liabilities	(19,288)	(19,713)
Interest paid on bank borrowings	(1,026)	(4,985)
Dividends paid	(64,320)	–
Net cash flows used in financing activities	(275,409)	(278,995)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(44,772)</b>	<b>(85,525)</b>
Cash and cash equivalents at beginning of period	562,081	711,079
Effect of foreign exchange rate changes, net	1,222	3,681
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>518,531</b>	<b>629,235</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	217,411	250,236
Non-pledged time deposits with original maturity of less than three months when acquired	301,120	378,999
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	518,531	629,235



# NOTES TO INTERIM FINANCIAL INFORMATION

## 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 11 December 2017. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 13/F, Chinachem Exchange Square, 1 Hoi Wan Street, Quarry Bay, Hong Kong.

The Company is an investment holding company. During the reporting period, the Group was engaged in the operation and management of restaurants and sale of food products.

In the opinion of the directors of the Company (the “Directors”), Chun Fat Company Limited (“Chun Fat”), a company incorporated in the British Virgin Islands (the “BVI”) on 30 November 2017, is the immediate and ultimate holding company of the Company.

### 2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (“Listing Rules”) on the Stock Exchange and the Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated interim financial information does not include all 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 2020.

The unaudited condensed consolidated interim financial information has been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These unaudited condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to nearest thousand except when otherwise indicated.

### 2.2 BASIS OF PRESENTATION

As at 30 June 2021, the Group had net current liabilities of HK\$246,654,000 which included the current portion of lease liabilities of HK\$497,705,000. The Directors believe that the Group has sufficient cash flows from operations to meet its liabilities as and when they fall due. Therefore, the unaudited condensed consolidated interim financial information are prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect to these adjustments has not been reflected in the unaudited condensed consolidated interim financial information.



## NOTES TO INTERIM FINANCIAL INFORMATION

### 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 9,  
HKAS 39, HKFRS 7,  
HKFRS 4 and HKFRS 16  
Amendment to HKFRS 16

*Interest Rate Benchmark Reform — Phase 2*

*Covid-19-Related Rent Concessions beyond 30 June 2021*  
(early adopted)

Other than as explained below regarding the impact of Amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*, the revised standards are not relevant to the preparation of the Group's condensed consolidated interim financial information. The nature and impact of the revised HKFRSs are described below:

#### **Amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021***

Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of HK\$10,931,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2021.



## NOTES TO INTERIM FINANCIAL INFORMATION

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the operation and management of restaurants and sale of food products.

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

- (i) the Hong Kong, Macau and Taiwan segment is engaged in the operation of restaurants, and sale of food products; and
- (ii) the Mainland China segment is engaged in the operation of restaurants, and sale of food products.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that intersegment results and finance costs other than interest on lease liabilities are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, intangible assets and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

# NOTES TO INTERIM FINANCIAL INFORMATION

## 3. OPERATING SEGMENT INFORMATION (Continued)

### Geographical information

For the periods ended 30 June 2021 and 2020

	Hong Kong, Macau and Taiwan		Mainland China		Total	
	2021	2020	2021	2020	2021	2020
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Segment revenue</b>						
Sales to external customers*	1,177,108	1,135,499	355,559	181,438	1,532,667	1,316,937
Intersegment sales	–	–	52,534	22,845	52,534	22,845
<b>Revenue</b>	<b>1,177,108</b>	1,135,499	<b>408,093</b>	204,283	<b>1,585,201</b>	1,339,782
<i>Reconciliation:</i>						
Elimination of intersegment sales					(52,534)	(22,845)
					1,532,667	1,316,937
<b>Segment results</b>	<b>55,144</b>	71,296	<b>(12,404)</b>	(51,779)	<b>42,740</b>	19,517
Elimination of intersegment results					(859)	(403)
Finance costs (other than interest on lease liabilities)					(1,026)	(4,985)
Profit before tax					<b>40,855</b>	14,129

\* The revenue information above is based on the locations of the customers.

## NOTES TO INTERIM FINANCIAL INFORMATION

### 3. OPERATING SEGMENT INFORMATION (Continued)

#### Geographical information (Continued)

As at 30 June 2021 and 31 December 2020

	Hong Kong, Macau and Taiwan		Mainland China		Total	
	2021	2020	2021	2020	2021	2020
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
<b>Segment assets</b>	<b>1,783,629</b>	1,871,950	<b>732,302</b>	735,320	<b>2,515,931</b>	2,607,270
<i>Reconciliation:</i>						
Corporate and other unallocated assets					<b>547,064</b>	607,357
Total assets					<b>3,062,995</b>	3,214,627
<b>Segment liabilities</b>	<b>1,346,640</b>	1,505,432	<b>523,023</b>	531,027	<b>1,869,663</b>	2,036,459
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities					<b>137,348</b>	95,156
Total liabilities					<b>2,007,011</b>	2,131,615

#### Information about major customers

There was no revenue from customers individually contributing over 10% to the total revenue of the Group.

## NOTES TO INTERIM FINANCIAL INFORMATION

### 4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue from contracts with customers		
<b>(i) Disaggregated revenue information</b>		
<b>Types of goods or services</b>		
Revenue from restaurant operations	1,483,588	1,278,225
Revenue from the sale of food products	49,079	38,712
Total revenue from contracts with customers	1,532,667	1,316,937
<b>Geographical markets</b>		
Hong Kong, Macau and Taiwan	1,177,108	1,135,499
Mainland China	355,559	181,438
Total revenue from contracts with customers	1,532,667	1,316,937
<b>Timing of revenue recognition</b>		
At a point in time	1,532,667	1,316,937

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue recognised that was included in the contract liabilities at the beginning of the period — Restaurant operations	43,973	50,446

# NOTES TO INTERIM FINANCIAL INFORMATION

## 4. REVENUE, OTHER INCOME AND GAINS, NET (Continued)

### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

#### **Restaurant operations**

The performance obligation is satisfied when the catering services have been provided to customers. The Group's trading terms with its customers are mainly on cash and credit card settlement. The credit period is generally less than one month.

#### **Sale of food products**

The performance obligation is satisfied upon acceptance of the products by the customers with immediate payment. The Group's trading terms with its customers are mainly on cash, credit card settlement and on credit. The credit period is generally one to two months.

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Other income and gains, net</b>		
Bank interest income	1,181	5,048
Rental income	691	542
Royalty income	290	780
Subsidies received from utility companies for purchases of items of property, plant and equipment*	1,673	1,489
Government grants*	30,727	29,337
Foreign exchange differences, net	(78)	(1,601)
Others	6,195	3,482
	<b>40,679</b>	<b>39,077</b>

\* Government grants during the periods ended 30 June 2021 and 2020 included COVID-19 relief subsidies received. As at the end of each reporting period, there were no unfulfilled conditions or other contingencies attaching to the subsidies and government grants that had been recognised by the Group.

# NOTES TO INTERIM FINANCIAL INFORMATION

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Cost of materials consumed	431,745	388,549
Depreciation of items of property, plant and equipment	80,738	78,156
Amortisation of intangible assets	78	78
Amortisation of right-of-use assets*	218,906	216,449
Covid-19-related rent concession from lessors*	(10,931)	(39,056)
Employee benefit expenses (including directors' and chief executive's remuneration):		
Salaries, allowances and benefits in kind***	498,058	421,257
Equity-settled share option expenses	1,055	6,363
Pension scheme contributions	35,262	21,352
	<b>534,375</b>	448,972
Foreign exchange differences, net**	78	1,601
Impairment of right-of-use assets****	10,122	612
Impairment of items of property, plant and equipment****	1,749	5,180
Loss on disposal of items of property, plant and equipment****	7,419	14,623
Utilities expenses****	55,669	50,272
Packing and consumables****	27,865	24,130
Cleaning expenses****	17,012	17,671
Transportation and logistics****	14,392	12,185

\* These are included in "Amortisation of right-of-use assets, rental and related expenses" in profit or loss.

\*\* Foreign exchange differences, net are included in "Other income and gains, net" in profit or loss.

\*\*\* Employment support scheme subsidies from HKSAR Government of HK\$26,351,000 during the period ended 30 June 2020 were included in "Staff costs" in profit or loss.

\*\*\*\* These items are included in "Other operating expenses, net" in profit or loss.

## NOTES TO INTERIM FINANCIAL INFORMATION

### 6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on bank borrowings	1,026	4,985
Interest on lease liabilities	19,288	19,713
	<b>20,314</b>	24,698

### 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising from Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current — Hong Kong	5,349	6,763
Current — Elsewhere	2,742	218
Deferred tax	937	(386)
Total tax charge for the period	<b>9,028</b>	6,595

# NOTES TO INTERIM FINANCIAL INFORMATION

## 8. DIVIDEND

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interim dividends declared after the end of the reporting period — HK2.50 cents (2020: HK1.30 cents) per ordinary share	<b>25,090</b>	13,000

On 26 August 2021, the board of directors declared an interim dividend of HK2.50 cents (six months ended 30 June 2020: HK1.30 cents) per ordinary share, amounting to a total of approximately HK\$25,090,000 (six months ended 30 June 2020: HK\$13,000,000).

During the six months ended 30 June 2021, final dividend of HK\$64,320,000 (2020: HK\$18,000,000) in respect of the year ended 31 December 2020 was declared.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts for the period ended 30 June 2021 is based on the profit for the period attributable to owners of the Company of HK\$33,441,000 (2020: HK\$8,405,000) and the weighted average number of ordinary shares in issue of 1,001,873,000 (2020: 1,000,000,000).

The calculation of diluted earnings per share amounts for the period ended 30 June 2021 is based on the profit for the period attributable to owners of the Company of HK\$33,441,000 (2020: HK\$8,405,000). The weighted average number of ordinary shares used in the calculation is 1,001,873,000 (2020: 1,000,000,000) ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of 3,362,096 (2020: 4,204,965) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company	<b>33,441</b>	8,405

## NOTES TO INTERIM FINANCIAL INFORMATION

### 9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (Continued)

	Number of shares	
	2021	2020
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>1,001,873,000</b>	1,000,000,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	<b>3,362,096</b>	4,204,965
	<b>1,005,235,096</b>	1,004,204,965

### 10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

For the six months ended 30 June 2021, the Group acquired property, plant and equipment of approximately HK\$79 million (six months ended 30 June 2020: approximately HK\$61 million).

As at 30 June 2021, the Group had certain property, plant and equipment and right-of-use assets with an aggregate net carrying amount of HK\$248 million (31 December 2020: HK\$253 million) which were pledged to secure bank borrowings granted to the Group.

As at 30 June 2021, the Group's management identified certain restaurants which continued to underperform and estimated the corresponding recoverable amounts of their property, plant and equipment and right-of-use assets.

Based on these estimates, impairment losses of HK\$1,749,000 (six months ended 30 June 2020: HK\$5,180,000) and HK\$10,122,000 (six months ended 30 June 2020: HK\$612,000) were recognised to write down the carrying amounts of these items of property, plant and equipment and right-of-use assets to their recoverable amounts of HK\$15,725,000 and HK\$77,313,000 as at 30 June 2021, respectively.

The recoverable amounts of these items of property, plant and equipment and right-of-use assets were determined at the level of the cash-generating unit based on a value-in-use calculation using cash flow projections based on financial budgets covering a period of the remaining lease terms plus the anticipated renewal period approved by senior management. The discount rates applied for the cash flow projection was ranged from 10% to 13%.

# NOTES TO INTERIM FINANCIAL INFORMATION

## 11. TRADE RECEIVABLES

	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
Trade receivables	<b>21,618</b>	24,331

The Group's trading terms with its customers are mainly on cash and credit card settlement. The credit period is generally a few days to two months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
Within 1 month	<b>16,349</b>	17,316
1 to 2 months	<b>3,596</b>	4,036
2 to 3 months	<b>493</b>	677
Over 3 months	<b>1,180</b>	2,302
	<b>21,618</b>	24,331

## NOTES TO INTERIM FINANCIAL INFORMATION

### 12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the reporting period, based on the invoice date, is as follows:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within 1 month	88,442	75,729
1 to 2 months	3,547	10,256
2 to 3 months	1,089	849
Over 3 months	5,219	5,101
	<b>98,297</b>	91,935

### 13. ISSUED CAPITAL

	Number of shares	Share capital HK\$'000
<b>Authorised:</b>		
As at 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	10,000,000,000	100,000
<b>Issued and fully paid:</b>		
As at 1 January 2020	1,000,000,000	10,000
Share options exercised ( <i>note a</i> )	1,873,000	19
As at 31 December 2020, 1 January 2021 and 30 June 2021 ( <i>note b</i> )	1,001,873,000	10,019

Notes:

- (a) During the year ended 31 December 2020, the subscription rights attaching to 1,873,000 share options were exercised at the subscription price of HK\$0.45 per share, resulting in the issue of 1,873,000 shares for a total cash consideration, before expenses, of approximately HK\$843,000. An amount of HK\$4,343,000 was transferred from the share option reserve to share premium upon the exercise of the share options.
- (b) Subsequent to 30 June 2021, the subscription rights attaching to 1,723,000 share options were exercised at the subscription price of HK\$0.45 per share, resulting in the issue of 1,723,000 shares for a total cash consideration, before expenses, of approximately HK\$775,000.



## NOTES TO INTERIM FINANCIAL INFORMATION

### 14. SHARE OPTION SCHEMES

#### (a) Pre-IPO share option scheme

The Company operates a pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Pre-IPO Share Option Scheme include senior management and employees of the Group. The Pre-IPO Share Option Scheme was approved and conditionally adopted by the shareholders of the Company on 22 May 2019 and, unless otherwise cancelled or amended, will remain in force for 10 years from the effective date of the Pre-IPO Share Option Scheme.

There were 3,976,000 (31 December 2020: 4,502,000) outstanding share options under the Pre-IPO share Option Scheme as at 30 June 2021. During the six months ended 30 June 2021, the Group recognised equity-settled share option expenses of approximately HK\$1,055,000 (six months ended 30 June 2020: HK\$6,363,000) in staff costs in the consolidated statement of profit or loss.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings of the Company.

During the six months ended 30 June 2021, 525,000 share options were forfeited and 1,000 share options were lapsed under the Pre-IPO Share Option Scheme.

#### (b) Post-IPO share option scheme

The Company operates a post-IPO share option scheme (the “Post-IPO Share Option Scheme”) for the purpose of motivating eligible persons to optimise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain ongoing relationships with such eligible persons whose contributions are expected to be/will be beneficial to the Group. The Post-IPO Share Option Scheme was approved and conditionally adopted by the shareholders of the Company on 22 May 2019 and, unless otherwise cancelled or amended, will remain in force for 10 years commencing on the effective date of the Post-IPO Share Option Scheme.

Since the adoption date of the Post-IPO Share Option Scheme and up to 30 June 2021, no share options of the Company were granted, exercised, cancelled or lapsed under the Post-IPO Share Option Scheme.

# NOTES TO INTERIM FINANCIAL INFORMATION

## 15. CAPITAL COMMITMENTS

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

	<b>30 June 2021 (Unaudited) HK\$'000</b>	<b>31 December 2020 (Audited) HK\$'000</b>
Contracted, but not provided for: Leasehold improvements and plant and machinery	<b>10,345</b>	26,187

## 16. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the unaudited condensed consolidated interim financial information, the Group had the following transactions with related parties during the period:

	<b>Six months ended 30 June</b>	
	<b>2021 (Unaudited) HK\$'000</b>	<b>2020 (Unaudited) HK\$'000</b>
Lease payment to related companies	<b>2,612</b>	2,779

Lease payment to related companies were paid for properties leased from related companies for restaurant operations, offices and staff quarters based on rates and terms determined between the parties, which approximated to market rates. The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.

## NOTES TO INTERIM FINANCIAL INFORMATION

### 16. RELATED PARTY TRANSACTIONS *(Continued)*

#### (b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Short-term employee benefits	8,662	8,262
Post-employment benefits	45	62
	<b>8,707</b>	8,324

### 17. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for were as follows:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Bank guarantees in favour of landlords in lieu of deposits	47,495	40,108

## OTHER INFORMATION

### INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK2.50 cents per share (six months ended 30 June 2020: HK1.30 cents per share) for the six months ended 30 June 2021 payable to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Wednesday, 13 October 2021. The dividend warrants of the interim dividend are expected to be despatched to the Shareholders on or before Thursday, 4 November 2021.

### CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend for the six months ended 30 June 2021, the register of members of the Company will be closed from Monday, 11 October 2021 to Wednesday, 13 October 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend for the six months ended 30 June 2021, all transfer forms duly accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 8 October 2021.

### USE OF NET PROCEEDS FROM LISTING

The Company successfully listed its shares on the Stock Exchange ("Listing") on 13 June 2019 (the "Listing Date") and issued a total of 250,000,000 ordinary shares of the Company by way of share offer at the offer price of HK\$3.00 on Listing. The net proceeds from the share offer in association with the Listing amounted to HK\$694.5 million.

The use of the net proceeds from the Listing Date to 30 June 2021 was as follows:

Use of net proceeds	Percentage of net proceeds	Net proceeds (in HK\$ million)	Amount utilised (in HK\$ million)	Amount remaining (in HK\$ million)	Expected timeline for utilization of the unused net proceeds
Opening new restaurants in Hong Kong and Mainland China	44.0%	305.6	226.4	79.2	On or before 31 December 2022
Enhancement and expansion of food factories in Hong Kong and Mainland China	35.0%	243.0	44.8	198.2	On or before 31 December 2023
Renovation of existing restaurants in Hong Kong and Mainland China	11.0%	76.4	26.6	49.8	On or before 31 December 2022
Additional working capital and other general corporate purposes	10.0%	69.5	69.5	0.0	
Total	100.0%	694.5	367.3	327.2	

## OTHER INFORMATION

### USE OF NET PROCEEDS FROM LISTING (Continued)

The Board had closely monitored the use of net proceeds with reference to those disclosed in the prospectus of the Company dated 30 May 2019 (the “Prospectus”).

The Directors will constantly evaluate the Group’s business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. The Directors will also take a cautious approach continually when considering using the proceeds and closely monitor the changes of the market conditions from time to time.

The expected timeline of full utilisation of the unutilised net proceeds is based on the Directors’ best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions. Should there be any material change in the intended use of the unutilised net proceeds, the Company will make appropriate announcement(s) in due course.

### SHARE OPTION SCHEMES

The Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme of the Company (collectively the “Share Option Schemes”) were approved and conditionally adopted pursuant to the resolutions passed by the Shareholders on 22 May 2019 (the “Adoption Date”) for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group.

The principal terms of the Share Option Schemes are set out in “Appendix V (Statutory and General Information — D. Share Option Schemes)” to the Prospectus. During the six months ended 30 June 2021, 526,000 share options granted under the Pre-IPO Share Option Scheme were lapsed. There were 3,976,000 outstanding share options of the Company under the Pre-IPO Share Option Scheme as at 30 June 2021. Since the Adoption Date of the Post-IPO Share Option Scheme and up to 30 June 2021, no share options of the Company were granted under the Post-IPO Share Option Scheme.

As at 30 June 2021, the movements of share options granted by the Company under the Pre-IPO Share Option Scheme are as follows:

Participants	Date of grant	Exercise price per share (HK\$)	Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2021	Exercise period
<b>Senior Management</b>									
Mr. Wong Kin Pong Edmond	22 May 2019	0.45	420,000	-	-	-	-	420,000	Notes
Ms. Zhou Yuewu	22 May 2019	0.45	420,000	-	-	-	-	420,000	Notes
<b>Other Grantees</b>									
Employees	22 May 2019	0.45	3,662,000	-	-	(526,000)	-	3,136,000	Notes
<b>Total for the Pre-IPO Share Option Scheme</b>			4,502,000	-	-	(526,000)	-	3,976,000	

## OTHER INFORMATION

### SHARE OPTION SCHEMES (Continued)

Notes:

- (i) No share options granted under the Pre-IPO Share Option Scheme shall become vested or exercisable before the first anniversary date of the Listing Date.
- (ii) On the first anniversary of the Listing Date (the "First Exercisable Date"), 30% of the Pre-IPO Share Options (the "First Batch Options") granted to any individual grantee has become vested and exercisable by such grantee, and all unexercised First Batch Options shall lapse and be deemed as cancelled and voided on the fifth anniversary date of the First Exercisable Date.
- (iii) On the second anniversary of the Listing Date (the "Second Exercisable Date"), a further 30% of the Pre-IPO Share Options (the "Second Batch Options") granted to any individual grantee shall become vested and exercisable by such grantee, and all unexercised Second Batch Options shall lapse and be deemed as cancelled and voided on the fifth anniversary date of the Second Exercisable Date.
- (iv) On the third anniversary of the Listing Date (the "Third Exercisable Date"), the remaining 40% of the Pre-IPO Share Options (the "Third Batch Options") granted to any individual grantee shall become vested and exercisable by such grantee, and all unexercised Third Batch Options shall lapse and be deemed as cancelled and voided on the fifth anniversary date of the Third Exercisable Date.

### INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### Long Position in the shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of issued ordinary shares (Note (i))
Mr. Chan Wing On ("Mr. Chan")	Interest of controlled corporation	538,449,500 (Note (ii))	53.74%
	Interest of spouse	1,165,000 (Note (ii))	0.12%
	Beneficial owner	2,092,000	0.21%
Ms. Chan Shuk Fong ("Ms. Chan")	Beneficial owner	12,769,000 (Note (iii))	1.27%

## OTHER INFORMATION

### INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES (Continued)

#### Long Position in the shares of the Company (Continued)

Notes:

- (i) The percentage of shareholding is calculated on the basis of the Company's total number of issued shares of 1,001,873,000 shares as at 30 June 2021.
- (ii) Chun Fat Company Limited ("Chun Fat" (俊發有限公司)) is directly owned as to approximately 70.67% by Mr. Chan. As at 30 June 2021, Chun Fat held 538,449,500 ordinary shares of the Company. Accordingly, Mr. Chan is deemed to be interested in 538,449,500 ordinary shares of the Company in which Chun Fat is interested. In addition, Ms. Leung Yi Ling ("Ms. Leung"), being the spouse of Mr. Chan, is beneficially interested in 1,165,000 ordinary shares of the Company. Therefore, Mr. Chan is deemed to be interested in 1,165,000 ordinary shares of the Company in which Ms. Leung is interested.
- (iii) Ms. Chan is beneficially interested in 12,769,000 ordinary shares of the Company.
- (iv) No pledging of shares by the controlling shareholders under Rule 13.17 of the Listing Rules.

#### Interests in the shares of associated corporation of the Company

Name of associated corporation	Name of Director	Capacity	Number of ordinary shares held in Chun Fat	Approximate percentage of issued ordinary shares (Note)
Chun Fat	Mr. Chan	Beneficial owner	141,342	70.67%
Chun Fat	Mr. Lau Hon Kee	Beneficial owner	25,116	12.56%
Chun Fat	Mr. Ho Ping Kee	Beneficial owner	19,866	9.93%
Chun Fat	Mr. Yuen Chi Ming	Beneficial owner	13,676	6.84%

Note:

The percentage of shareholding is calculated on the basis of the total number of 200,000 issued shares of Chun Fat as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives of the Company nor their associates had any interests or short positions in any shares, 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 pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Schemes as disclosed above, at no time for the six months ended 30 June 2021 was the Company or any its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, underlying shares, the Company or any other body corporate.

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the following parties (other than the Directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

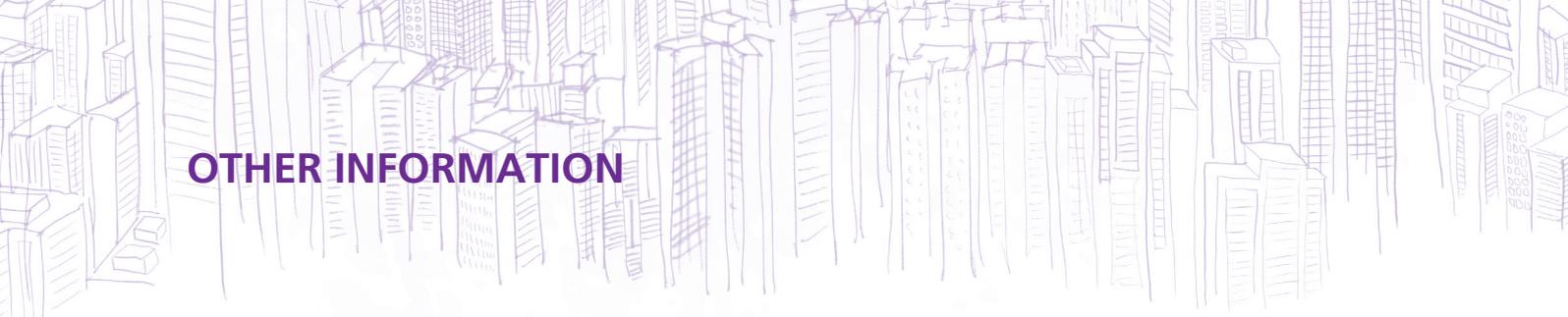
#### Long Position in the shares of the Company

Name of Shareholder	Capacity	Number of ordinary shares held	Approximate percentage of issued ordinary shares (Note (i))
Chun Fat	Beneficial owner	538,449,500	53.74%
Leung Yi Ling ("Ms. Leung")	Beneficial owner	1,165,000 (Note (ii))	0.12%
	Interest of Spouse	540,541,500 (Note (ii))	53.95%

Notes:

- (i) The percentage of shareholding is calculated on the basis of the Company's total number of issued shares of 1,001,873,000 shares as at 30 June 2021.
- (ii) Ms. Leung, being the spouse of Mr. Chan, is deemed to be interested in 540,541,500 ordinary shares of the Company in which Mr. Chan is interested, being 538,449,500 ordinary shares of the Company in which Mr. Chan is interested through Chun Fat and 2,092,000 ordinary shares directly held by Mr. Chan.

Save as disclosed above, as at 30 June 2021, there were no other parties (other than the Directors of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO.



## OTHER INFORMATION

### AUDIT COMMITTEE REVIEW AND REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed with the management of the Company (the “Management”) the accounting principles and practices adopted by the Group and discussed with the Management regarding the risk management and internal controls systems and financial reporting matters including a general review of the interim report (including unaudited condensed consolidated interim financial information for the six months ended 30 June 2021).

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2021 has also been reviewed by the Group’s external auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2021.

### COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30 June 2021.

### CHANGES IN DIRECTORS’ INFORMATION

The changes in Directors’ information as required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

- Mr. Wong Shiu Hoi Peter has retired as an independent non-executive director of High Fashion International Limited, a company listed on the Stock Exchange (stock code: 608), with effect from 4 June 2021; and has resigned as an independent non-executive director of Target Insurance (Holdings) Limited, a company listed on the Stock Exchange (stock code: 6161), with effect from 9 August 2021.
- Mr. Mak Ping Leung (alias: Mak Wah Cheung) has resigned as an independent non-executive director of Zhong Ji Longevity Science Group Limited, a company listed on the Stock Exchange (stock code: 767), with effect from 1 May 2021.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B of the Listing Rules.



## OTHER INFORMATION

### PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board  
**Tai Hing Group Holdings Limited**  
**Chan Wing On**  
*Chairman*

Hong Kong, 26 August 2021

As at the date of this report, the Board comprises:

Executive Directors

*Mr. Chan Wing On (Chairman), Mr. Yuen Chi Ming, Mr. Lau Hon Kee and Ms. Chan Shuk Fong*

Non-Executive Director

*Mr. Ho Ping Kee*

Independent Non-Executive Directors

*Mr. Mak Ping Leung (alias: Mak Wah Cheung), Mr. Wong Shiu Hoi Peter and Dr. Sat Chui Wan*