



LH GROUP

叙福樓集團

LH GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1978

INTERIM REPORT

2019



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Kit Lung Simon *Prof, JP*
(*Chairman and Chief Executive Officer*)
Ms. Ko Sau Chee Grace (*Vice Chairperson*)
Mr. Ho Chi Wai

Independent non-executive Directors

Mr. Sin Yat Kin *SBS, CSDSM*
Ms. Hung Lo Shan Lusan
Mr. Hung Wai Man *JP*

AUDIT COMMITTEE

Ms. Hung Lo Shan Lusan (*Chairperson*)
Mr. Hung Wai Man *JP*
Mr. Sin Yat Kin *SBS, CSDSM*

REMUNERATION COMMITTEE

Mr. Sin Yat Kin *SBS, CSDSM (Chairperson)*
Mr. Wong Kit Lung Simon *Prof, JP*
Ms. Hung Lo Shan Lusan

NOMINATION COMMITTEE

Mr. Wong Kit Lung Simon *Prof, JP (Chairperson)*
Mr. Sin Yat Kin *SBS, CSDSM*
Mr. Hung Wai Man *JP*

JOINT COMPANY SECRETARIES

Ms. Chan Hiu Yi (*ACIS, ACS*)
Ms. Yu Wing Sze (*ACIS, ACS*)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Ho Chi Wai
Ms. Chan Hiu Yi

LEGAL ADVISER

Michael Li & Co.
19/F., Prosperity Tower
No.39 Queen's Road Central
Central, Hong Kong

COMPLIANCE ADVISER

China Everbright Capital Limited
24/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

REGISTERED OFFICE

Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 03, L22, Tower 1
Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay, Kowloon
Hong Kong

HONG KONG SHARE REGISTRAR

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

**CAYMAN ISLANDS PRINCIPAL
SHARE REGISTRAR AND
TRANSFER OFFICE**

Walkers Corporate Limited
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Shanghai Commercial Bank Limited
Industrial and Commercial Bank of China (Asia)
Limited
China Citic Bank (International) Limited

COMPANY WEBSITE

www.lhgroup.com.hk

STOCK CODE

1978

LISTING DATE

30 May 2018

Financial Highlights and Calendar

FINANCIAL HIGHLIGHTS

For the six months ended 30 June

	2019 <i>HK\$ million</i>	2018 <i>HK\$ million</i>	% Change
Revenue	520.0	465.7	11.7%
Earnings before interest, tax, depreciation and amortisation (excluded one-off gain on disposal of subsidiaries and listing expenses)	100.0	37.8	164.6%
Profit attributable to the shareholders of the Company	39.7	3.0	1,214.0%
Profit attributable to the shareholders of the Company (excluded one-off gain on disposal of subsidiaries and listing expenses)	26.6	11.0	140.5%
Earnings per share Basic and diluted (<i>HK cents</i>)	4.96	0.48	933.3%
Interim dividend per share (<i>HK cents</i>)	4.96		
Special dividend per share (<i>HK cents</i>)	5.00		

CALENDAR

Interim Results Announcement	27 August 2019
Closure of Register of Members — Interim and special dividend	11 September 2019–13 September 2019 (both days inclusive)
Payable date of interim and special dividend	On or around 27 September 2019

Management Discussion and Analysis

BUSINESS REVIEW

We are a top full service multi-brand restaurant group in Hong Kong specialising in Cantonese and Asian (in particular Japanese) cuisine.

As at 30 June 2019, LH Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) operated two Cantonese restaurants under two self-owned brands in Hong Kong, namely, “*LHGrand* (叙福樓金閣)” and “*Pot Master* (煲仔王)”; and 34 Asian restaurants under two self-owned brands, namely, “*Mou Mou Club* (牛涮鍋)” and “*Peace Cuisine* (和平飯店)”, and four franchised brands, namely “*Gyu-Kaku* (牛角)”, “*Gyu-Kaku Jinan-Bou* (牛角次男坊)”, “*On-Yasai* (溫野菜)” and “*Yoogane* (柳氏家)”, which serve quality, value-for-money delicacies to diversified customer segments seeking a wide array of culinary experiences. We pride ourselves in the extensive market coverage of our brand portfolio, which allows us to tap into customer segments spanning across mid-to-high end market to mass market with different culinary preferences.

The following table sets forth the number of restaurants we operated as at the dates indicated.

	As at 30 June	
	2019	2018
Cantonese cuisine restaurants		
— Self-owned brands (<i>Note</i>)	2	5
Asian cuisine restaurants		
— Self-owned brands (<i>Note</i>)	13	12
— Franchised brands	21	18
<i>Sub-total of Asian restaurants:</i>	34	30
Total:	36	35

Note:

During the year ended 31 December 2018, management realigned the Group’s business strategy and has classified the “*Peace Cuisine*” brand from “Cantonese cuisine — self-owned brands” to “Asian cuisine — self-owned brands” and certain comparatives have been reclassified to conform with current period presentation.

As disclosed in the section headed “Future plans and use of proceeds” in the prospectus dated 15 May 2018 (the “**Prospectus**”), the Group will continue to open new restaurants in Hong Kong going forward in accordance with our expansion plan and the Group will exercise due care in identifying adequate opportunities and planning for the opening of new restaurants.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 11.7%, or approximately HK\$54.3 million, from approximately HK\$465.7 million for the six months ended 30 June 2018 (the "Last Corresponding Period") to approximately HK\$520.0 million for the six months ended 30 June 2019 (the "Period"). The increase in revenue was primarily due to the increase in revenue from restaurant operations, which is primarily driven by the increase in revenue from our Asian cuisine restaurants — franchised brands during the Period by approximately HK\$78.4 million or approximately 38.3% as compared with the Last Corresponding Period. The revenue from Asian cuisine restaurants — franchised brands as a percentage of the Group's revenue increased from approximately 44.1% for the Last Corresponding Period to approximately 54.5% for the Period.

	For the six months ended 30 June			
	2019		2018	
	Revenue HK\$'000	% of total Revenue (%)	Revenue HK\$'000	% of total Revenue (%)
Cantonese cuisine restaurants				
— Self-owned brands (Note)	101,919	19.6	139,143	29.9
Asian cuisine restaurants				
— Self-owned brands (Note)	127,142	24.5	113,453	24.3
— Franchised brands	283,432	54.5	204,990	44.1
Sub-total of restaurant operations	512,493	98.6	457,586	98.3
Sale of food ingredients	7,525	1.4	8,096	1.7
Total	520,018	100.0	465,682	100.0

Note:

During the year ended 31 December 2018, management realigned the Group's business strategy and has classified the "Peace Cuisine" brand from "Cantonese cuisine — self-owned brands" to "Asian cuisine — self-owned brands" and certain comparatives have been reclassified to conform with current period presentation.

Cost of food and beverages

The Group's cost of food and beverages increased by approximately 15.6%, or approximately HK\$20.3 million, from approximately HK\$130.1 million for the Last Corresponding Period to approximately HK\$150.3 million for the Period. The increase was in line with the increase in revenue during the Period. The cost of food and beverages as a percentage of revenue remained stable at approximately 28.9% for the Period (Last Corresponding Period: 27.9%).

Staff costs

The Group's staff costs increased by approximately 6.7%, or approximately HK\$10.2 million, from approximately HK\$151.4 million for the Last Corresponding Period to approximately HK\$161.6 million for the Period. Such increase was primarily due to the increased administrative and operation headcount, and the increased salary and wages in order to cope with our increased business operation and business expansion plan during the Period.

Property rentals and related expenses

The Group's property rentals and related expenses decreased by approximately 48.7%, or approximately HK\$42.3 million, from approximately HK\$86.9 million for the Last Corresponding Period to approximately HK\$44.6 million for the Period. Such decrease was mainly attributable to the initial adoption of HKFRS 16 during the Period and that only lease payments associated with short-term leases and variable lease payments that do not meet the definition of a liability for the Group as lessee (i.e. contingent rent) were included in property rentals and related expenses for the Period.

Listing expenses

Listing expenses comprise professional and other expenses in relation to the listing (the "**Listing**") of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 30 May 2018. The Group's listing expenses amounted to approximately HK\$8.0 million for the Last Corresponding Period due to the expenses incurred during the period in preparation for the Listing. There were no such expenses incurred for the Period.

Profit for the Period

Profit for the Period increased by approximately 1,212.6%, or approximately HK\$36.6 million, from approximately HK\$3.0 million for the Last Corresponding Period to approximately HK\$39.6 million for the Period. Such increase was mainly due to the combined effect of (i) an one-off gain on disposal of subsidiaries of approximately HK\$13.1 million for the Period; and (ii) other factors discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its business with internally generated cash flows and proceeds received from the Listing. As at 30 June 2019, the Group had short term bank deposits of approximately HK\$158.8 million (as at 31 December 2018: HK\$148.0 million) and cash and cash equivalents of approximately HK\$137.0 million (as at 31 December 2018: approximately HK\$142.3 million). Most bank deposits and cash were denominated in Hong Kong dollar. The Group will continue to use the internal generated cash flows and proceeds received from the Listing as a source of funding for future developments.

As at 30 June 2019, the Group's total current assets and current liabilities were approximately HK\$371.1 million (as at 31 December 2018: approximately HK\$371.1 million) and approximately HK\$264.7 million (as at 31 December 2018: approximately HK\$147.4 million) respectively, while the current ratio was about 1.40 times (as at 31 December 2018: about 2.5 times). As a result of the adoption of HKFRS 16, the Group recognised the commitments under operating leases for future periods as lease liabilities, whereas, under the previous accounting standard, no such liabilities were required to be recorded. In this connection, the recorded net current assets, and hence the current ratio, were lower.

As at 30 June 2019, the gearing ratio of the Group was not applicable as it had no outstanding interest-bearing bank borrowings. The gearing ratio equals total interest-bearing bank borrowings divided by total equity and multiplied by 100%.

SIGNIFICANT INVESTMENTS

As at 30 June 2019, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Reference is made to the announcement of the Company dated 23 April 2019. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined therein.

During the Period, LHG Chinese Catering Limited, a wholly-owned subsidiary of the Company, has disposed the entire issued shares in Fameco (H.K.) Limited, The Banqueting House (TST) Co. Limited, The China House (KF) Limited, each being a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company and the Sale Loans at the Consideration of HK\$28,500,000.

Please refer to Note 15 of the Notes to the Financial Statements on page 41 of this report for details of the disposal.

Save as disclosed above, the Group has no material acquisition or disposal of subsidiaries, associates or joint ventures during the Period.

EVENTS AFTER THE REPORTING PERIOD

No significant events occurred since the end of the Period and up to the date of this report.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had 908 employees (as at 31 December 2018: 1,041 employees). The remuneration of the employees is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee.

The emoluments of the directors (the “**Directors**”) of the Company are recommended by the remuneration committee of the Company, with reference to their respective contribution of time, effort and expertise on the Company’s matters. The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 4 May 2018 to reward the participants defined thereunder for their contribution to the Group’s success and to provide them with incentives to further contribute to the Group. The Share Option Scheme has become effective on 30 May 2018. In addition, employees are entitled to performance and discretionary new year bonuses.

No share option was granted during the Period. As at 30 June 2019, the Company had no outstanding share option under the Share Option Scheme.

FOREIGN EXCHANGE EXPOSURE

Most of the transactions of the Group are denominated in Hong Kong dollars and the Group is not exposed to any significant foreign exchange exposure.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any material contingent liabilities.

PROSPECTS

The Group’s strategic objective is to continue solidifying its market position as a top multi-brand full service restaurant group in Hong Kong and enhancing market penetration into different customer segments. To achieve such objective, the Group will continue to implement the following strategies:

- Expanding its restaurant network and enhancing its market penetration in Hong Kong;
- Strengthening its multi-brand business model with new additions to its brand portfolio; and
- Enhancing operational efficiency and cost savings.

There is a complexity of macro risks arising from ongoing international trade negotiations, import tariff changes implemented by countries and challenges alongside geopolitical uncertainties which might pose challenges to both local business environment and consumer confidence in the industry. And our business and financial performance in the second half of 2019 is enveloped by a multitude of uncertainties and macro risks.

The management of the Group will remain dedicated to weathering the storm and will approach the second half of the year with caution and market responsiveness and closely monitor the latest developments in order to make flexible business and strategy adjustment in a timely manner to minimise any potential unfavourable impacts on our businesses.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of at least 25% of the issued shares (the “**Shares**”) of the Company during the Period and up to the date of this report.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing on 30 May 2018 after deducting share issuance expenses and listing expenses (the “**Net Proceeds**”) was approximately HK\$178,610,000. As at 30 June 2019, the Company had used approximately HK\$66,408,000 of the Net Proceeds for the purposes as set out in the Prospectus, representing approximately 37.2% of the Net Proceeds.

Use of Net Proceeds	Approximate percentage of total amount	Actual Net Proceeds HK\$'000	Amount utilised as at 30 June 2019 HK\$'000	Unused Net Proceeds HK\$'000
Opening a total of eight restaurants under our self-owned brands				
— One Cantonese cuisine restaurant (<i>note</i>)	8%	14,830	—	14,830
— Seven Asian cuisine restaurants (<i>note</i>)	26%	45,232	14,050	31,182
Opening 19 restaurants under franchised brands	56%	100,659	34,469	66,190
Additional working capital, strategic investment and other general corporate purposes	10%	17,889	17,889	—
Total	100%	178,610	66,408	112,202

Note: “*Peace Cuisine*” brand has been classified from “Cantonese cuisine — self-owned brands” to “Asian cuisine — self-owned brands” as management had realigned the Group’s business strategy. Accordingly, the category under which “*Peace Cuisine*” belonged to was reclassified and the respective use of proceeds have been reclassified from “Cantonese restaurant” to “Asian Cuisine restaurant” to conform with the segment presentation.

INTERIM DIVIDEND

The Board has declared payment of an interim dividend of HK4.96 cents per share (2018: nil) for the Period, and a special dividend of HK5.00 cents per share, payable to the Shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) on Friday, 13 September 2019. The interim dividend and special dividend will be paid to the Shareholders on or around Friday, 27 September 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of entitlement to the interim dividend and special dividend, the Register of Members will be closed from Wednesday, 11 September 2019 to Friday, 13 September 2019, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend and special dividend, all completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 10 September 2019.

Other Information

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders (the "**Shareholders**") of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

For the Period, save for the deviation from code provision A.2.1 of the CG Code, the Company has complied with all the code provisions of the CG Code and adopted most of the best practices set out therein.

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairperson and the chief executive officer should be separated and should not be performed by the same individual. Mr. Wong Kit Lung Simon ("**Mr. Wong**") currently holds both positions. Mr. Wong has been the key leadership figure of the Group who has been primarily involved in the formulation of business strategies and determination of the overall direction of the Group. He has also been chiefly responsible for the Group's operations as he directly supervises our senior management. Taking into account the continuation of the implementation of our business plans, the Directors (including the independent non-executive Directors) consider Mr. Wong as the best candidate for both positions and the present arrangements are beneficial and in the interests of the Company and the Shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and the board (the "**Board**") of the Directors, which comprises experienced and high-calibre individuals. The Board currently comprises three executive Directors (including Mr. Wong) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code for the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the Period.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") which comprises three independent non-executive Directors, namely Ms. Hung Lo Shan Lusan (Chairperson), Mr. Hung Wai Man and Mr. Sin Yat Kin. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee, together with management, has reviewed the unaudited condensed consolidated interim results of the Group for the Period.

DIRECTORS' AND CHIEF EXECUTIVE INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(i) Interest in the Company

As at 30 June 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding in the Company (%)	Long position/ Short position
Mr. Wong Kit Lung Simon ⁽²⁾	Interest held jointly with other persons; interest in a controlled corporation	600,000,000	75%	L ⁽¹⁾
Ms. Ko Sau Chee Grace ⁽²⁾	Interest held jointly with other persons; interest in a controlled corporation	600,000,000	75%	L ⁽¹⁾

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Mr. Wong Kit Lung Simon, Mr. Ko Cheuk Kuen, Mr. Wong Yiu Hung, Mr. Liu Cheung, Mr. Liu Chi Hung Peter, Mr. Lau Kwong Kwan, Hop Kwan Holdings Limited ("**Hop Kwan**") and Ms. Ko Sau Chee Grace are parties acting in concert (having the meaning ascribed to it under the Hong Kong Codes on Takeovers and Mergers and Share Repurchases (the "**Takeover Code**")). Each of Mr. Lam Kwan Ying and Ms. Chan Wai Chun owns 36.67% and 36.67% of Hop Kwan respectively and therefore under the SFO, Mr. Lam Kwan Ying and Ms. Chan Wai Chun are deemed or taken to be interested in the shares to be held by Hop Kwan. As such, Mr. Wong Kit Lung Simon, Mr. Ko Cheuk Kuen, Mr. Wong Yiu Hung, Mr. Liu Cheung, Mr. Liu Chi Hung Peter, Mr. Lau Kwong Kwan, Hop Kwan, Mr. Lam Kwan Ying, Ms. Chan Wai Chun and Ms. Ko Sau Chee Grace will for the purpose of the SFO together through LHG Holdings Limited control 75% of the entire share capital of the Company.

(ii) Interest in the associated corporation

Name of Director	Position in the Company	Name of associated corporation	Number of Shares held	Approximate percentage of shareholding (%)
Mr. Wong Kit Lung Simon	Executive Director	LHG Holdings Limited ("LHG Holdings")	290,358	29.03%
Ms. Ko Sau Chee Grace	Executive Director	LHG Holdings	100,100	10.01%

Save as disclosed above, as at 30 June 2019, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or 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 they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, within the knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding (%)	Long position/ Short position/ Lending pool
LHG Holdings ⁽²⁾	Beneficial owner	600,000,000	75%	L ⁽¹⁾
Mr. Ko Cheuk Kuen ⁽⁶⁾	Interest held jointly with other persons; interest in a controlled corporation	600,000,000	75%	L ⁽¹⁾
Mr. Wong Yiu Hung ⁽⁶⁾	Interest held jointly with other persons; interest in a controlled corporation	600,000,000	75%	L ⁽¹⁾
Mr. Liu Cheung ⁽⁶⁾	Interest held jointly with other persons; interest in a controlled corporation	600,000,000	75%	L ⁽¹⁾
Mr. Liu Chi Hung Peter ⁽⁶⁾	Interest held jointly with other persons; interest in a controlled corporation	600,000,000	75%	L ⁽¹⁾
Mr. Lau Kwong Kwan ⁽⁶⁾	Interest held jointly with other persons; interest in a controlled corporation	600,000,000	75%	L ⁽¹⁾
Hop Kwan ⁽³⁾⁽⁶⁾	Interest held jointly with other persons; interest in a controlled corporation	600,000,000	75%	L ⁽¹⁾
Mr. Lam Kwan Ying ⁽³⁾⁽⁴⁾⁽⁶⁾	Interest of spouse; Interest held jointly with other persons; Interest in a controlled corporation	600,000,000	75%	L ⁽¹⁾
Ms. Chan Wai Chun ⁽³⁾⁽⁵⁾⁽⁶⁾	Interest of spouse; Interest held jointly with other persons; Interest in a controlled corporation	600,000,000	75%	L ⁽¹⁾

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) LHG Holdings is an investment-holding company incorporated in the British Virgin Islands and owned as to 29.03%, 2.99%, 10.01%, 11.99%, 11.99%, 11.99% and 10.01% by Mr. Wong Kit Lung Simon, Mr. Wong Yiu Hung, Mr. Ko Cheuk Kuen, Mr. Liu Cheung, Mr. Liu Chi Hung Peter, Mr. Lau Kwong Kwan, Hop Kwan and Ms. Ko Sau Chee Grace respectively.
- (3) Mr. Lam Kwan Ying and Ms. Chan Wai Chun each owns 36.67% and 36.67% of Hop Kwan respectively and therefore under the SFO, Mr. Lam Kwan Ying and Ms. Chan Wai Chun are deemed or taken to be interested in the Shares to be held by Hop Kwan.
- (4) Mr. Lam Kwan Ying is the spouse of Ms. Chan Wai Chun and is deemed or taken to be interested in all the Shares in which Ms. Chan Wai Chun has, or is deemed to have, an interest for the purpose of the SFO.
- (5) Ms. Chan Wai Chun is the spouse of Mr. Lam Kwan Ying and is deemed or taken to be interested in all the Shares in which Mr. Lam Kwan Ying has, or is deemed to have, an interest for the purpose of the SFO.
- (6) Mr. Wong Kit Lung Simon, Mr. Ko Cheuk Kuen, Mr. Wong Yiu Hung, Mr. Liu Cheung, Mr. Liu Chi Hung Peter, Mr. Lau Kwong Kwan, Hop Kwan, and Ms. Ko Sau Chee Grace are parties acting in concert (having the meaning ascribed to it under the Takeover Code). Each of Mr. Lam Kwan Ying and Ms. Chan Wai Chun owns 36.67% and 36.67% of Hop Kwan respectively and therefore under SFO, Mr. Lam Kwan Ying and Ms. Chan Wai Chun are deemed or taken to be interested in the shares to be held by Hop Kwan. As such, Mr. Wong Kit Lung Simon, Mr. Ko Cheuk Kuen, Mr. Wong Yiu Hung, Mr. Liu Cheung, Mr. Liu Chi Hung Peter, Mr. Lau Kwong Kwan, Hop Kwan, Mr. Lam Kwan Ying, Ms. Chan Wai Chun and Ms. Ko Sau Chee Grace will for the purpose of the SFO together through LHG Holdings control 75% of the entire share capital of the Company.

Save as disclosed above, as at 30 June 2019, the Directors are not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	520,018	465,682
Other income and gains		2,825	2,270
Cost of food and beverages		(150,344)	(130,076)
Staff costs		(161,581)	(151,418)
Depreciation and amortisation		(22,521)	(25,350)
Depreciation of right-of-use assets		(45,376)	—
Property rentals and related expenses		(44,618)	(86,902)
Fuel and utility expenses		(13,558)	(13,818)
Advertising and marketing expenses		(6,154)	(6,837)
Other operating expenses		(46,595)	(41,115)
Listing expenses		—	(8,027)
Gain on disposal of subsidiaries	15	13,101	—
Finance (costs)/income, net	6	(678)	720
Profit before taxation	5	44,519	5,129
Income tax expense	7	(4,892)	(2,110)
Profit and total comprehensive income for the period		39,627	3,019
Attributable to:			
Shareholders of the Company		39,669	3,019
Non-controlling interests		(42)	—
		39,627	3,019
Earnings per share			
Basic and diluted	8	HK4.96 cents	HK0.48 cents

Condensed Consolidated Statement of Financial Position

As at 30 June 2019

	Note	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	139,123	130,567
Right-of-use assets		274,820	—
Investment property		708	720
Intangible assets		6,906	7,227
Rental and utilities deposits	11	32,629	45,532
Prepayments for property, plant and equipment	11	6,265	1,414
Financial asset at fair value through profit or loss		28,500	—
Deferred income tax assets		15,620	17,192
		504,571	202,652
CURRENT ASSETS			
Inventories		20,522	26,144
Trade receivables	11	10,957	13,045
Prepayments, deposits and other receivables	11	40,976	38,733
Tax recoverable		2,894	2,894
Short term bank deposits		158,765	148,000
Cash and cash equivalents		137,028	142,289
		371,142	371,105
Total assets		875,713	573,757

Condensed Consolidated Statement of Financial Position

As at 30 June 2019

	Note	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
EQUITY			
Equity and reserves attributable to the shareholders of the Company			
Share capital	12	80,000	80,000
Share premium		122,781	122,781
Reserves		199,283	207,716
		402,064	410,497
Non-controlling interests		—	49
		402,064	410,546
LIABILITIES			
NON-CURRENT LIABILITIES			
Provision for reinstatement costs	13	13,269	13,227
Lease liabilities		193,120	—
Deferred income tax liabilities		2,572	2,572
		208,961	15,799
CURRENT LIABILITIES			
Trade payables	13	40,563	42,327
Other payables and accruals	13	52,076	72,137
Contract liabilities		21,535	25,911
Dividend payable		43,200	—
Lease liabilities		92,133	—
Tax payable		15,181	7,037
		264,688	147,412
Total liabilities		473,649	163,211
Total equity and liabilities		875,713	573,757

Unaudited Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2019

(Unaudited)	Attributable to shareholders of the Company						Non-Controlling Interests HK\$'000	Total HK\$'000
	Share Capital	Share Premium	Retained Earnings	Other Reserves	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance as at 31 December 2018	80,000	122,781	180,097	27,619	410,497	49	410,596	
Change in accounting policy	—	—	(4,902)	—	(4,902)	—	(4,902)	
Restated balance as at 1 January 2019	80,000	122,781	175,195	27,619	405,595	49	405,644	
Profit and total comprehensive income for the period	—	—	39,669	—	39,669	(42)	39,627	
Transactions with shareholders								
Dividends (Note 9)	—	—	(43,200)	—	(43,200)	—	(43,200)	
Acquisition of non-controlling interests	—	—	—	—	—	(7)	(7)	
Balance as at 30 June 2019	80,000	122,781	171,664	27,619	402,064	—	402,064	

(Unaudited)	Attributable to shareholders of the Company						Non-Controlling Interests HK\$'000	Total HK\$'000
	Share Capital	Share Premium	Retained Earnings	Other Reserves	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance as at 1 January 2018	—	—	173,883	27,619	201,502	—	201,502	
Profit and total comprehensive income for the period	—	—	3,019	—	3,019	—	3,019	
Transactions with shareholders								
Dividends (Note 9)	—	—	(28,997)	—	(28,997)	—	(28,997)	
Capitalisation issue	60,000	(60,000)	—	—	—	—	—	
Shares issued pursuant to the initial public offering (the "IPO")	20,000	200,000	—	—	220,000	—	220,000	
Transaction costs attributable to the IPO	—	(17,219)	—	—	(17,219)	—	(17,219)	
Balance as at 30 June 2018	80,000	122,781	147,905	27,619	378,305	—	378,305	

Unaudited Condensed Consolidated Statements of Cash Flows

	Six months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	104,690	41,525
Interest received	34	1
Hong Kong profits tax paid, net	(50)	(480)
Net cash flows generated from operating activities	104,674	41,046
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(16,940)	(36,260)
Acquisition of assets, net of cash acquired	(35,008)	—
Disposal of subsidiaries, net of cash disposed	(5,865)	—
Dividend income from financial asset at fair value through profit or loss	800	—
Interest received	2,385	2
Increase in short term bank deposits	(10,765)	—
Net cash flows used in investing activities	(65,393)	(36,258)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	—	220,000
Listing expenses paid	(27)	(10,819)
Interest received	—	509
Dividend paid	—	(28,997)
Acquisition of non-controlling interests	(7)	—
Principal elements of lease payments	(41,411)	—
Finance costs on lease liabilities	(3,097)	—
Net cash flows (used in)/generated from financing activities	(44,542)	180,693
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,261)	185,481
Cash and cash equivalents at the beginning of the period	142,289	69,990
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	137,028	255,471

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 June 2017 as an exempted company with limited liability under the Companies Law (Cap.22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands and its shares have been listed on the Main Board of the Stock Exchange since 30 May 2018 (the “**Listing Date**”). The address of the Company’s registered office is Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged as full-service restaurants operator serving Cantonese and Asian cuisine including Japanese and Korean cuisine in Hong Kong.

The unaudited condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated, and has been approved for issue by the Board on 27 August 2019.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Listing Rules. The Group’s unaudited condensed consolidated interim financial information should be read in conjunction with the Company’s Annual Report for the year ended 31 December 2018 (the “**2018 Annual Report**”).

The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing this unaudited consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2018 Annual Report, except as stated below.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation used in preparing the unaudited condensed consolidated interim financial information are consistent with those followed in preparing the 2018 Annual Report, except for the adoption of the following amended Hong Kong Financial Reporting Standards (“**HKFRSs**”) and HKASs (collectively “**new HKFRSs**”) which are effective for accounting periods beginning on or after 1 January 2019.

(a) Impact of new standard

The Group has applied the following new HKFRS issued by the HKICPA which was effective for the Group’s financial year beginning on or after 1 January 2019:

- HKFRS 16 Leases.

The Group had to change its accounting policy and make certain retrospective adjustments following the adoption of HKFRS 16. Changes in principal accounting policy are set out in Note 3(c) below.

(b) New and amended HKFRSs in issue but not yet effective

The Group has not early applied the new and amended standards and interpretations that have been issued but not yet effective. The adoption of these are not expected to have a material impact on the unaudited interim results of the Group.

(c) Changes in principal accounting policy

The Group has initially adopted HKFRS 16 Leases from 1 January 2019, which resulted in changes in accounting policy and adjustments to the amounts recognised in the unaudited interim results. In accordance with the transitional provisions in HKFRS 16, the Group has elected to apply the new standard using the modified retrospective approach where the cumulative effects of initially applying HKFRS 16 is recognised as an adjustment to the opening balance of retained profits and comparative figures are not restated.

The change in accounting policy affected the following items in the consolidated balance sheet on 1 January 2019:

- property, plant and equipment — decreased by approximately HK\$6,063,000
- right-of-use assets — increased by approximately HK\$273,924,000
- lease liabilities — increased by approximately HK\$284,994,000
- equity — decreased by approximately HK\$4,902,000
- other payables and accruals — decreased by approximately HK\$12,231,000

3. ACCOUNTING POLICIES (continued)

(c) Changes in principal accounting policy (continued)

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the consolidated income statement over the lease period on a straight-line basis.

On adoption of HKFRS 16, the Group recognised the lease liabilities in relation to leases which had previously been classified as “operating leases” according to the principles of HKAS 17 if they meet certain criteria set out in HKFRS 16. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to the consolidated income statement in the period in which it is incurred using the effective interest method.

	<i>(HK\$'000)</i>
Operating lease commitments disclosed as at 31 December 2018	327,290
Discounted using the Group’s incremental borrowing rate of 2.24%	(18,129)
Less: Short-term leases recognised on a straight-line basis as expenses	<u>(24,167)</u>
Lease liabilities recognised as at 1 January 2019	<u>284,994</u>

Leases are initially recognised as a right-of-use asset and the corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The associated right-of-use assets are measured at the amount equal to the initial measurement of lease liabilities, adjusted by certain items as set out below. The right-of-use assets were recognised in the consolidated balance sheet and are depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

3. ACCOUNTING POLICIES (continued)

(c) Changes in principal accounting policy (continued)

Assets leased by the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments, as follows:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payment made at or before the commencement date, less any lease incentive received;
- any initial direct cost; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue, which is also the Group's turnover, represents amounts received and receivable from the operation of restaurants and sales of food ingredients in Hong Kong, net of discount. An analysis of revenue is as follows:

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Recognised at a point in time:		
Restaurant operations	512,493	457,586
Sale of food ingredients	7,525	8,096
	520,018	465,682

(b) Segment information

The Directors, who are the chief operating decision-maker of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the Directors that are used to make strategic decisions.

The Group is principally engaged in the operation of restaurant chains and sales of food ingredients in Hong Kong. Management reviews the operating results of the business of major cuisine and sale of food ingredients which the Group operates to make decisions about resources to be allocated.

The Group has the following reporting segments:

- | | |
|---|--|
| (a) Cantonese cuisine — self-owned brands | Operation of Cantonese restaurants under the self-established “ <i>Banqueting House</i> ”, “ <i>China Hall</i> ”, “ <i>Pot Master</i> ” and “ <i>LHGrand</i> ” brands, offering Cantonese cuisine and wedding reception services |
| (b) Asian cuisine — franchised brands | Operation of Asian cuisine restaurants under the franchised “ <i>Gyu-Kaku</i> ”, “ <i>On-Yasai</i> ”, “ <i>Gyu-Kaku Jinan-Bou</i> ” and “ <i>Yoogane</i> ” brands |
| (c) Asian cuisine — self-owned brands | Operation of Asian cuisine restaurants under self-owned brands, including “ <i>Mou Mou Club</i> ” and “ <i>Peace Cuisine</i> ” |
| (d) Sale of food ingredients | Sale of food ingredients to related parties and external third parties |

4. REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

Segment revenue and segment profit are the measures reported to the directors for the purpose of resources allocation and performance assessment. Segment profit, which is a measure of adjusted profit before tax, is measured consistently with the Group's profit before tax except that unallocated finance income and unallocated cost are excluded from this measurement.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, inventories, trade receivables, prepayments, deposits and other receivables. They exclude property, plant and equipment and prepayments, deposits and other receivables and cash and cash equivalents for general use, investment property, deferred income tax assets and tax recoverable.

Segment liabilities consist primarily of trade payables, contract liabilities, lease liabilities and other payables and accruals. They exclude other payables and accruals for general use, dividend payable, tax payables and deferred income tax liabilities.

The major operating entities of the Group are domiciled in Hong Kong. All of the Group's revenue are derived in Hong Kong. As at 30 June 2019 and 31 December 2018, all of non-current assets of the Group are located in Hong Kong.

During the year ended 31 December 2018, management realigned the Group's business strategy and has classified the "Peace Cuisine" brand from "Cantonese cuisine — self-owned brands" to "Asian cuisine — self-owned brands" and certain comparatives have been reclassified to conform with current period presentation.

4. REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

An analysis of the Group's revenue, profit before taxation and depreciation and amortisation for the six months ended 30 June 2019 and 2018 and segment assets and liabilities as at 30 June 2019 and 31 December 2018 is as follows:

(Unaudited)	For the six months ended 30 June 2019				
	Cantonese cuisine — self-owned brands HK\$'000	Asian cuisine — franchised brands HK\$'000	Asian cuisine — self-owned brands HK\$'000	Sale of food ingredients HK\$'000	Total HK\$'000
Segment revenue					
Revenue	101,919	283,432	127,142	67,914	580,407
Inter-segment revenue	—	—	—	(60,389)	(60,389)
External revenue	101,919	283,432	127,142	7,525	520,018
Segment profit	2,114	50,382	9,580	1,357	63,433
Segment profit includes					
Depreciation and amortisation	(13,527)	(33,978)	(17,287)	—	(64,792)
Segment profit					63,433
Unallocated depreciation and amortisation					(3,105)
Unallocated cost					(31,179)
Gain on disposal of subsidiaries					13,101
Unallocated finance income, net					2,269
Profit before taxation					44,519
	As at 30 June 2019				
Segment assets	99,302	217,305	156,926	75,236	548,769
Segment liabilities	(52,101)	(201,977)	(123,438)	(13,173)	(390,689)

4. REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

(Unaudited)	For the six months ended 30 June 2018				
	Cantonese cuisine — self-owned brands HK\$'000	Asian cuisine — franchised brands HK\$'000	Asian cuisine — self-owned brands HK\$'000	Sale of food ingredients HK\$'000	Total HK\$'000
Segment revenue					
Revenue	139,143	204,990	113,453	77,113	534,699
Inter-segment revenue	—	—	—	(69,017)	(69,017)
External revenue	139,143	204,990	113,453	8,096	465,682
Segment profit	6,244	25,272	7,388	1,726	40,630
Segment profit includes					
Depreciation and amortisation	(5,335)	(11,630)	(7,582)	—	(24,547)
Segment profit					40,630
Unallocated depreciation and amortisation					(803)
Unallocated cost					(35,418)
Unallocated finance income					720
Profit before taxation					5,129
	As at 31 December 2018				
(Audited)					
Segment assets	67,309	115,695	66,204	35,131	284,339
Segment liabilities	(23,369)	(69,638)	(26,755)	(12,944)	(132,706)

4. REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

A reconciliation of segment assets to the Group's total assets is as follows:

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Segment assets	548,769	284,339
Unallocated assets	326,944	289,418
	875,713	573,757

A reconciliation of segment liabilities to the Group's total liabilities is as follows:

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Segment liabilities	390,689	132,706
Unallocated liabilities	82,960	30,505
	473,649	163,211

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Depreciation of property, plant and equipment	22,188	25,101
Depreciation of right-of-use assets	45,376	—
Depreciation of investment property	12	12
Amortisation of intangible assets	321	237
Provision of impairment of property, plant and equipment	1,243	—
Lease payments under operating leases in respect of land and buildings:		
— Minimum lease payments	17,104	63,486
— Contingent rental	6,458	3,916
	23,562	67,402
Employee benefit expenses		
Wages and salaries	142,232	133,987
Discretionary bonuses	7,724	5,762
Retirement benefit scheme contributions	6,584	6,271
Staff welfare	3,414	3,272
Provision for untaken annual leave	1,714	762
(Reversal of)/provision for long service payment	(87)	1,364
	161,581	151,418
Auditors' remuneration		
— Audit services	1,291	1,603
— Non-audit services	303	338

6. FINANCE (COSTS)/INCOME, NET

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Finance income	2,419	720
Finance costs on lease liabilities	(3,097)	—
Finance (costs)/income, net	(678)	720

7. TAXATION

Hong Kong profits tax has been provided on the estimated assessable profits at a rate of 16.5% for the periods ended 30 June 2019 and 2018.

The major components of the income tax expense are as follows:

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Hong Kong profits tax		
Current income tax	7,718	5,861
Deferred income tax	(2,826)	(3,751)
	4,892	2,110

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to Shareholders of approximately HK\$39,669,000 (period ended 30 June 2018: HK\$3,019,000) and the weighted average of approximately 800,000,000 ordinary shares (period ended 30 June 2018: 635,359,000) in issue during the interim period. The weighted average number of ordinary shares in issue during the period ended 30 June 2019 and 2018 is calculated based on the assumption that 600,000,000 shares were in issue at the beginning of the periods, taking into consideration the effect of share split and the capitalisation issue.

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Profit attributable to the Shareholders (<i>HK\$'000</i>)	39,669	3,019
Weighted average number of ordinary shares in issue (<i>'000</i>)		
Share split and capitalisation issue (<i>'000</i>)	600,000	600,000
Effect of shares issued under IPO (<i>'000</i>)	200,000	35,359
	800,000	635,359
Earnings per share	HK4.96 cents	HK0.48 cents

(b) Diluted

Diluted earnings per share for the periods ended 30 June 2019 and 2018 are the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

9. DIVIDEND

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Final dividend declared — HK5.4 cents (2018: nil) per share	43,200	—
Dividend paid	—	28,997
	43,200	28,997

The final dividend in respect of the year ended 31 December 2018 was approved in the annual general meeting on 19 June 2019. The proposed dividend is reflected as dividend payable in the consolidated statement of financial position as at 30 June 2019.

The dividend for the period ended 30 June 2018 was declared and paid before the Listing.

An interim dividend in respect of the six months ended 30 June 2019 of HK4.96 cents per ordinary share, and a special dividend of HK5.00 cents per ordinary share, totalling HK\$39,680,000 and HK\$40,000,000, respectively, were proposed by the Board on 27 August 2019. The proposed dividends are not reflected as dividend payable in the consolidated statement of financial position.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Restaurants and kitchen equipment HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
(Audited)							
At 31 December 2018							
Cost	28,855	189,353	115,940	13,415	2,321	4,228	354,112
Accumulated depreciation	(8,342)	(119,389)	(76,842)	(11,305)	(2,321)	(2,911)	(221,110)
Accumulated impairment	—	(1,415)	(968)	(52)	—	—	(2,435)
Net carrying amount	<u>20,513</u>	<u>68,549</u>	<u>38,130</u>	<u>2,058</u>	<u>—</u>	<u>1,317</u>	<u>130,567</u>
(Unaudited)							
Period ended 30 June 2019							
Opening net book amount	20,513	68,549	38,130	2,058	—	1,317	130,567
Adjustment for change in accounting policy	—	(6,063)	—	—	—	—	(6,063)
Restated opening net book amount	20,513	62,486	38,130	2,058	—	1,317	124,504
Additions	—	3,457	3,729	43	—	11	7,240
Acquisition of assets (Note 14)	35,211	—	—	—	—	—	35,211
Disposal of subsidiaries (Note 15)	—	(3,425)	(654)	(322)	—	—	(4,401)
Depreciation	(374)	(13,121)	(7,875)	(543)	—	(275)	(22,188)
Provision for impairment	—	—	(1,243)	—	—	—	(1,243)
Closing net book amount	<u>55,350</u>	<u>49,397</u>	<u>32,087</u>	<u>1,236</u>	<u>—</u>	<u>1,053</u>	<u>139,123</u>
As at 30 June 2019							
Cost	64,066	137,301	96,627	9,704	2,321	4,239	314,258
Accumulated depreciation	(8,716)	(86,632)	(63,561)	(8,416)	(2,321)	(3,186)	(172,832)
Accumulated impairment	—	(1,272)	(979)	(52)	—	—	(2,303)
Net carrying amount	<u>55,350</u>	<u>49,397</u>	<u>32,087</u>	<u>1,236</u>	<u>—</u>	<u>1,053</u>	<u>139,123</u>

11. TRADE AND OTHER RECEIVABLES

Trade receivables mainly represent receivables from financial institutions in relation to the payment settled by credit cards by customers of which the settlement period is normally within 3 days from transaction date. Generally, there is no credit period granted to customers, except for certain corporate customers in relation to sales of food ingredients, which credit period of 30 days is granted by the Group.

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
External customers	10,957	13,045

An ageing analysis of the trade receivables as at 30 June 2019 and 31 December 2018, based on the invoice date, is as follows:

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Within 30 days	10,673	11,904
31–60 days	134	34
61–180 days	150	1,107
	10,957	13,045

There was no recent history of default in respect of the Group's debtors. Based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss was recognised by the Group at 30 June 2019 and 31 December 2018.

11. TRADE AND OTHER RECEIVABLES (continued)

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Prepayments	19,363	14,286
Rental and utilities deposits	58,393	68,014
Other receivables	2,114	3,379
	79,870	85,679
Less: non-current portion		
— Rental and utilities deposits	(32,629)	(45,532)
— Prepayments for property, plant and equipment	(6,265)	(1,414)
Current portion	40,976	38,733

As at 30 June 2019 and 31 December 2018, the balances of deposits and other receivables were neither past due nor impaired. Financial assets included in the above balances relate to receivables for which there was no recent history of default.

The maximum exposure to credit risk as at 30 June 2019 and 31 December 2018 was the carrying value of each class of receivable mentioned above. The Group did not hold any collateral as security.

12. SHARE CAPITAL

(a) Authorised:

	As at 30 June 2019		As at 31 December 2018	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
At beginning of the period/year	4,000,000,000	400,000	3,800,000	380
Increase in authorised share capital (Note (i))	—	—	3,996,200,000	399,620
At end of the period/year	4,000,000,000	400,000	4,000,000,000	400,000

(b) Issued and fully paid:

	As at 30 June 2019		As at 31 December 2018	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
At beginning of the period/year	800,000,000	80,000	10	—
Capitalisation issue of shares (Note (ii))	—	—	599,999,990	60,000
Shares issued pursuant to the global offering (Note (iii))	—	—	200,000,000	20,000
At end of the period/year	800,000,000	80,000	800,000,000	80,000

- (i) On 4 May 2018, the authorised share capital of the Company was increased from HK\$380,000 divided into 3,800,000 shares of HK\$0.1 each to HK\$400,000,000 divided into 4,000,000,000 shares of HK\$0.1 each through the creation of an additional 3,996,200,000 shares.
- (ii) Pursuant to the written resolution passed by the shareholders on 4 May 2018 and conditional upon the share premium account of the Company being credited as a result of the share offer, the directors of the Company are authorised to capitalise an amount of HK\$59,999,990 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par of 599,999,990 shares for allotment and issue to the then shareholders (the "Capitalisation").
- (iii) On 30 May 2018, the Company issued 200,000,000 ordinary shares of HK\$0.1 each at a price of HK\$1.1 per share pursuant to the IPO and listing of the Company's shares on the Main Board of the Stock Exchange.

13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

An ageing analysis of the trade payables as at 30 June 2019 and 31 December 2018, based on the invoice date, is as follows:

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Within 30 days	25,541	31,798
31–60 days	14,463	10,294
61–180 days	375	24
Over 180 days	184	211
	40,563	42,327

The trade payables are non-interest-bearing with payment terms of 30–60 days in general.

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Rent payable	1,413	1,835
Provision for effective rental	420	13,598
Accrued employee benefit expenses	18,538	21,530
Provision for long service payment	1,501	3,029
Provision for untaken annual leave	5,610	4,149
Provision for reinstatement costs	18,342	19,455
Accrued listing expenses	—	77
Other accrued expenses	16,165	13,812
Payables for purchase of property, plant and equipment	2,724	7,820
Other payables	632	59
	65,345	85,364
Less: non-current portion		
— Provision for reinstatement costs	(13,269)	(13,227)
Current portion	52,076	72,137

14. ACQUISITION OF A SUBSIDIARY THAT IS NOT BUSINESS

On 14 March 2019, LHG Procurement Limited, a direct wholly-owned subsidiary of the Company, entered into a provisional sale and purchase agreement to acquire the entire issued shares of Way Sure Limited (“**Way Sure**”), and all debts owing by Way Sure to the vendors and their respective associates (if any) as at 17 June 2019 at a consideration of HK\$35,000,000.

Way Sure is a company incorporated in Hong Kong with limited liability and is principally engaged in property holding and property leasing business. The principal asset of Way Sure is a property located at Workshop Part 1, Ground Floor, Wah Fai Industrial Building, No. 4 Sze Shan Street, Kowloon, Hong Kong. The property is a commercial property with a saleable area of approximately 5,559 square feet.

The property will be used by the Group to expand its operations and existing central processing and logistic centre. The acquisition will enhance the Group’s capacity for food preparation, food processing and cutting and provide additional storage space for food ingredients and products, which will also enable the Group to save rental expenses in relation to storage. The acquisition was financed by the internal resources of the Group.

The above acquisition has been accounted for by the Group as an acquisition of assets as the entity acquired by the Group do not constitute a business.

For details, please refer to the announcement of the Company dated 14 March 2019.

The net assets acquired by the Group as at 17 June 2019 in the above transaction are as follows:

	<i>HK\$'000</i>
Net assets acquired:	
Property, plant and equipment (<i>Note 10</i>)	35,211
Prepayments, deposits and other receivables	3
Cash and cash equivalents	171
Other payables and accruals	(174)
Tax payable	(32)
	<u>35,179</u>
Satisfied by:	
Cash	<u>35,179</u>

An analysis of the cash flows in respect of the acquisition of Way Sure is as follows:

	<i>HK\$'000</i>
Cash consideration	(35,000)
Transaction costs of the acquisition	(179)
Cash and cash equivalents acquired	<u>171</u>
Net outflow of cash and cash equivalents in respect of the acquisition	<u>(35,008)</u>

15. DISPOSAL OF SUBSIDIARIES

During the Period, LHG Chinese Catering Limited, a wholly-owned subsidiary of the Company, has disposed the entire issued shares in Fameco (H.K.) Limited, The Banqueting House (TST) Co. Limited, The China House (KF) Limited, each being a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company and the sale loans of approximately HK\$20,831,000 in exchange for 2% equity interest in Aetna International Limited and a put option. The transaction was completed on 30 April 2019.

Details of the net assets disposed of (excluding the sale loans) and their financial impacts are summarised as follows:

	<i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	4,401
Right-of-use assets	11,968
Deferred tax assets	4,398
Trade receivables	343
Prepayments, deposits and other receivables	18,305
Inventories	1,075
Tax recoverable	444
Cash and cash equivalents	5,865
Amount due from fellow subsidiaries	632
Trade payables	(3,432)
Provision for reinstatement	(3,065)
Lease liabilities	(13,184)
Other payables and accruals	(1,919)
Contract liabilities	(10,432)
	<u>15,399</u>
Gain on disposal of subsidiaries	<u>13,101</u>
	<u>28,500</u>
Satisfied by:	
Financial assets at fair value through profit or loss	<u>28,500</u>

An analysis of the cash flows in respect of the disposal is as follows:

	<i>(HK\$'000)</i>
Cash consideration	—
Cash and cash equivalents disposed of	<u>(5,865)</u>
Net outflow of cash and cash equivalents in respect of the disposal	<u>(5,865)</u>

16. CAPITAL COMMITMENTS

The Group had the following capital expenditure contracted but not yet incurred and provided for as follows:

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Capital expenditure Contracted but not provided for	15,004	10,248

17. RELATED PARTY TRANSACTIONS

Save as transactions detailed elsewhere in the unaudited condensed consolidated interim financial information, the Group had the following transactions with related parties:

(a) Key management compensation

Key management includes executive directors and the senior management of the Group.

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Salaries and other short term employee benefits	4,349	4,262
Discretionary bonuses	1,753	1,824
Retirement benefit scheme contribution	69	99
	6,171	6,185