



翠華集團[®]
TSUI WAH GROUP

Tsui Wah Holdings Limited
翠華控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：1314

Interim Report
中期報告
2021



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lee Yuen Hong (*Chairman*)
Mr. Lee Kun Lun Kenji (*Group Chief Executive Officer*)
Ms. Lee Yi Fang

Non-Executive Directors

Mr. Cheng Chung Fan
Mr. Wong Chi Kin
Mr. Yang Dong John

Independent Non-Executive Directors

Mr. Goh Choo Hwee
Mr. Tang Man Tsz
Mr. Yim Kwok Man

AUTHORISED REPRESENTATIVES

Mr. Lee Yuen Hong
Mr. Wong Tin King Richard (Resigned on 1 October 2021)
Sir Kwok Siu Man KR (Appointed on 1 October 2021)

BOARD COMMITTEES

Audit Committee

Mr. Yim Kwok Man (*Chairman*)
Mr. Goh Choo Hwee
Mr. Wong Chi Kin

Remuneration Committee

Mr. Goh Choo Hwee (*Chairman*)
Mr. Lee Yuen Hong
Mr. Tang Man Tsz

Nomination Committee

Mr. Lee Yuen Hong (*Chairman*)
Mr. Goh Choo Hwee
Mr. Tang Man Tsz

COMPANY SECRETARY

Mr. Wong Tin King Richard (Resigned on 1 October 2021)
Sir Kwok Siu Man KR (Appointed on 1 October 2021)

LEGAL ADVISERS

As to Hong Kong laws
Mason Ching & Associates

COMPANY'S WEBSITE

www.tsuiwah.com

INDEPENDENT AUDITORS

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance
with the Financial Reporting Council Ordinance
(Cap. 588 of the Laws of Hong Kong)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1606–1608
16/F, Riley House
88 Lei Muk Road, Kwai Chung
New Territories

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

LISTING INFORMATION

Place of Listing

Main Board of The Stock Exchange of Hong Kong Limited

Stock Code

1314

Board Lot

2,000 shares

FINANCIAL HIGHLIGHTS

	Six-month period ended 30 September		% Change
	2021	2020	
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	
Revenue	522,486	433,744	20.5%
Hong Kong [#]	261,790	211,989	23.5%
Mainland China	256,028	219,831	16.5%
Others [*]	4,668	1,924	142.6%
EBITDA[^]	101,409	71,784	41.3%
Loss attributable to owners of the Company	(30,428)	(77,645)	(60.8)%
Basic loss per share	HK(2.21) cents	HK(5.63) cents	(60.7)%

NUMBER OF RESTAURANTS INCLUDING JOINT VENTURES

	As at 30 September 2021	As at 31 March 2021	As at 30 September 2020
Hong Kong	34	35	35
Mainland China	43	40	33
Macau	3	3	3
Singapore	3	1	2

[#] Revenue from external customers located in the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People’s Republic of China (the “**PRC**” or “**Mainland China**”) includes revenue derived from the sale of food to a joint venture of the Company and its subsidiaries (the “**Group**”) amounting to approximately HK\$1,007,000 (six-month period ended 30 September 2020 (the “**Previous Review Period**”): approximately HK\$2,600,000).

^{*} Mainly represents revenue derived from the sale of food to a joint venture of the Group.

[^] Means earnings before interest, tax, depreciation and amortisation.

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the board of directors of Tsui Wah Holdings Limited (the "**Company**"), I hereby present the unaudited condensed consolidation financial statements of the Group for the six months ended 30 September 2021 (the "**Review Period**" and the "**Interim Financial Statements**" respectively).

BUSINESS REVIEW

During the Review Period, despite that the global novel coronavirus disease 2019 (COVID-19) pandemic (the "**Pandemic**") seemed to be subsided, the catering sector in Hong Kong, the Macau Special Administrative Region ("**Macau**"), Mainland China and the Republic of Singapore ("**Singapore**") was still shrouded by various uncertainties arising from the Pandemic such as the time required for full recovery of the number of inbound visitors and local diners is still uncertain. To deal with the negative impact brought by the Pandemic, during the Review Period, we had vigorously promoted our takeaway service and worked closely with popular food delivery service providers such as "deliveroo" and "foodpanda" of Hong Kong, and "Meituan" and "ele.me" of Mainland China. Meanwhile, we had also offered attractive discount to our takeaway customers (for self-pickup) with a view to encouraging them to use our self-pickup takeaway service. During the Review Period, the Group had closed down 2 restaurants in Hong Kong. On the other hand, the Group had opened 1 restaurant in Hong Kong, 3 restaurants in Mainland China and 2 restaurants in Singapore. As of 30 September 2021, a total of 83 restaurants were operated by the Group in Hong Kong, Macau, Mainland China and Singapore.

Mainly attributable to the increase in the number of local diners and the gradual restoration of market sentiment in Hong Kong and Mainland China, for the Review Period, the Group recorded revenue of approximately HK\$522.5 million, representing an increase of approximately 20.5% as compared with approximately HK\$433.7 million for the Previous Review Period.

OUTLOOK

Looking ahead, the Group will continue making efforts in promoting its takeaway service and exploring other new business models to cope with the market changes. Besides, we shall make additional efforts in identifying more feasible solutions or approaches that could reduce operating costs. We shall also keep an eye on the Pandemic and the market development, analyse the situation and adjust our strategies when necessary to minimise adverse impacts. We are confident that our management will be able to overcome the adverse impacts of the Pandemic and other uncertainties and generate the highest possible returns for the shareholders of the Company (the "**Shareholders**").

AWARDS AND RECOGNITIONS

In recognising our efforts and contribution, during the Review Period, we won a number of major awards/recognitions, including the Best Brand of Diversified Casual Dining by Business Innovator; Relay Hong Kong Award 2021 awarded by Legacy Academy and Quality Tourism Services Scheme — Restaurants Category accredited by Hong Kong Tourism Board.

APPRECIATION

I would like to take this opportunity to give my heartfelt thanks to all the Shareholders and investors, customers, suppliers and business partners of our Group for their unwavering support. What is more, I would also like to extend my appreciation to the management team and fellow staff members of the Group for their commitment and contributions during the Review Period.

Lee Yuen Hong
Chairman and Executive Director

Hong Kong, 27 November 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Review Period, the Group's business in Hong Kong, Mainland China, Macau and Singapore was still affected by the Pandemic and the restrictive measures in various places, and the business has not yet fully recovered. However, the Group recorded an increase in revenue by 20.5% during the Review Period as compared to the Previous Review Period, thanks to the dedication and commitment of all employees of the Group in providing every customer with fast and hygienic catering services on a best effort basis.

As at 30 September 2021, a total of 83 restaurants were operated by the Group in Hong Kong, Mainland China, Macau and Singapore. During the Review Period, the Group had opened a total of 6 restaurants, 1 in Hong Kong, 3 in Mainland China and 2 in Singapore. The Group has been taking close heed of the development of the pandemic and the market conditions and keeping an eye on its restaurant network to carry out timely adjustment in arrangements. Besides, as a measure to control costs, all members of the Board and the Senior Management also continued to voluntarily reduce their remuneration by 15% from the Review Period to the date of this Interim Financial Statement.

Hong Kong

The outbreak of the Pandemic in Hong Kong was relatively stable during the Review Period. According to the Hong Kong Census and Statistics Department, the overall restaurant receipts for the first to third quarters of 2021 were approximately HK\$67.6 billion, representing an increase of 12.9% as compared to the corresponding period of last year, reflecting an improvement in restaurant business. However, the implementation of the pandemic prevention measures, including dine-in restrictions, social distance and entry quarantine arrangements, has exerted an impact on local consumption atmosphere, and a very low level of visitor arrivals in Hong Kong have also caused a strike against the entire catering industry and our business.

The Group continued its efforts to control various food materials and operating costs to save expenses, including regularly reviewing the prices of food materials, switching the food materials with a significant price increase or changing the menus while maintaining the quality of our food. The Group successfully reduced the ratio of cost of inventories sold in proportion to the Group's revenue during the Review Period. The Group had also continued to communicate with the landlords to negotiate the possible lease adjustments with a view to reducing operational pressure and tiding over difficult times. In addition, keeping pace with the times, the Group had replaced some parts of the manual labour processes, including customer self-service ordering and robotic delivery, attempting to increase operational efficiency and reduce some of the staff costs, while enhancing customer experience.

The consumption pattern of the general public has changed due to the Pandemic outbreak. As a result, the Group continued to provide customers with a wide range of convenient and fast food through takeaway platform services. During the Review Period, the Group's revenue in Hong Kong through third party online takeaway platforms increased by 10.6% as compared to the Previous Review Period. The Group's brands in Hong Kong include "Tsui Wah (翠華)", "btw", "Nijuuichi Don (廿一堂)", "Homurice (揚食屋)", "Ceylon (錫蘭)" and "Ging Sun Ho King of Bun (堅信號上海生煎皇)", etc.

While most of the Group's restaurants in Hong Kong have resumed operations, a small number of shops situated at major borders remained closed. After a review of the Group's restaurant network, during the Review Period, the Group had closed down 2 restaurants and opened 1 restaurant in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

Mainland China

During the period between June and July 2021, there was an outbreak of the Pandemic in some areas in Mainland China, and the neighborhood in relevant locations were locked down. The governments of the respective areas also advocated not to travel outside the provinces. As a result, the Group's restaurants located in Guangzhou, Shenzhen, Zhuhai, Nanjing, Sanya and Wuhan were inevitably affected by such pandemic prevention measures, including business suspension and dine-in restriction. In addition, the restaurants in tourist areas were also affected due to the drop in number of visitors.

Despite the challenging environment, the Group remained confident in its business in Mainland China. According to the National Bureau of Statistics, the total retail sales of consumer goods in the first three quarters of 2021 maintained a recovery momentum, with the catering revenue category increased by 29.8%. Operating under the "Tsui Wah" brand, as compared to the Previous Review Period, the number of the Group's restaurants in Mainland China increased by 10 for the Review Period mainly located in cities in the Greater Bay Area such as Guangzhou, Zhuhai and Shenzhen, as well as in Nanjing, which provided the Group with additional growth momentum. During the Review Period, the Group had opened 3 restaurants in Mainland China.

Others

In Singapore, the Group maintained its strategic partnership with Jumbo Group Limited ("**Jumbo**") in Singapore and was operating a Hong Kong style Cha Chaan Teng (茶餐廳) under the brand of "Tsui Wah". Leveraging on Jumbo's strong presence in Singapore, the Group is confident that this joint venture will be successful and is expected that "Tsui Wah" and its products will establish an excellent international reputation among the approximately 5.5 million population to expand its business network in Singapore.

The Group's restaurants in Singapore have gradually resumed normal operations following the Singapore government's strategy regarding coexistence with the COVID-19. During the Review Period, the Group had opened a restaurant at JEM mall and Jewel Changi Airport of Singapore in May and September 2021, respectively, which has increased the number of restaurants in Singapore from 1 to 3. In addition, the Group has also reached an agreement with the relevant parties for the arrangement of re-open the store located at the Heeren building after the Review Period so as to further strengthen the Singapore market.

In Macau, the Group's "Tsui Wah" brand business has recovered as the Macau government relaxed the border controls in February 2021 by exempting all inbound mainland visitors from quarantine requirements, and commenced COVID-19 Vaccination Programme at the same time. However, the rebound of the Pandemic in Macau during the Review Period had resulted in another setback for the business that has already recovered. The Group has commenced timely adjustments in its business hours, staff arrangements and menu in order to minimise the impact of the Pandemic.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Review Period was approximately HK\$522.5 million, representing an increase of approximately 20.5% as compared with approximately HK\$433.7 million for the Previous Review Period. The increase in revenue was mainly attributable to the increase in the number of local diners and the gradually restoration of market sentiment in Hong Kong and Mainland China.

Cost of inventories sold

The cost of inventories sold for the Review Period was approximately HK\$147.7 million, representing an increase of approximately 8.3% as compared with approximately HK\$136.4 million for the Previous Review Period. The cost of inventories sold accounted for approximately 28.3% of the Group's revenue for the Review Period (the Previous Review Period: approximately 31.4%). The decrease in ratio of cost of inventories sold in proportion to the Group's revenue was mainly attributable to the Group's efforts to control food materials, including regularly reviewing the prices of food materials, switching the food materials of grossly inflated price or changing the menus while maintaining quality.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit

The Group's gross profit (equivalent to revenue minus the cost of inventories sold) for the Review Period was approximately HK\$374.8 million, representing an increase of 26.0% compared with approximately HK\$297.4 million for the Previous Review Period. The increase was mainly due to the increase in revenue under the restoration of market sentiment in Hong Kong and Mainland China.

Staff costs

The Group's staff costs for the Review Period were approximately HK\$168.8 million, representing an increase of approximately 21.4% as compared with approximately HK\$139.0 million for the Previous Review Period. The increase in staff costs was mainly due to the increase of manpower deployment in the new restaurants in the Review Period and the reduction in social security contribution in Mainland China in the Previous Review Period.

Since the outbreak of the Pandemic, all members of the Board and the Senior Management have voluntarily reduced their remuneration. The Group also formed a crisis management committee (the "**Committee**") to provide strategic direction and formulate preventive measures, including adjusting the business hours of restaurants and re-arrangement of manpower so as to mitigate the negative impacts on the well-being and safety of the Group's customers and employees and control costs to offset the impact of the Pandemic on income reduction.

Depreciation and amortisation

During the Review Period, (1) depreciation and amortisation were approximately HK\$33.1 million, equivalent to approximately 6.3% of the Group's revenue (the Previous Review Period: approximately HK\$34.0 million, equivalent to 7.8% to the Group's revenue); and (2) depreciation of right-of-use assets were approximately HK\$88.7 million, equivalent to 17.0% of the Group's revenue (the Previous Review Period: approximately HK\$98.7 million, equivalent to 22.8% to the Group's revenue). The decrease in the ratio of depreciation and amortisation and depreciation of right-of-use assets to the Group's revenue were mainly due to the increase in revenue during the Review Period.

Property rentals and related expenses

During the Review Period, the Group's depreciation of right-of-use assets amounted to approximately HK\$88.7 million (the Previous Review Period: approximately HK\$98.7 million) with related finance costs of HK\$9.8 million (the Previous Review Period: approximately HK\$12.5 million). Property rentals and related expenses for the Review Period amounted to approximately HK\$11.7 million (the Previous Review Period: approximately HK\$11.5 million).

Rental and related expenses (equivalent to depreciation of right-of-use assets with related finance costs plus property rental and related expenses) for the Review Period accounted for approximately 21.1% of the Group's revenue as compared with 28.3% for the Previous Review Period. The decrease in the ratio was primarily due to the increase in revenue for the Review Period. The Group will continue to closely negotiate possible lease adjustments with landlords and strive to seek a waiver of/reduction in rent. The Group will also review and adjust its restaurant network on a regular basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Other operating expenses

Other operating expenses for the Review Period decreased by approximately 35.8% as compared with the Previous Review Period, from approximately HK\$98.3 million for the Previous Review Period to approximately HK\$63.1 million for the Review Period, representing approximately 12.1% of the Group's revenue for the Review Period. In the Previous Review Period, an impairment loss of right-of-use assets of approximately HK\$31.2 million and a one off write-off of items of property, plant and equipment of approximately HK\$0.7 million were recognised. There were no such impairment and write-off for the Review Period. Without taking into account the above-mentioned impairments and write-off, the other operating expenses for the Review Period decreased by approximately 5.0% as compared with the Previous Review Period. The decrease was the result of the Group's strict control on the operating costs.

	Six-month period ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Other operating expenses included:		
Tools and consumables	15,081	12,080
Logistic and transportation	8,834	9,251
Repair and maintenance	6,333	10,103
Staff welfare	6,969	5,155
Sanitation	4,834	5,620
Foreign exchange differences, net	2,257	3,192
Write-off of items of property, plant and equipment	—	728
Gain on disposal of items of property, plant and equipment	(21)	—
Impairment of right-of-use assets	—	31,167
Other operating related expenses	18,763	20,998
	63,050	98,294

Finance costs

Finance costs amounted to HK\$10.2 million for the Review Period, representing a decrease of HK\$2.9 million from the Previous Review Period, which was mainly the interest on lease liabilities of approximately HK\$9.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Share of profit from joint ventures

There was share of profit from joint ventures amounting to approximately HK\$5.1 million for the Review Period, as compared with share of loss from joint ventures of approximately HK\$5.3 million for the Previous Review Period. The turn from share of loss to share of profit was primarily due to the increased contributions from joint ventures with the improvement on the performance of restaurants in Macau during the Review Period.

Loss for the Review Period

Under the gradually restoration of market sentiment in Hong Kong and Mainland China, as well as the continuous control on food materials and operating costs by the Group, the Group's loss for the Review Period was approximately HK\$30.4 million, reduced by 60.4% comparing to the Previous Review Period of approximately HK\$76.8 million.

Liquidity, financial resources and capital structure

The Group financed its business principally with internally generated cash flows and the proceeds received from the initial public offering of the Company's shares in issue for listing on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 November 2012 (the "**Listing**"). Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

As at 30 September 2021, the Group had cash and cash equivalents amounting to approximately HK\$146.1 million, representing a decrease of approximately HK\$21.1 million from approximately HK\$167.2 million as at 31 March 2021. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 30 September 2021, the Group's total current assets and current liabilities were approximately HK\$304.0 million (31 March 2021: approximately HK\$307.2 million) and approximately HK\$447.2 million (31 March 2021: approximately HK\$432.7 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 0.7 time (31 March 2021: approximately 0.7 time).

Details of the interest-bearing bank borrowings are set out in note 12 to the Interim Financial Statements.

As at 30 September 2021, the Group's gearing ratio, calculated by the interest-bearing bank borrowings divided by the equity attributable to owners of the Company and then multiplied by 100%, was approximately 12.5% (the Previous Review Period: approximately 9.3%).

MANAGEMENT DISCUSSION AND ANALYSIS

Material acquisitions and disposals

The Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Review Period.

Significant investments and plans for material investments or capital assets

Save as disclosed elsewhere in the Interim Financial Statements, the Group did not have any significant investments or any other plans for material investments or capital assets as at 30 September 2021.

Foreign currency risk

The Group's sales and purchases for the Review Period were mostly denominated in Hong Kong dollars and Renminbi. The Renminbi is not a freely convertible currency. Future exchange rates of the Renminbi could vary significantly from the current or historical exchange rates as a result of capital controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes both domestically and internationally, and the demand and supply of the Renminbi. The appreciation or depreciation of the Renminbi against Hong Kong dollars may have an impact on the Group's results. The Group will continue to take proactive measures and closely monitor its exposure to any currency movements. The Group has currently not implemented any foreign currency hedging policy. The management will consider hedging against significant foreign exchange exposure should the need arise.

Contingent liabilities

As at 30 September 2021, the Group had contingent liabilities of approximately HK\$5.7 million (31 March 2021: approximately HK\$5.8 million) in respect of bank guarantees given in favour of the landlords in lieu of rental deposits.

Charge on assets

Save as disclosed in note 12 to the Interim Financial Statements, there was no other charge on the Group's assets as at 30 September 2021.

Human resources and remuneration policy

As at 30 September 2021, the Group employed approximately 2,600 (30 September 2020: approximately 2,500) employees. The Group's staff costs increased by approximately 21.4% from approximately HK\$139.0 million for the Previous Review Period to approximately HK\$168.8 million for the Review Period. Since the outbreak of the Pandemic, all members of the Board and the Senior Management voluntarily reduced their remuneration. The Group also formed the Committee to provide strategic direction and formulate preventive measures, including adjusting the business hours of restaurants and re-arrangement manpower so as to mitigate the negative impacts on the well-being and safety of the Group's customers and employees and control costs to offset the impact of the Pandemic on income reduction.

Remuneration packages are generally determined by reference to market norms, individual qualifications, relevant experience and performance. The Share Option Scheme is in place, and details thereof are set forth in note 14 to the Interim Financial Statements. In addition, the Company has adopted the share award scheme on 9 August 2018 (the "**Share Award Scheme**") for the purpose of, amongst others, providing incentives and helping the Group in retaining its existing employees. The Group periodically reviews the remuneration of its employees.

During the Review Period, the Group had provided comprehensive training programmes and development initiatives pertaining to operational and occupational safety as well as customer services for relevant employees in order to enhance the quality of services expected from customer-facing staff and ensure the effective implementation of the Group's business ethos.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects and Outlook

Although there are still some confirmed cases of the Pandemic around the world, the outbreak is mitigated compared to that in 2020. The Group will continue to keep an eye on the Pandemic and the market development and adjust our strategies when necessary to minimise adverse impacts.

As for the Hong Kong market, most restaurants have resumed operations, and we are expecting the relaxation of various local and boundary restrictions to increase spending by local citizens and tourists. As for the Mainland China market, while the business is still affected by the Pandemic in some regions, the adverse impact is not material. As for the markets in Macau and Singapore, most of our restaurants have resumed operations.

The Group will continue its efforts to control costs, optimise the cost structure and capture the opportunity of rental reductions, striving to control rental costs at a reasonable level. The Group plans to open 3 new restaurants in Hong Kong by the first quarter of 2022. Meanwhile, the Group will continue to carefully seek opportunities for further development in Mainland China. For overseas markets, the Group will continue to cooperate with Jumbo, our partner in Singapore, and reopen the restaurant located at the Heeren.

The Group will continue to promote takeaway services and join hands with customers to adapt to the new normal of life under the Pandemic. To enhance our efficiency and productivity, the Group will continue to secure its profit by controlling its operating costs (such as rent and labour costs) as well as reviewing its recurrent expenditure. At the same time, the Group will continue to actively develop new brands and further diversify its business to drive future growth and create earning driver.

On 12 May 2020, the Group was granted a licence through tender by the Airport Authority to operate the catering concession in the Hong Kong International Airport. The Group will continue to pay close attention to the impact of the Pandemic on the catering concession.

APPRECIATION

The Board would like to express its sincere gratitude to the Group's management and all its staff for their continuous support and contribution. What is more, the Board would also like to take this opportunity to thank all the Shareholders and the Group's investors, customers, business partners and associates for their loyal support and long-standing faith in the prospects of the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 September 2021

	Notes	Six-month period ended 30 September	
		2021	2020
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
REVENUE	4	522,486	433,744
Other income and other gains		9,688	67,281
Cost of inventories sold		(147,748)	(136,356)
Staff costs		(168,814)	(139,035)
Depreciation and amortisation		(33,120)	(34,028)
Depreciation of right-of-use assets		(88,716)	(98,722)
Property rentals and related expenses		(11,685)	(11,548)
Fuel and utility expenses		(25,458)	(22,121)
Selling and distribution expenses		(18,804)	(15,694)
Other operating expenses		(63,050)	(98,294)
Finance costs		(10,247)	(13,124)
Share of profit/(loss) of joint ventures		5,107	(5,341)
LOSS BEFORE TAX	5	(30,361)	(73,238)
Income tax expense	6	(4)	(3,580)
LOSS FOR THE PERIOD		(30,365)	(76,818)
Attributable to:			
Owners of the Company		(30,428)	(77,645)
Non-controlling interests		63	827
		(30,365)	(76,818)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	HK(2.21) cents	HK(5.63) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 September 2021

	Six-month period ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	(30,365)	(76,818)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	7,053	19,368
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(23,312)	(57,450)
Attributable to:		
Owners of the Company	(23,375)	(58,277)
Non-controlling interests	63	827
	(23,312)	(57,450)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	<i>Notes</i>	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	307,965	304,466
Investment properties		111,916	112,229
Right-of-use assets	9	635,685	698,017
Intangible assets		12,010	13,596
Investments in joint ventures		33,832	37,551
Prepayments and deposits paid in advance for purchases of property, plant and equipment		7,319	9,490
Non-current deposits and other receivables		71,675	66,813
Deferred tax assets		2,907	2,893
Total non-current assets		1,183,309	1,245,055
CURRENT ASSETS			
Inventories		15,141	18,053
Trade receivables	10	4,849	4,983
Prepayments, deposits and other receivables		109,284	106,374
Tax recoverable		6,544	7,566
Pledged time deposits		579	579
Cash and bank balances		167,566	169,628
Total current assets		303,963	307,183
CURRENT LIABILITIES			
Trade payables	11	37,211	38,554
Other payables and accruals		157,654	155,817
Interest-bearing bank borrowings	12	63,977	55,971
Lease liabilities		184,859	178,468
Tax payable		3,511	3,921
Total current liabilities		447,212	432,731
NET CURRENT LIABILITIES		(143,249)	(125,548)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,040,060	1,119,507

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	<i>Notes</i>	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Other payable and accruals		11,698	11,012
Interest-bearing bank borrowings	12	10,355	1,442
Lease liabilities		420,163	484,992
Deferred tax liabilities		5,420	5,453
Total non-current liabilities		447,636	502,899
Net assets		592,424	616,608
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	14,112	14,112
Reserves		579,566	602,941
		593,678	617,053
Non-controlling interests		(1,254)	(445)
Total equity		592,424	616,608

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 September 2021

	Attributable to owners of the Company									
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Shares	Statutory reserve (Unaudited) HK\$'000	Merger reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	(Accumulated	Total (Unaudited) HK\$'000	Non- controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
			held for the				(losses)/			
			Share Award Scheme (Unaudited) HK\$'000				retained profits (Unaudited) HK\$'000			
At 1 April 2021	14,112	885,973	(27,730)	22,494	(8,434)	(23,609)	(215,753)	617,053	(445)	616,608
(Loss)/profit for the period	—	—	—	—	—	—	(30,428)	(30,428)	63	(30,365)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	—	—	—	—	—	7,053	—	7,053	—	7,053
Total comprehensive income for the period	—	—	—	—	—	7,053	(30,428)	(23,375)	63	(23,312)
Dividend paid to non controlling interests	—	—	—	—	—	—	—	—	(875)	(875)
Equity contribution from non-controlling interests	—	—	—	—	—	—	—	—	3	3
Transfer to statutory reserve	—	—	—	2,237	—	—	(2,237)	—	—	—
At 30 September 2021	14,112	855,973*	(27,730)*	24,731*	(8,434)*	(16,556)*	(248,418)*	593,678	(1,254)	592,424
At 31 March 2020	14,112	855,973	(27,730)	21,677	(8,434)	(57,662)	(96,419)	701,517	1,535	703,052
Effect of adoption of amendments to HKFRS16 (Note 2(a))	—	—	—	—	—	—	5,597	5,597	—	5,597
At 1 April 2020 (restated)	14,112	855,973	(27,730)	21,677	(8,434)	(57,662)	(90,822)	707,114	1,535	708,649
(Loss)/profit for the period	—	—	—	—	—	—	(77,645)	(77,645)	827	(76,818)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	—	—	—	—	—	19,368	—	19,368	—	19,368
Total comprehensive income for the period	—	—	—	—	—	19,368	(77,645)	(58,277)	827	(57,450)
Transfer to statutory reserve	—	—	—	779	—	—	(779)	—	—	—
At 30 September 2020 (restated)	14,112	855,973*	(27,730)*	22,456*	(8,434)*	(38,294)*	(169,246)*	648,837	2,362	651,199

* These reserve accounts comprise the consolidated reserves of HK\$579,566,000 (30 September 2020: HK\$634,725,000 (restated)) in the consolidated statement of financial position as at 30 September 2021.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 September 2021

	Six-month period ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	87,641	74,202
Interest received	313	852
Interest paid	(416)	(606)
Income tax refunded/(paid)	571	(2,906)
Net cash flows from operating activities	88,109	71,542
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(30,638)	(11,093)
Proceeds from disposal of property, plant and equipment	173	700
Purchase of intangible assets	(57)	—
Decrease in pledged time deposits	—	926
Increase in restricted cash	(19,012)	(2,919)
Dividend received from a joint venture	8,826	—
Net cash flows used in investing activities	(40,708)	(12,386)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new bank loans	22,120	3,000
Repayment of bank loans	(5,198)	(2,163)
Principal portion of lease payments	(77,668)	(95,240)
Interest element of lease payments	(9,831)	(12,518)
Equity contribution from non-controlling interests	3	—
Dividends paid to non-controlling interest	(875)	—
Net cash flows used in financing activities	(71,449)	(106,921)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of the period	167,198	237,392
Effect of foreign exchange rate changes, net	2,974	7,347
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	146,124	196,974
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS (Note)		
Cash at bank and on hand	146,124	169,886
Non-pledged time deposits	—	27,088
	146,124	196,974

Note: The Group's cash and bank balances of HK\$167,566,000 is equivalent to the cash and cash equivalents of HK\$146,124,000 plus bank deposits of HK\$21,442,000 which is secured for the Group's bank loans.

NOTES TO INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 29 May 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the Review Period, the Company acted as an investment holding company and its subsidiaries were principally engaged in the provision of food catering services through restaurants and a bakery shop in Hong Kong, Mainland China, Macau and Singapore.

2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and are in compliance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). They have been prepared under the historical cost convention. These Interim Financial Statements are presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousand except when otherwise stated.

The Interim Financial Statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 March 2021 (the "**2021 Annual Report**").

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities as well as income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the 2021 Annual Report, except as disclosed below.

(a) Changes in accounting policies and disclosures

The Group has applied the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA to this interim financial report for the current accounting period:

- Amendment to HKFRS 16, COVID-19-related rent concessions beyond 30 June 2021
- Amendment to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform-phase 2

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRS are discussed below.

NOTES TO INTERIM FINANCIAL STATEMENTS

2. BASIS OF PREPARATION *(Continued)*

(a) Changes in accounting policies and disclosures *(Continued)*

Amendment to HKFRS 16, COVID-19-related rent concessions beyond 30 June 2021 (2021 amendment)

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has adopted the 2021 amendment in this financial year. There is no impact on the opening balance of equity at 31 March 2021.

The Group previously applied the practical expedient “*Amendments to HKFRS 16, COVID-19-Related Rent Concessions*”. The impact on the opening balance of equity at 1 April 2020 from such practical expedient is summarized in the follow table:

	Carrying amount at 31 March 2020 \$'000	Cumulative effect of Initially applying the amendment \$'000	Carrying amount at 1 April 2020 \$'000
Line items in the consolidated statement of financial position impacted by the adoption of Amendment to HKFRS 16:			
Right-of-use assets	719,842	9,633	729,475
Leases liabilities	(708,233)	(4,036)	(712,269)
Net assets	703,052	5,597	708,649

NOTES TO INTERIM FINANCIAL STATEMENTS

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through restaurants and a bakery shop. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

The following tables present revenue from external customers for the Review Period and certain non-current assets information as at 30 September 2021 by geographical area.

(a) Revenue from external customers

	Six-month period ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Hong Kong [#]	261,790	211,989
Mainland China	256,028	219,831
Others [*]	4,668	1,924
	522,486	433,744

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

As no revenue derived from sales to a single customer of the Group has accounted for 10% or more of the Group's total revenue during both periods, no information about major customers is presented.

[#] Revenue from external customers located in Hong Kong includes revenue derived from the sale of food to a joint venture of the Group amounting to approximately HK\$1,007,000 (the Previous Review Period: approximately HK\$2,600,000).

^{*} "Others" mainly represents revenue derived from the sale of food to a joint venture of the Group.

NOTES TO INTERIM FINANCIAL STATEMENTS

3. OPERATING SEGMENT INFORMATION *(Continued)*

(b) Non-current assets

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Hong Kong	592,603	638,980
Mainland China	482,292	498,818
Others	33,832	37,551
	1,108,727	1,175,349

The non-current assets information above is based on the locations of the assets and excludes non-current deposits and other receivables and deferred tax assets.

4. REVENUE

An analysis of revenue is as follows:

	Six-month period ended 30 September 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue		
Income from restaurant operations transferred at a point in time under HKFRS 15	512,656	429,220
Sale of food transferred at a point in time under HKFRS 15	9,830	4,524
	522,486	433,744

Performance obligation

The performance obligation of income from restaurant operations is satisfied upon completion of the service.

The performance obligation from sale of food is satisfied upon delivery of the food and payment is generally due from immediate to 60 days from delivery.

NOTES TO INTERIM FINANCIAL STATEMENTS

5. LOSS BEFORE TAX

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

	Six-month period ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Cost of inventories sold	147,748	136,356
Depreciation of items of property, plant and equipment	29,716	30,402
Depreciation of right-of-use assets	88,716	98,722
Depreciation of investment properties	1,761	1,622
Amortisation of intangible assets	1,643	2,004
Write-off of items of property, plant and equipment	—	728
Gain on disposal of items of property, plant and equipment	(21)	—
Impairment of right-of-use assets	—	31,167
Foreign exchange differences, net	2,257	3,192
Employee benefit expenses (including Directors' and chief executive's remuneration):		
Wages and salaries	152,749	130,504
Retirement benefit scheme contributions	16,065	8,531
	168,814	139,035
Gain on lease modification (included in other income and other gains)	—	(26,499)
Government subsidies (included in other income and other gains) (Note)	(3,192)	(35,708)
COVID-19-related rent concessions received	(14,189)	(13,762)

Note:

For the Review Period, these represented subsidies granted by the Government under the Anti-epidemic fund. For the Previous Review Period, these also included subsidies granted by the Government under the Employment Support Scheme. There were no unfulfilled conditions or other contingencies attaching to the subsidies and the Government grant that had been recognised by the Group.

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% during both periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	Six-month period ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current — Hong Kong		
Charge for the period	—	371
Overprovision in prior periods	(144)	—
Current — Elsewhere		
Charge for the period	168	2,300
Under/(over) provision in prior periods	13	943
Deferred tax	(33)	(34)
Total tax charge for the period	4	3,580

NOTES TO INTERIM FINANCIAL STATEMENTS

7. INTERIM DIVIDEND

No dividend was paid by the Company or proposed by the Board during the Review Period nor has any dividend been proposed since the end of the reporting period (the Previous Review Period: nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount for the Review Period is based on the loss for the period of approximately HK\$30,428,000 (the Previous Review Period: approximately HK\$77,645,000) attributable to ordinary equity holders of the Company and the weighted average number of 1,411,226,450 ordinary shares of the Company for the Review Period (the Previous Review Period: 1,411,226,450 ordinary shares of the Company) in issue deducting the weighted average number of shares held under the Share Award Scheme of 32,624,000 ordinary shares (the Previous Review Period: 32,624,000 ordinary shares of the Company).

The Group had no potentially dilutive ordinary shares in issue during both periods. Accordingly, diluted loss per share for both periods was the same as the basic loss per share.

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

During the Review Period, the Group acquired property, plant and equipment of HK\$30,638,000 (the Previous Review Period: HK\$11,093,000). No write-offs of items of property, plant and equipment was recognised (the Previous Review Period: HK\$728,000).

Certain buildings (included in property, plant and equipment) and right-of-use assets are secured for the Group's bank borrowings. Details are set out in note 12 of the Interim Financial Statements.

10. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting periods, based on the invoice date, is as follows:

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Less than one month	1,942	1,169
One to two months	672	2,076
Over two months to three months	290	489
Over three months	1,945	1,249
	4,849	4,983

The Group's trading terms with its customers are mainly on cash and smart card settlement, except for well-established corporate customers, for which the credit term is generally 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the Senior Management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing. They are stated net of loss allowance.

NOTES TO INTERIM FINANCIAL STATEMENTS

10. TRADE RECEIVABLES *(Continued)*

Included in the Group's trade receivables are amounts due from the Group's joint-ventures of HK\$3,116,000 as at 30 September 2021 (31 March 2021: HK\$3,212,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

11. TRADE PAYABLES

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

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Less than one month	23,284	27,743
One to two months	11,597	9,538
Over two months	2,330	1,273
	37,211	38,554

The trade payables are non-interest-bearing and generally have payment terms of 45 days.

NOTES TO INTERIM FINANCIAL STATEMENTS

12. INTEREST-BEARING BANK BORROWINGS

	As at 30 September 2021 (Unaudited)			As at 31 March 2021 (Audited)		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Bank loan — secured	1 month Hong Kong Interbank Offered Rate (“HIBOR”)+1.00%	On demand	52,770	1 month HIBOR+1.00%	On demand	54,983
Bank loan — secured	1 month HIBOR+1.7% or bank’s cost of fund +1%, whichever is higher or Hong Kong prime rate, whichever is lower	36 months since inception	1,939	1 month HIBOR+1.7% or bank’s cost of fund +1%, whichever is higher or Hong Kong prime rate, whichever is lower	36 months since inception	2,430
Bank loan — secured	1 month HIBOR+1.7% or bank’s cost of fund +1%, whichever is higher or Hong Kong prime rate, whichever is lower	26 months since inception	19,503			—
Bank loan — secured	1 year Loan Prime Rate +0.25%	6 months since inception	120			—
			74,332			57,413

NOTES TO INTERIM FINANCIAL STATEMENTS

12. INTEREST-BEARING BANK BORROWINGS *(Continued)*

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Analysed into:		
Bank loans repayable:		
Current	63,977	55,971
Non-current	10,355	1,442
	74,332	57,413

As at 30 September 2021, the Group's bank loans were secured by:

- (a) the Group's buildings, right-of-use assets and investment properties with carrying values of approximately HK\$96,056,000, HK\$139,284,000 and HK\$43,070,000, respectively (31 March 2021: HK\$57,160,000, HK\$125,491,000 and HK\$ Nil, respectively);
- (b) unlimited corporate guarantees from the Company and certain of its wholly-owned subsidiaries; and
- (c) the Group's bank deposits of HK\$21,442,000 (31 March 2021: HK\$2,430,000).

The Group's bank loan of approximately HK\$52,770,000 as at 30 September 2021 containing an on-demand clause has been classified as current liabilities. Such loan is included within current interest-bearing bank borrowings.

The amounts payable based on the maturity terms of the loans are analysed as follows:

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Bank loans:		
Within one year	15,680	5,423
In the second year	14,878	5,494
In the third to fifth years, inclusive	13,867	14,195
Beyond five years	29,907	32,301
	74,332	57,413

NOTES TO INTERIM FINANCIAL STATEMENTS

13. ISSUED CAPITAL

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	100,000	100,000
Issued and fully paid:		
1,411,226,450 ordinary shares of HK\$0.01 each	14,112	14,112

14. SHARE OPTION SCHEME

The Company operates the 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/will be or are expected to be beneficial to the Group. The Share Option Scheme became effective on 5 November 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

No share options have been granted under the Share Option Scheme since it became effective. Therefore, no share options were exercised or cancelled or lapsed during the Review Period and no share options were outstanding under the Share Option Scheme as at 30 September 2021 and 31 March 2021.

15. COMMITMENTS

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

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Contracted, but not provided for:		
Leasehold improvements	2,669	5,811
Intangible assets	1,040	192
	3,709	6,003

NOTES TO INTERIM FINANCIAL STATEMENTS

16. RELATED PARTY TRANSACTIONS

- (i) In addition to the transactions detailed elsewhere in the Interim Financial Statements, the Group had the following material transactions with related parties during the periods:

	Notes	Six-month period ended 30 September	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Sale of food to joint ventures	(a)	5,389	4,524
Rental fees paid and payable to:			
Success Path Limited	(b)	1,080	1,235
Champion Stage Limited	(b)	371	685
Joy Express Limited	(b)	—	4,095
Laundry service fee paid and payable to a related party	(c)	279	—

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 and usual course of business of the Group.

The related party transactions in respect of the rental fees above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes:

- (a) The selling prices of food sold to joint ventures were mutually agreed between the parties, which approximated the market rates.
- (b) These related parties are controlled by the current and former Directors, namely Mr. Lee Yuen Hong (“**Mr. Lee**”), Mr. Ho Ting Chi (“**Mr. Ho**”), Mr. Cheung Yu To, Mr. Cheung Wai Keung and Mr. Cheung Yue Pui. Except Mr. Lee, the chairman of the Board (the “**Chairman**”), all the other four individuals named above are the former Directors. The rental fees were determined between the Group and the parties by reference to market rates.
- (c) The related party is controlled by a close family member of a Director. The service fee was mutually agreed between the parties, which approximately the market rate.
- (ii) Compensation of key management personnel of the Group, including the remuneration of the Directors and the chief executive, is as follows:

	Six-month period ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Short term employee benefits	3,760	3,329
Post-employment benefits	66	27
	3,826	3,356

NOTES TO INTERIM FINANCIAL STATEMENTS

17. FINANCIAL INSTRUMENTS BY CATEGORY

As at 30 September 2021 and 31 March 2021, all the financial assets and liabilities of the Group were at amortised cost.

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost were not materially different from the fair values as at 30 September 2021 and 31 March 2021.

18. CONTINGENT LIABILITIES

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

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Bank guarantees in favour of landlords in lieu of rental deposits (secured)	579	579
Bank guarantees in favour of landlords in lieu of rental deposits (unsecured)	5,105	5,191
	5,684	5,770

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Review Period (the Previous Review Period: nil).

USE OF NET PROCEEDS

The net proceeds from the Listing (the “**Net Proceeds**”) were approximately HK\$794.4 million (after deducting the underwriting fees and all related expenses).

The use of the Net Proceeds up to 30 September 2021 was approximately as follows:

Use of Net Proceeds	Percentage of Net Proceeds	Net Proceeds (in HK\$ million)	Amount utilised during Review Period (in HK\$ million)	Aggregate amount	Amount
				utilised up to 30 September 2021 (in HK\$ million)	remaining as at 30 September 2021 (in HK\$ million)
Opening new restaurants and delivery centres and launch of catering service in Hong Kong	20%	158.9	—	(158.9)	—
Opening new restaurants in Mainland China	35%	278.0	—	(278.0)	—
Construction of new central kitchen in Hong Kong	10%	79.4	—	(79.4)	—
Construction of new central kitchens in Shanghai and Southern China	20%	158.9	—	(108.3)	50.6
Upgrading information technology systems	5%	39.8	(1.7)	(34.9)	4.9
Additional working capital and other general corporate purposes	10%	79.4	—	(79.4)	—
Total	100%	794.4	(1.7)	(738.9)	55.5

The unused Net Proceeds were mainly intended to be applied to construction of new central kitchens in Shanghai and Southern China (the “**Unmaterialized Plan**”). However, given the unfavourable factors and impact of the Pandemic, the Directors are of the view that it is relatively not a good timing for taking further steps in pursuing the Unmaterialized Plan. If it is determined by the Board that it would be in the interest of the Company and the Shareholders to shelve the Unmaterialized Plan and reallocate the unused Net Proceeds, the Company will inform the Shareholders by making a further announcement.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 5 November 2012 for the purpose of giving certain Eligible Persons (as defined below) an opportunity to have a personal stake in the Company and motivating them to optimise their future performance and efficiency and/or rewarding them for their past contributions, as well as attracting and retaining, or otherwise maintaining on-going relationships with, such Eligible Persons (defined below) who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. "Eligible Persons" refer to (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (the "Affiliate"); or (ii) the trustee of any trust, the beneficiary of such trust or any discretionary trust, the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

The maximum number of shares of the Company (the "Shares") which may be issued upon the exercise of all options to be granted under the Share Option Scheme is 133,333,400 Shares, representing approximately 9.45% of the Company's issued share capital as at the date of these Interim Financial Statements. The maximum number of Shares issued and to be issued upon the exercise of the options granted under the Share Option Scheme to any one person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time (and for an independent non-executive Director or a substantial Shareholder (as defined in the Listing Rules) or their respective associates (as defined in the Listing Rules), 0.1% of the Shares in issue or a value of HK\$5 million). Any further grant of options in excess of the aforesaid limit shall be subject to, among other requirements, the approval from the Shareholders in general meetings.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised in general. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion. The relevant grantees are required to pay HK\$1.00 as the consideration for the grant and submit a duly signed offer letter to the Company. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of each Share on the date of grant of the relevant option (the "Grant Date");
- (b) the closing price of each Share as stated in the Stock Exchange's daily quotation sheet on the Grant Date; and
- (c) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Grant Date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to the termination of the Share Option Scheme and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of the Share Option Scheme.

During the Review Period, no options were granted, exercised or cancelled or lapsed under the Share Option Scheme and there were no options outstanding as at 30 September 2021.

Further details of the Share Option Scheme are set out in note 14 to the Interim Financial Statements.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2021, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of 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"), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

Interest in the Shares

Name of Directors	Nature of interest	Number of issued Shares held	Approximate percentage of shareholding ⁽³⁾
Mr. Lee ⁽¹⁾	Interests held jointly with other persons; interest in a controlled corporation ⁽²⁾	878,956,000 (L)	62.28%
Mr. Lee Kun Lun Kenji	Beneficial interest	136,000 (L)	0.01%
Mr. Yang Dong John	Beneficial interest	30,000 (L)	0.002%

(L) denotes long position

Notes:

- (1) Pursuant to a deed of confirmation dated 5 November 2012 and entered into among Mr. Lee, the Chairman and an executive Director, Mr. Ho, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung (all the latter four individuals being former Directors) (the "Deed of Confirmation"), the parties thereto have agreed to jointly control their respective interests in the Company and decisions as to the business and operations of the Group shall be made in accordance with the unanimous consent of all of them.

Each of Mr. Lee, Mr. Ho, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung shall exercise their respective voting rights in the Company in the same way. Hence, each of Mr. Lee, Mr. Ho, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung is deemed to be interested in all the Shares held or deemed to be held by them in aggregate by virtue of the SFO.

On 25 November 2021, by filing a disclosure of interest form with the Stock Exchange, Mr. Lee declared that he is no longer deemed to be interested in the same parcel of Shares in which Mr. Ho, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung are interested under the Deed of Confirmation.

- (2) Of the 878,956,000 Shares, 770,092,000 Shares were held by Cui Fa Limited ("Cui Fa"), 65,408,000 Shares were held by Ample Favour Limited and 43,456,000 Shares were held by Victor Leap Limited. As at 30 September 2021, Cui Fa was held as to approximately 49.90%, 36.12% and 13.98% by Mr. Lee, Mr. Ho and Mr. Cheung Yu To, respectively and Mr. Lee, Mr. Ho, Mr. Cheung Yu To and Mr. Lee Kun Lun Kenji were the directors of Cui Fa. The issued share capital of Ample Favour Limited was held by Mr. Cheung Wai Keung and the issued share capital of Victor Leap Limited was held by Mr. Cheung Yue Pui.
- (3) These percentages are calculated on the basis of 1,411,226,450 Shares in issue as at 30 September 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

Interest in the shares of Cui Fa — the immediate and ultimate holding company of the Company

Name of Directors	Nature of interest	Number of issued ordinary shares of Cui Fa held	Approximate percentage
Mr. Lee	Beneficial interest	499,000	49.90%

Save as disclosed above, as at 30 September 2021, none of the Directors and chief executive of the Company or their respective associates (as defined in the Listing Rules) had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the Review Period was the Company or any of its subsidiaries a party to any arrangements which enabled the Directors and the chief executive of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate; and none of the Directors, or their respective spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the Review Period.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2021, so far as the Directors or chief executive of the Company are aware, the following corporation and persons other than a Director or the chief executive of the Company had an interest or a short position in the Shares and underlying Shares, which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Nature of interest	Number of issued Shares held	Approximate percentage of shareholding ⁽⁸⁾
Ms. Chan Choi Fung ⁽¹⁾	Interest of spouse	878,956,000 (L)	62.28%
Mr. Ho ⁽²⁾	Interests held jointly with other persons; interest in a controlled corporation	878,956,000 (L)	62.28%
Mr. Cheung Yu To ⁽²⁾	Interests held jointly with other persons; interest in a controlled corporation	878,956,000 (L)	62.28%
Mr. Cheung Yue Pui ⁽²⁾	Interests held jointly with other persons; interest in a controlled corporation	878,956,000 (L)	62.28%
Mr. Cheung Wai Keung ⁽²⁾	Interests held jointly with other persons; interest in a controlled corporation	878,956,000 (L)	62.28%
Ms. Woo Chun Li ⁽³⁾	Interest of spouse	878,956,000 (L)	62.28%
Ms. Tai Ngan Har Talia ⁽⁴⁾	Interest of spouse	878,956,000 (L)	62.28%
Ms. Lam Hiu Man ⁽⁵⁾	Interest of spouse	878,956,000 (L)	62.28%
Ms. Lui Ning ⁽⁶⁾	Interest of spouse	878,956,000 (L)	62.28%
Cui Fa ⁽⁷⁾	Beneficial owner	770,092,000 (L)	54.57%

(L) denotes long position

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

- (1) Ms. Chan Choi Fung is the wife of Mr. Lee. Under the SFO, Ms. Chan Choi Fung is taken to be interested in the same number of Shares in which Mr. Lee is interested and is deemed to be interested.
- (2) Pursuant to the Deed of Confirmation, Mr. Lee, Mr. Ho, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung have agreed to jointly control their respective interests in the Company and decisions as to the business and operations of the Group shall be made in accordance with the unanimous consent of all of them. Each of Mr. Lee, Mr. Ho, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung shall exercise their respective voting rights in the Company in the same way. Hence, each of Mr. Lee, Mr. Ho, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung is deemed to be interested in all the Shares held and deemed to be held by them in aggregate by virtue of the SFO.

On 25 November 2021, by filing a disclosure of interest form with the Stock Exchange, Mr. Lee declared that he is no longer deemed to be interested in the same parcel of Shares in which Mr. Ho, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung are interested under the Deed of Confirmation.
- (3) Ms. Woo Chun Li is the wife of Mr. Cheung Wai Keung. Under the SFO, Ms. Woo Chun Li is taken to be interested in the same number of Shares in which Mr. Cheung Wai Keung is interested and is deemed to be interested.
- (4) Ms. Tai Ngan Har Talia is the wife of Mr. Ho. Under the SFO, Ms. Tai Ngan Har Talia is taken to be interested in the same number of Shares in which Mr. Ho is interested and is deemed to be interested.
- (5) Ms. Lam Hiu Man is the wife of Mr. Cheung Yue Pui. Under the SFO, Ms. Lam Hiu Man is taken to be interested in the same number of Shares in which Mr. Cheung Yue Pui is interested and is deemed to be interested.
- (6) Ms. Lui Ning is the wife of Mr. Cheung Yu To. Under the SFO, Ms. Lui Ning is taken to be interested in the same number of Shares in which Mr. Cheung Yu To is interested and is deemed to be interested.
- (7) As at 30 September 2021, Cui Fa was held as to approximately 49.90%, 36.12% and 13.98% by Mr. Lee, Mr. Ho and Mr. Cheung Yu To, respectively.
- (8) These percentages are calculated on the basis of 1,411,226,450 Shares in issue as at 30 September 2021.

Save as disclosed above, as at 30 September 2021, so far as is known to the Directors or chief executive of the Company, there was no corporation/person other than a Director or the chief executive of the Company having an interest or a short position in the Shares and underlying Shares, which would be required to be disclosed to the Company pursuant to Part XV of the SFO or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 16 to the Interim Financial Statements above, there were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries or associates was a party and in which any Director or controlling Shareholder (as defined in the Listing Rules) had a material interest, whether directly or indirectly, subsisted at the end of the Review Period or at any time during the Review Period.

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Review Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of the Company's 2021 Annual Report are set out below:

- In view of the difficult operating environment faced by the Group, each of the Directors has voluntarily reduced his/her monthly salary/Director's fees by 15% during the period from 1 August 2020 to 31 July 2021 and will continue to do so by 15% during the period from 1 August 2021 to 31 October 2021.

CORPORATE GOVERNANCE

The Company had adopted and complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "CG Code") for the Review Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code from time to time.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct governing the Directors' securities transactions in the listed securities of the Company.

Following the specific enquiries made to the Directors by the Company, all of them confirmed that they had fully complied with the standards as set out in the Model Code for the Review Period.

AUDIT COMMITTEE

The Interim Financial Statements have not been audited nor reviewed by the independent auditors of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also reviewed and confirmed the Group's Interim Financial Statements and discussed auditing, internal control, risk management systems and financial reporting matters of the Group. The existing members of the Audit Committee comprise Mr. Yim Kwok Man and Mr. Goh Choo Hwee, both independent non-executive Directors, and Mr. Wong Chi Kin, a non-executive Director. Mr. Yim Kwok Man is the chairman of the Audit Committee.

SHARE AWARD SCHEME

The Company has adopted the Share Award Scheme to recognise and motivate the contribution of the eligible participants, to provide incentives and help the Company in retaining its existing participants and recruiting additional participants and to provide them with a direct economic interest or incentives in attaining the long-term business objectives of the Company. The Share Award Scheme was adopted by the Board on 9 August 2018 (the "Adoption Date") and shall be valid until the business day immediately prior to the 10th anniversary of the Adoption Date. Since the Adoption Date and up to 30 September 2021, none of the issued Shares purchased has been awarded under the Share Award Scheme.

TERM LOAN FACILITY OF HK\$30,000,000 AND DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 28 August 2020, the Company entered into a facility agreement with a licensed bank in Hong Kong (the "Bank" and the "Facility Agreement", respectively) whereby the Bank has made available to Tsui Wah Efford Management Limited ("TWEML"), a wholly-owned subsidiary of the Company, a term loan facility (the "Facility") for 36 months in the principal amount of HK\$30 million.

Under the terms of the Facility Agreement, TWEML has also executed a letter of undertaking in favour of the Bank (the "Letter of Undertaking"). Pursuant to the Letter of Undertaking, among others, it would be an event of default of the Facility Agreement if Mr. Lee, the Chairman and an executive Director, ceases to be (i) the Chairman; and (ii) a controlling Shareholder holding at least 30% of voting power at general meetings of the Company (the "Event of Default").

CORPORATE GOVERNANCE AND OTHER INFORMATION

TERM LOAN FACILITY OF HK\$30,000,000 AND DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES *(Continued)*

If an Event of Default has occurred, the Bank may by notice to TWEML declare that (i) the advances under the Facility be cancelled; and/or (ii) all amounts outstanding under the Facility and all interest, fees and commissions shall immediately become due and payable.

As at 30 September 2021, the Group utilised the Facility of approximately HK\$25,000,000.

Save as disclosed above, there were no circumstances which would give rise to a disclosure obligation of the Group under Rule 13.21 of the Listing Rules as at 30 September 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Review Period, the Company did not redeem any of the Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of these Interim Financial Statements, the Company has maintained a sufficient public float of the issued Shares (i.e. at least 25% of the issued Shares being held by the public) as required under the Listing Rules.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

No material events have occurred after the end of the Review Period and up to the date of this Interim Financial Statements.

PUBLICATION OF THE INTERIM REPORT

These Interim Financial Statements containing all the information required by the Listing Rules are published on the website of the Company (www.tsuiwah.com) as well as the designated website of the Stock Exchange (www.hkexnews.hk).

By order of the Board
Tsui Wah Holdings Limited
Lee Yuen Hong
Chairman and Executive Director

Hong Kong, 27 November 2021



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