



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

2022 INTERIM REPORT

茶木 TEA WOOD

TAI HING



茶木
TEA WOOD



靠得住
第一小館



Tommy Yummy

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ASAM CHICKEN RICE



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

Mr. Chau Ching Hang
(appointed with effect from 3 May 2022)
Ms. Lau Yin Wan
(resigned with effect from 3 May 2022)

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

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

6811

WEBSITE

www.taihing.com

FINANCIAL HIGHLIGHTS

	Six-months ended		Change
	30 June		
	2022 (Unaudited)	2021 (Unaudited)	
Revenue (HK\$'000)	1,217,561	1,532,667	(20.6%)
Hong Kong, Macau and Taiwan	968,521	1,177,108	(17.7%)
Mainland China	249,040	355,559	(30.0%)
Gross profit margin (%)	72.3%	71.8%	0.5 percentage points
(Loss)/profit attributable to owners of the Company (HK\$'000)	(52,485)	33,441	N/A
Basic (loss)/earnings per share (HK cents)	(5.23)	3.34	N/A
Interim dividend per share (HK cents)	2.50	2.50	–
Number of restaurants	30 June 2022	31 December 2021	
Hong Kong	151	154	(3)
Mainland China	53	61	(8)
Macau	1	1	–
Taiwan	–	1	(1)
Total	205	217	(12)



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”), announces the Group’s interim results for the six months ended 30 June 2022 (“1H2022” or the “Review Period”), together with the comparative figures for the corresponding period of 2021 (“1H2021”).

During the Review Period, the flare-up of the new COVID-19 pandemic wave impeded economic recovery. In particular, the outbreak of the fifth wave of the pandemic at the beginning of the year, spurred the HKSAR Government to tighten pandemic prevention measures in January 2022, including banning evening dine-in services at restaurants and tightened social distancing restrictions. Many companies’ business operations were hindered as their employees were forced to undergo isolation due to suspected infection or were in close contact with infected persons. Major cities in Mainland China, such as Shanghai and Beijing, implemented strict lockdown measure or closed-loop management systems in order to curb the spread of the pandemic. Such strict pandemic prevention restrictions led to an increasingly tough business environment, and the catering industry was the first to bear the brunt. However, the Mainland China and Hong Kong governments began to gradually relax the pandemic prevention restrictions at the end of the second quarter in response to the easing of the pandemic. Moreover, the HKSAR Government disbursed the first round of HK\$5,000 in electronic consumption vouchers and introduced subsidies, such as the Anti-epidemic Fund, to stimulate local consumption sentiment. As a result of these measures, the catering industry market gradually stabilised.

The Group has forged ahead and endeavoured to optimise internal operations and its restaurant network while stringently controlling costs. It also promptly adopted countermeasures to mitigate the business disruptions caused by the pandemic, including enhancing its delivery and takeaway operations to offset the negative impact of the pandemic on dine-in customer traffic. Amidst the inevitable effects of the pandemic, the Group strived to strengthen the resilience of its business model to prepare for post-pandemic recovery. During the Review Period, the Group recorded revenue of HK\$1,217.6 million (1H2021: HK\$1,532.7 million). Gross profit was approximately HK\$879.8 million (1H2021: HK\$1,100.9 million) and gross profit margin remained stable at 72.3% (1H2021: 71.8%). Loss attributable to the owners of the Company during 1H2022 amounted to HK\$52.5 million (profit attributable to owners of the Company in 1H2021: HK\$33.4 million). Basic loss per share attributable to the owners of the Company were HK5.23 cents (basic earnings per share attributable to owners of the Company in 1H2021: HK3.34 cents).

The Group maintains a healthy financial position with sufficient cash and steady operating cash flows, which has helped to weather ongoing adversity and drive stable business growth. As at 30 June 2022, the Group had cash and cash equivalents of HK\$311.8 million (as at 31 December 2021: HK\$452.6 million).



MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING COSTS

Cost of Material Consumed

During the Review Period, cost of materials consumed amounted to HK\$337.8 million (1H2021: HK\$431.7 million). The Group's factories in Hong Kong and Mainland China complement each other. The Group has made good use of the two food factories to carry out the food processing procedures and the production of seasonings, so as to reduce its reliance on external suppliers and gradually create greater economies of scale in production capacity. Moreover, through obtaining greater bulk purchase, the Group effectively curbed the rising costs. Meanwhile, the Group adjusted the menu on a timely basis and added easy-to-cook dishes to mitigate ingredient costs. With a multi-pronged approach, the Group has effectively offset fluctuation of food costs. During the Review Period, the ratio of material cost to revenue was controlled at 27.7% (1H2021: 28.2%).

Staff Costs

During the Review Period, the Group actively adjusted the deployment of human resources management, for instance, implementing flexible working arrangements, taking leave during non-peak periods and so forth. Moreover, the Group shortened restaurant operating hours according to the actual situation during the severe pandemic period, and expedited the investment and application of digital tools and systems to effectively simplify its front-line and back-office work processes, thereby reducing manpower pressure and optimising costs. In addition, the Group received pandemic-related relief subsidies from the HKSAR Government, including HK\$18.1 million from the "Employment Support Scheme", which was directly used to pay employees' salaries and wages, thus helping to relieve staff cost pressure of the Group. Staff costs dropped to HK\$466.7 million in 1H2022 (1H2021: HK\$534.4 million), with a staff costs to revenue ratio of 38.3% (1H2021: 34.9%).

Rental and Related Expenses/Amortisation of Right-of-use Assets

In 1H2022, the Group's rental and related expenses/amortisation of right-of-use assets amounted to HK\$204.3 million (1H2021: HK\$251.6 million). In the face of operating pressure due to the pandemic, the Group continued to actively negotiate with landlords for rent reduction and transitional concessions, totalling HK\$17.1 million. At the same time, the Group has an internal team dedicated to conduct detailed internal analysis on the leasing arrangements and the locations of restaurants in its network, so as to rent shop premises in prime locations at more affordable prices and reduce rental and related expenses.



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND GEOGRAPHICAL ANALYSIS

As Hong Kong faced the fifth wave of the pandemic, the HKSAR Government has implemented the most stringent pandemic prevention measures, including banning evening dine-in services at restaurants and reducing seating to two persons per table, which severely affected the catering industry. To comply with the HKSAR Government's policy of reducing dining out and changes in consumption pattern, the Group actively promoted takeaway and delivery services, and worked closely with third-party electronic platforms to launch special promotional offers in order to offset the sharp drop in customer flow in relation to customers dining in restaurants. In 1H2022, revenue from takeaway services occupied around 40.1% of total revenue from restaurant operations. Since the end of April 2022, the HKSAR Government has gradually relaxed social distancing restrictions, launched a new round of the electronic consumption voucher scheme and offered subsidies, including Anti-epidemic Fund, to relieve financial burden of citizens and enterprises. As the pandemic eased and consumer sentiment in Hong Kong gradually improved, the Group's operating performance in June has been recovering.

Since March 2022, there have been numerous outbreaks of COVID-19 pandemic in Mainland China. Relevant authorities have implemented lockdowns or closed-loop management to contain the spread of the Coronavirus Disease. Business operations in catering industry have been significantly affected and the Group is no exception. During the Review Period, the Group focused on integrating and adjusting stores in Mainland China after carefully considering the location, rent and leasing conditions, with the aim to maximising store efficiency prudently. Among them, the Greater Bay Area is the key development area of the Group.

BUSINESS SEGMENT ANALYSIS

Tai Hing Group is a multi-brand casual dining restaurant group rooted and boasting a presence of 33 years in Hong Kong. Apart from its flagship "Tai Hing (太興)" brand, the Group has launched, acquired and licensed multiple brands. The names in its extensive brand portfolio include: "Tai Hing (太興)", "Men Wah Bing Teng (敏華冰廳)", "TeaWood (茶木)", "Asam Chicken Rice (亞參雞飯)", "Trusty Congee King (靠得住)", "Phở Lê (錦麗)", "Dao Cheng (稻埕飯店)", "Dimpot (點煲)", "Dumpling Station (餃子駢)", "King Fong Bing Teng (瓊芳冰廳)", "Peppercorn (花椒子)", "Tommy Yummy", "Tori Yoichi (鳥世一)", etc., offering customers a diverse choice of menus.

As at 30 June 2022, the Group had a network of 205 restaurants (as at 31 December 2021: 217 restaurants) in Hong Kong, Mainland China and Macau.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS SEGMENT ANALYSIS *(Continued)*

Revenue of the “Men Wah Bing Teng” brand was approximately HK\$324.8 million (1H2021: HK\$345.0 million) during the Review Period, accounting for 26.7% of the Group’s total revenue in 1H2022 (1H2021: 22.5%), and remained as the Group’s second-largest revenue contributor. To celebrate the third anniversary of the “Men Wah Bing Teng” brand entering into the Mainland China market, a series of marketing and promotion activities will be unveiled, including appointing the first brand ambassador, and promoting new products by arranging fan gatherings to further enhance brand awareness and product sales. In order to maintain the favourable momentum of the brand, “Men Wah Bing Teng” in Hong Kong and Mainland will continue to work together to develop new products, and will implement marketing strategies to create synergies and strengthen competitive advantages. The Group has also adjusted its menu, including adding new dishes, to boost customer flow and revenue during dinner hours, thereby optimising the operating capacity of the stores at different times.

During the Review Period, “Tai Hing”, the Group’s flagship brand, recorded a revenue of approximately HK\$513.1 million (1H2021: HK\$734.3 million), accounting for 42.1% (1H2021: 48.0%). It remained as the Group’s largest revenue source. In the last financial year, it cooperated with high-profile celebrities to promote the brand, generating satisfactory market response. In the second half of the year, the Group will continue to invest in online and offline advertising, including inviting brand ambassadors and rising music stars in Hong Kong to work on the “Tai Hing Milk Tea” advertisement series in order to consolidate the image of the brand and raise awareness.

The Group’s other ancillary brands also performed stably during the Review Period. Among them, the revenue of “TeaWood” reached about HK\$116.6 million (1H2021: HK\$178.7 million), accounting for 9.6% of the Group’s total revenue (1H2021: 11.7%). In order to ensure that it can cater for the youth demographic and stand out in the market, the Group is re-shaping its brand image and positioning in an expedited progress. In June 2022, “TeaWood” stores with new concept featuring new tea store makeover in Kowloon Bay and Whampoa, Hong Kong have been put into service.

In addition, the “Asam Chicken Rice” brand is one of the Group’s new growth drivers, with revenue amounting to approximately HK\$79.2 million (1H2021: HK\$57.4 million), which represents a significant increase of 38.0% as compared with that in the same period last year. It provides universal menu options and streamlines its manpower, which gives rise to an operation model of strong competitive advantage and huge development potential. There are 14 and 1 branches in Hong Kong and Mainland China, respectively, which are located principally in the core business and residential districts to satisfy the dining needs of consumers in those locations currently. “Asam Chicken Rice” will also introduce new seasonal dishes and durian desserts to appeal to customers.

The Group has adopted a multi-brand strategy targeting the casual dining business and introduced several new trendy brands in the second quarter of this year, including “Tommy Yummy”, “Peppercorn” and “Tori Yoichi”, which offer medium to high-end dining experiences to expand customer base. By simultaneously operating and launching new concept brands and developing core catering business, the Group will be able to realise more diversified development in the future. It will also strive to nurture these brands to ensure that they can unleash their full potential and create a new landscape for the catering market in Mainland China and Hong Kong.



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 the listing of the Company's shares on the Stock Exchange on 13 June 2019 (the "Listing"). As at 30 June 2022, the Group's cash and cash equivalents were approximately HK\$311.8 million (31 December 2021: approximately HK\$452.6 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 2022, the Group's total current assets and current liabilities were approximately HK\$585.2 million (31 December 2021: approximately HK\$735.8 million) and approximately HK\$752.8 million (31 December 2021: approximately HK\$852.5 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 2021: approximately 0.9 times). After excluding current portion of lease liabilities, the net current assets were approximately HK\$208.1 million as at 30 June 2022 (31 December 2021: HK\$284.0 million), while the adjusted current ratio (calculated by dividing total current assets by total current liabilities excluding current portion of lease liabilities at the end of respective periods) was approximately 1.6 times (31 December 2021: approximately 1.6 times).

The Group did not have interest-bearing bank borrowings as at 30 June 2022 (31 December 2021: Nil). During the six-month period ended 30 June 2022, there were no financial instruments used for hedging purposes.

As at 30 June 2022, the gearing ratio of the Group (calculated by dividing the interest-bearing bank borrowings by equity attributable to owners of the Company) was 0% (31 December 2021: 0%).

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 2022, the Group had contingent liabilities of approximately HK\$57.8 million (31 December 2021: approximately HK\$48.5 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 2022, the Group had certain property, plant and equipment and right-of-use assets with an aggregate net carrying value of approximately HK\$234.3 million (31 December 2021: HK\$239.0 million) pledged to secure the bank facilities granted to the Group.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed herein, for the six months ended 30 June 2022, the Group did not make any material acquisitions and disposals of subsidiaries, associates, joint ventures, significant investments nor capital commitment. Apart from those disclosed herein, there was no plan for other material investments or additions of capital assets at the date of this report.

EMPLOYEES

The Group had approximately 5,900 employees as at 30 June 2022 (31 December 2021: approximately 6,700). 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 2022 and up to the date of this report.

PROSPECTS

2022 marks the 33rd anniversary of Tai Hing. Looking back by taking advantage of the multi-brand business model, the Group continued to expand its business network not only to different districts in Hong Kong, but also to major cities and districts in Mainland China and Macau. It believes that this proven business strategy will continue to be the key to future business development of the Group. Therefore, the Group will continue to uphold this strategic approach and strengthen the development of existing core brands while introducing new trendy brands, hoping to satisfy the tastes and preferences of different customers, expand its customer base and inject new vigour into the catering market. It is noteworthy that the Group plans to operate a Michelin recommended brand, "Sing Kee Seafood Restaurant", in Central in the second half of this year to provide customers with a more diversified dining experience.

To cope with the ever-changing and highly competitive catering market in Mainland China, the Group will re-examine the market and operating requirements of provinces and cities and continue to actively integrate and optimise its store network in the coming year. In the short term, the Group's Mainland China business will focus on the adjacent Greater Bay Area market. The Group expects that Mainland China's catering industry will gradually return to normal after the lockdown measures are lifted, and it is optimistic about the post-pandemic recovery in its business.

The header features a light purple background with various white icons related to dining and food. On the left, there is a set of a plate, fork, and knife. In the center, a hand is shown holding a glass. To the right, there is a bowl of food, a glass of water, and a plate of food. The background also includes a stylized wave pattern at the bottom left and a floral pattern on the right.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS *(Continued)*

The Group will also step up its investment in digital technologies, including enhancing the maturity and stability of existing IT systems and expanding the application of automated operations to more departments to improve operational efficiency and the customer dining experience. It is worth mentioning that to keep in pace with the “new normal” in consumption, the Group will soon launch its first integrated mobile APP in the second half of this year. The platform will provide customers with one-stop convenient services, including pre-order, self pick up and food delivery service, the purchase of packaged products as well as e-vouchers. The Group will also publish promotion information and offers via the APP on a regular basis, in order to increase interactions with customers and foster customer loyalty to its brands.

In spite of the uncertainties brought to the business environment due to the COVID-19 pandemic, the Group remains cautiously optimistic about the prospects in the second half of this year. The Group will plan ahead and will step up marketing efforts to seize the post-pandemic market recovery momentum and will also focus on strengthening internal operations, optimising the restaurant network and dining experience and raising brand value. Drawing on its solid business foundation, the Group is confident of navigating market challenges and creating higher value for shareholders as the market conditions improve.

INDEPENDENT REVIEW REPORT



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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 2022 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 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
REVENUE	4	1,217,561	1,532,667
Cost of materials consumed		(337,768)	(431,745)
Gross profit		879,793	1,100,922
Other income and gains, net	4	55,235	40,679
Staff costs		(466,687)	(534,375)
Depreciation and amortisation		(69,383)	(80,816)
Amortisation of right-of-use assets, rental and related expenses		(204,303)	(251,564)
Other operating expenses, net		(240,182)	(213,677)
Finance costs	6	(14,920)	(20,314)
(LOSS)/PROFIT BEFORE TAX	5	(60,447)	40,855
Income tax credit/(expense)	7	7,056	(9,028)
(LOSS)/PROFIT FOR THE PERIOD		(53,391)	31,827
(Loss)/profit for the period attributable to:			
Owners of the Company		(52,485)	33,441
Non-controlling interests		(906)	(1,614)
		(53,391)	31,827
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	9	(HK5.23 cents)	HK3.34 cents
Diluted	9	(HK5.23 cents)	HK3.33 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
(LOSS)/PROFIT FOR THE PERIOD	(53,391)	31,827
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(13,025)	4,410
	(13,025)	4,410
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(66,416)	36,237
Attributable to:		
Owners of the Company	(65,256)	37,785
Non-controlling interests	(1,160)	(1,548)
	(66,416)	36,237

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment and right-of-use assets	10	1,766,389	1,781,055
Investment properties		60,872	52,778
Intangible assets		–	–
Prepayments, deposits and other receivables		118,439	138,582
Deferred tax assets		36,641	30,560
Total non-current assets		1,982,341	2,002,975
CURRENT ASSETS			
Inventories		82,569	96,854
Trade receivables	11	19,865	28,087
Prepayments, deposits and other receivables		169,187	154,547
Tax recoverable		1,741	3,717
Cash and cash equivalents		311,845	452,607
Total current assets		585,207	735,812
CURRENT LIABILITIES			
Trade payables	12	69,817	106,376
Other payables and accruals		231,393	241,256
Contract liabilities		44,713	73,359
Lease liabilities		375,672	400,647
Tax payable		31,226	30,859
Total current liabilities		752,821	852,497
NET CURRENT LIABILITIES		(167,614)	(116,685)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,814,727	1,886,290

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		800,535	755,405
Other payables and accruals		28,845	29,925
Deferred tax liabilities		5,458	5,782
Total non-current liabilities		834,838	791,112
Net assets		979,889	1,095,178
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	10,036	10,036
Reserves		969,369	1,083,498
		979,405	1,093,534
Non-controlling interests		484	1,644
Total equity		979,889	1,095,178

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	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
At 1 January 2022 (audited)	10,036	723,287*	118,643*	5,207*	(10,755)*	8,204*	3,147*	235,765*	1,093,534	1,644	1,095,178
Loss for the period	-	-	-	-	-	-	-	(52,485)	(52,485)	(906)	(53,391)
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	(12,771)	-	-	-	(12,771)	(254)	(13,025)
Total comprehensive loss for the period	-	-	-	-	(12,771)	-	-	(52,485)	(65,256)	(1,160)	(66,416)
Final 2021 dividend declared	-	-	-	-	-	-	-	(49,678)	(49,678)	-	(49,678)
Equity-settled share option arrangement (note 14(a))	-	-	-	-	-	-	805	-	805	-	805
At 30 June 2022 (unaudited)	10,036	723,287*	118,643*	5,207*	(23,526)*	8,204*	3,952*	133,602*	979,405	484	979,889
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

* These reserve accounts comprise the consolidated reserves of HK\$969,369,000 (31 December 2021: HK\$1,083,498,000) in the condensed consolidated statements of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(60,447)	40,855
Adjustments for:		
Non-cash adjustments	304,767	328,255
Working capital adjustments	(51,728)	(55,684)
Cash generated from operations	192,592	313,426
Hong Kong profits tax refunded	4,861	9,266
Overseas tax paid	(1,539)	(449)
Net cash flows from operating activities	195,914	322,243
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	394	1,181
Purchases of items of property, plant and equipment and right-of-use assets	(42,668)	(86,408)
Purchases of investment properties	(9,576)	(7,795)
Proceeds from disposal of items of property, plant and equipment	1,737	1,416
Net cash flows used in investing activities	(50,113)	(91,606)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	–	120,000
Repayment of bank borrowings	–	(78,775)
Principal portion of lease payments	(219,477)	(232,000)
Interest element on lease liabilities	(14,920)	(19,288)
Interest paid on bank borrowings	–	(1,026)
Dividends paid	(49,678)	(64,320)
Net cash flows used in financing activities	(284,075)	(275,409)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(138,274)	(44,772)
Cash and cash equivalents at beginning of period	452,607	562,081
Effect of foreign exchange rate changes, net	(2,488)	1,222
CASH AND CASH EQUIVALENTS AT END OF PERIOD	311,845	518,531
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	266,736	217,411
Non-pledged time deposits with original maturity of less than three months when acquired	45,109	301,120
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	311,845	518,531



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 2022 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 2021.

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, and 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 2022, the Group had net current liabilities of HK\$167,614,000 which included the current portion of lease liabilities of HK\$375,672,000. The Directors believe that the Group has sufficient cash flows from operations to meet its liabilities as and when they fall due. Therefore, the interim condensed consolidated financial statements 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 interim condensed consolidated financial statements.

NOTES TO INTERIM FINANCIAL INFORMATION

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, 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 3
Amendments to HKAS 16
Amendments to HKAS 37
*Annual Improvements to
HKFRSs 2018-2020*

Reference to the Conceptual Framework
Property, Plant and Equipment: Proceeds before Intended Use
Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, Illustrative Examples
accompanying HKFRS 16, and HKAS 41

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.



NOTES TO INTERIM FINANCIAL INFORMATION

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - HKFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

3. OPERATING SEGMENT INFORMATION

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

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.

NOTES TO INTERIM FINANCIAL INFORMATION

3. OPERATING SEGMENT INFORMATION (Continued)

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 tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Geographical information

For the periods ended 30 June 2022 and 2021

	Hong Kong, Macau and Taiwan		Mainland China		Total	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Segment revenue						
Sales to external customers*	968,521	1,177,108	249,040	355,559	1,217,561	1,532,667
Intersegment sales	–	–	26,439	52,534	26,439	52,534
Revenue	968,521	1,177,108	275,479	408,093	1,244,000	1,585,201
<i>Reconciliation:</i>						
Elimination of intersegment sales					(26,439)	(52,534)
					1,217,561	1,532,667
Segment results	6,142	55,144	(66,220)	(12,404)	(60,078)	42,740
Elimination of intersegment results					(369)	(859)
Finance costs (other than interest on lease liabilities)					–	(1,026)
(Loss)/profit before tax					(60,447)	40,855

* 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 2022 and 31 December 2021

	Hong Kong, Macau and Taiwan		Mainland China		Total	
	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
Segment assets	1,618,051	1,527,728	599,270	724,175	2,217,321	2,251,903
<i>Reconciliation:</i>						
Corporate and other unallocated assets					350,227	486,884
Total assets					2,567,548	2,738,787
Segment liabilities	1,158,710	1,120,256	392,265	486,712	1,550,975	1,606,968
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities					36,684	36,641
Total liabilities					1,587,659	1,643,609

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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue from contracts with customers		
(i) Disaggregated revenue information		
Types of goods or services		
Revenue from restaurant operations	1,178,281	1,483,588
Revenue from the sale of food products	39,280	49,079
Total revenue from contracts with customers	1,217,561	1,532,667
Geographical markets		
Hong Kong, Macau and Taiwan	968,521	1,177,108
Mainland China	249,040	355,559
Total revenue from contracts with customers	1,217,561	1,532,667
Timing of revenue recognition		
At a point in time	1,217,561	1,532,667

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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue recognised that was included in the contract liabilities at the beginning of the period		
— Restaurant operations	34,112	43,973

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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Other income and gains, net		
Bank interest income	394	1,181
Rental income	1,002	691
Royalty income	171	290
Subsidies received from utility companies for purchases of items of property, plant and equipment*	1,460	1,673
Government grants*	47,758	30,727
Foreign exchange differences, net	1,023	(78)
Others	3,427	6,195
	55,235	40,679

* Government grants during the periods ended 30 June 2022 and 2021 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. (LOSS)/PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Cost of materials consumed	337,768	431,745
Depreciation of items of property, plant and equipment	69,383	80,738
Amortisation of intangible assets	–	78
Amortisation of right-of-use assets*	207,934	218,906
Covid-19-related rent concession from lessors*	(17,058)	(10,931)
Employee benefit expenses (including directors' and chief executive's remuneration):		
Salaries, allowances and benefits in kind***	427,000	498,058
Equity-settled share option expenses	805	1,055
Pension scheme contributions*****	38,882	35,262
	466,687	534,375
Foreign exchange differences, net**	(1,023)	78
Impairment of right-of-use assets****	26,870	10,122
Impairment of items of property, plant and equipment****	12,750	1,749
Loss on disposal of items of property, plant and equipment****	7,033	7,419
Utilities expenses*****	53,585	55,669
Packing and consumables*****	14,645	27,865
Cleaning expenses*****	14,220	17,012
Transportation and logistics*****	15,725	14,392

* 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\$18,136,000 during the period ended 30 June 2022 were included in "Staff costs" in profit or loss.

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

***** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contribution.

NOTES TO INTERIM FINANCIAL INFORMATION

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest on bank borrowings	–	1,026
Interest on lease liabilities	14,920	19,288
	14,920	20,314

7. INCOME TAX

Pursuant to the rules and regulation of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current — Hong Kong (Credit)/charge for the period	(963)	5,349
Current — Elsewhere	237	2,742
Deferred tax	(6,330)	937
	(7,056)	9,028
Total tax (credit)/charge for the period	(7,056)	9,028

NOTES TO INTERIM FINANCIAL INFORMATION

8. DIVIDEND

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interim dividends declared after the end of the reporting period — HK2.50 cents (2021: HK2.50 cents) per ordinary share	25,135	25,090

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amounts for the period ended 30 June 2022 is based on the loss for the period attributable to owners of the Company of HK\$52,485,000 (2021: profit for the period attributable to owners of the Company of HK\$33,441,000) and the weighted average number of ordinary shares in issue of 1,003,596,000 (2021: 1,001,873,000).

No adjustment has been made to the basic loss per share amounts presented for the period ended 30 June 2022 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of diluted earnings per share amount for the period ended 30 June 2021 was based on the profit for the period attributable to owners of the Company of HK\$33,441,000. The weighted average number of ordinary shares used in the calculation was 1,001,873,000 ordinary shares in issue during that period, as used in the basic earnings per share calculation, and the weighted average number of 3,362,096 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 (loss)/earnings per share are based on:

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
(Loss)/earnings (Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation:	(52,485)	33,441

NOTES TO INTERIM FINANCIAL INFORMATION

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

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,003,596,000	1,001,873,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	—*	3,362,096
	1,003,596,000	1,005,235,096

* No adjustment has been made to the basic loss per share amounts presented for the period ended 30 June 2022 in respect of a dilution as the impact of share option outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

For the six months ended 30 June 2022, the Group acquired property, plant and equipment of approximately HK\$43 million (six months ended 30 June 2021: approximately HK\$79 million) and right-of-use assets of nil (six months ended 30 June 2021: approximately HK\$7 million).

As at 30 June 2022, the Group had certain property, plant and equipment and right-of-use assets with an aggregate net carrying amount of HK\$234.3 million (31 December 2021: HK\$239.0 million) which were pledged to secure bank facilities granted to the Group.

As at 30 June 2022, the Group's management identified certain restaurants which continued to underperform and the estimated corresponding recoverable amounts of their property, plant and equipment and right-of-use assets.

Based on these estimates, impairment losses of HK\$12,750,000 (six months ended 30 June 2021: HK\$1,749,000) and HK\$26,870,000 (six months ended 30 June 2020: HK\$10,122,000) were recognised to write down the carrying amounts of these items of property, plant and equipment and right-of-use assets to their recoverable amount of totalling HK\$51,240,000 (six months ended 30 June 2021: HK\$93,038,000) as at 30 June 2022, respectively.

The recoverable amount of the items of property, plant and equipment and right-of-use assets are 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 cash-generating unit mainly consisted of property, plant and equipment and right-of-use assets allocated to the others segment. The pre-tax discount rate applied for the cash flow projection was ranged from 12.0% to 16.7%.

NOTES TO INTERIM FINANCIAL INFORMATION

11. TRADE RECEIVABLES

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Trade receivables	19,865	28,087

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:

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Within 1 month	13,803	21,775
1 to 2 months	4,384	4,116
2 to 3 months	975	980
Over 3 months	703	1,216
	19,865	28,087

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 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Within 1 month	62,860	91,609
1 to 2 months	1,842	10,749
2 to 3 months	1,497	426
Over 3 months	3,618	3,592
	69,817	106,376

13. ISSUED CAPITAL

	Number of shares	Share capital HK\$'000
Authorised:		
As at 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	10,000,000,000	100,000
Issued and fully paid:		
As at 1 January 2021	1,001,873,000	10,019
Share options exercised (<i>note a</i>)	1,723,000	17
As at 31 December 2021, 1 January 2022 and 30 June 2022 (<i>note b</i>)	1,003,596,000	10,036



NOTES TO INTERIM FINANCIAL INFORMATION

13. ISSUED CAPITAL *(Continued)*

Notes:

- (a) During the year ended 31 December 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. An amount of HK\$3,874,000 was transferred from the share option reserve to share premium upon the exercise of the share options.
- (b) Subsequent to 30 June 2022, the subscription rights attaching to 1,803,000 share options were exercised at the subscription price of HK\$0.45 per share, resulting in the issue of 1,803,000 shares for a total cash consideration, before expenses, of approximately HK\$811,000.

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 1,803,000 (31 December 2021: 1,863,000) outstanding share options under the Pre-IPO share Option Scheme as at 30 June 2022. During the six months ended 30 June 2022, the Group recognised equity-settled share option expenses of approximately HK\$805,000 (period ended 30 June 2021: HK\$1,055,000) 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 2022, 60,000 share options had been forfeited under the Pre-IPO Share Option Scheme.

NOTES TO INTERIM FINANCIAL INFORMATION

14. SHARE OPTION SCHEMES (Continued)

(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 2022, no share options of the Company were granted, exercised, cancelled or lapsed under the Post-IPO Share Option Scheme.

15. CAPITAL COMMITMENTS

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

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Contracted, but not provided for:		
Leasehold improvements and plant and machinery	17,817	13,252

16. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Rental payments paid to related companies	2,433	2,612

Rental payments paid to related companies were paid for properties leased from related companies for restaurant operations 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	
	2022 HK\$'000	2021 HK\$'000
Short-term employee benefits	9,091	8,662
Post-employment benefits	45	45
	9,136	8,707

17. CONTINGENT LIABILITIES

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

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Bank guarantees in favour of landlords in lieu of deposits	57,822	48,513

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair values of non-current other receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, and were assessed to approximate to their carrying amounts.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors.

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.

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 2021: HK2.50 cents per share) for the six months ended 30 June 2022 payable to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Wednesday, 12 October 2022. The dividend warrants of the interim dividend are expected to be despatched to the Shareholders on or before Thursday, 3 November 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend for the six months ended 30 June 2022, the register of members of the Company will be closed from Monday, 10 October 2022 to Wednesday, 12 October 2022, 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 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 7 October 2022.

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 2022 was as follows:

Use of net proceeds	Percentage of net proceeds	Net proceeds (in HK\$ million)	Amount utilised (in HK\$ million)	Amount remaining as at 30 June 2022 (in HK\$ million)
The New Restaurants' Plan*	58.5%	406.2 (Note 1)	(289.8)	116.4
The Food Factories' Plan*	20.5%	142.4 (Note 1)	(49.3)	93.1
Renovation of existing restaurants in Hong Kong and Mainland China	11.0%	76.4	(37.2)	39.2
Additional working capital and other general corporate purposes	10.0%	69.5	(69.5)	0.0
Total	100.0%	694.5	(445.8)	248.7

* As defined in the Company's announcement dated 22 October 2021 (the "Announcement")

OTHER INFORMATION

USE OF NET PROCEEDS FROM LISTING *(Continued)*

Notes:

1. The Board has resolved to change the use of net proceeds on 22 October 2021 with reasons and details of such changes as disclosed in the Announcement.
2. The expected timelines for fully utilising all the unutilised net proceeds are on or before 31 December 2023, which are determined based on the Group's best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions.

As of the date of this report, the Directors are not aware of any material change to the use of the changed remaining net proceeds as disclosed in the Announcement.

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 of the Company dated 30 May 2019. During the six months ended 30 June 2022, 60,000 share options granted under the Pre-IPO Share Option Scheme were lapsed. There were 1,803,000 outstanding share options of the Company under the Pre-IPO Share Option Scheme as at 30 June 2022. No share options were granted under the Post-IPO Share Option Scheme from the Listing Date and up to 30 June 2022.

As at 30 June 2022, 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 2022	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2022	Exercise period
Senior Management									
Mr. Wong Kin Pong Edmond	22 May 2019	0.45	240,000	–	–	–	–	240,000	Notes
Ms. Zhou Yuewu	22 May 2019	0.45	240,000	–	–	–	–	240,000	Notes
Other Grantees									
Employees	22 May 2019	0.45	1,383,000	–	–	(60,000)	–	1,323,000	Notes
Total for the Pre-IPO Share Option Scheme			1,863,000	–	–	(60,000)	–	1,803,000	

OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

Notes:

- (i) 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 shall 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.
- (ii) 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.
- (iii) 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 2022, 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))	53.65%
	Interest of spouse	1,165,000 (Note (ii))	0.12%
	Beneficial owner	3,463,000	0.35%
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 1,003,596,000 shares as at 30 June 2022.
- (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 2022, 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, as at 30 June 2022, Ms. Leung Yi Ling ("Ms. Leung"), being the spouse of Mr. Chan, was 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) As at 30 June 2022, 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 2022.

Save as disclosed above, as at 30 June 2022, 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 2022 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, 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 2022, 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:

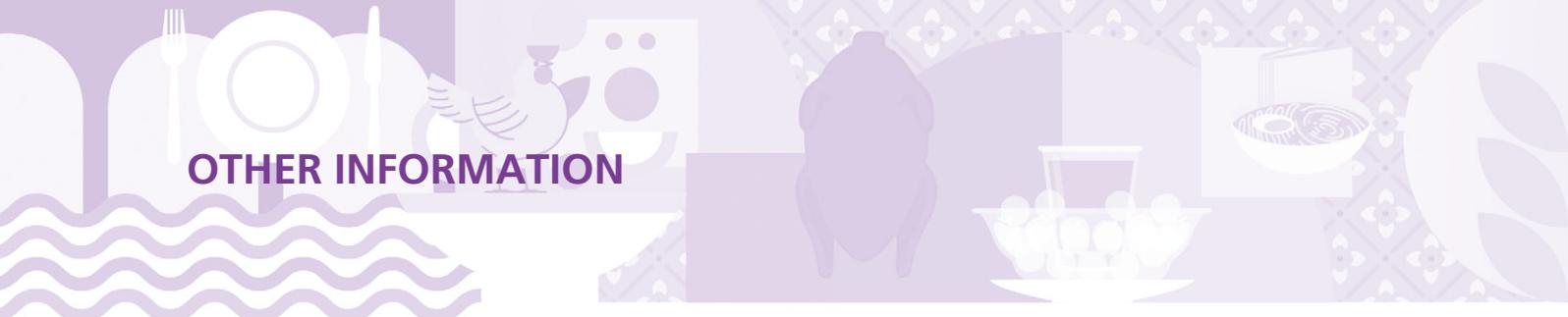
Long Position in the shares of the Company

Name of Shareholder	Capacity	Number of ordinary shares held	Approximate percentage of issued ordinary shares (Note (i))
Chun Fat	Beneficial owner	538,449,500	53.65%
Leung Yi Ling ("Ms. Leung")	Beneficial owner	1,165,000 (Note (ii))	0.12%
	Interest of Spouse	541,912,500 (Note (ii))	54.00%

Notes:

- (i) The percentage of shareholding is calculated on the basis of the Company's total number of issued shares of 1,003,596,000 shares as at 30 June 2022.
- (ii) Ms. Leung, being the spouse of Mr. Chan, is deemed to be interested in 541,912,500 ordinary shares of the Company in which Mr. Chan is interested, which consist of 538,449,500 ordinary shares of the Company in which Mr. Chan is interested through Chun Fat and 3,463,000 ordinary shares directly held by Mr. Chan.

Save as disclosed above, as at 30 June 2022, 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 2022).

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2022 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

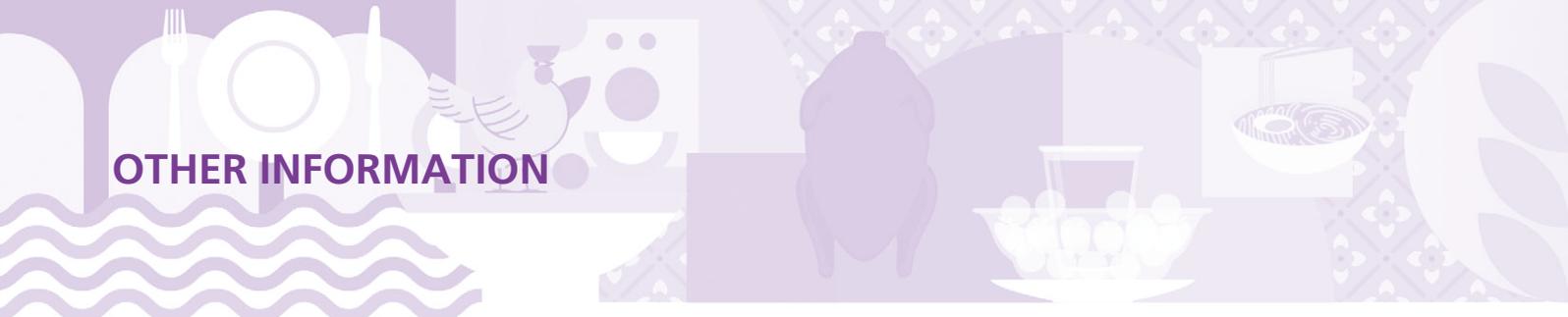
The Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2022.

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 2022.

CHANGES IN DIRECTORS’ INFORMATION

There is no change in Directors’ 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 2022, 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 2022

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