



LH GROUP

叙福楼集团

LH GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1978

INTERIM REPORT

2021



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

AUTHORISED REPRESENTATIVES

Ms. Ko Sau Chee Grace
Ms. Chan Hiu Yi

LEGAL ADVISER

ONC Lawyers
19th Floor, Three Exchange Square,
8 Connaught Place,
Central, Hong Kong

REGISTERED OFFICE

Cayman Corporate Centre
190 Elgin Avenue
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
190 Elgin Avenue
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

	2021 <i>HK\$ million</i>	2020 <i>HK\$ million</i>	% Change
Revenue	422.9	404.2	4.6%
Profit attributable to the shareholders of the Company	25.6	24.3	5.7%
Earnings per share Basic and diluted (<i>HK cents</i>)	3.20	3.03	5.7%
Interim dividend per share (<i>HK cents</i>)	2.40	—	N/A

CALENDAR

Interim Results Announcement	27 August 2021
Closure of Register of Members — Interim dividend	13 September 2021 – 15 September 2021 (both dates inclusive)
Payment date of interim dividend	On or around 27 September 2021

Management Discussion and Analysis

BUSINESS REVIEW

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

As at 30 June 2021, the Group operated one Cantonese restaurant under a self-owned brand “*Pot Master (煲仔王)*”; and 39 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	
	2021	2020
Cantonese cuisine restaurants		
— Self-owned brands	1	2
Asian cuisine restaurants		
— Self-owned brands	13	14
— Franchised brands	26	22
<i>Sub-total of Asian restaurants:</i>	39	36
Total:	40	38

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2021 (the "Period") was affected by the outbreak of COVID-19 pandemic (the "Pandemic") and mandatory social distancing measures, such as seating restrictions, reduced operating hours and other measures which aim to contain the Pandemic. Despite the negative impact brought by the Pandemic, the Group's revenue increased by approximately 4.6%, or approximately HK\$18.6 million, from approximately HK\$404.2 million for the six months ended 30 June 2020 (the "Last Corresponding Period") to approximately HK\$422.9 million for the Period.

The increase in revenue was mainly due to (i) the increase of number of franchised brands of Asian cuisine restaurants owned by the Group; and (ii) the gradual recovery of catering industry with the better control of the Pandemic in Hong Kong in the first half of 2021.

The revenue from Asian cuisine restaurants — franchised brands increased by approximately HK\$37.4 million or approximately 14.0%, from approximately HK\$266.7 million to approximately HK\$304.1 million. Asian cuisine restaurants — franchised brands remained as the main pillar of revenue, constituting approximately 71.9% of the total revenue for the Period (Last Corresponding Period: 66.0%).

The revenue from Asian cuisine restaurants — self-owned brands increased by approximately HK\$4.3 million or approximately 4.5%, from approximately HK\$94.7 million to approximately HK\$98.9 million.

However, due to the combined effect of the Pandemic and the closure of one Cantonese cuisine restaurant in September 2020, the revenue from Cantonese cuisine restaurant decreased from approximately HK\$40.4 million for the Last Corresponding Period to approximately HK\$18.1 million for the Period.

Revenue by business segments is set out below:

	For the six months ended 30 June			
	2021		2020	
	Revenue HK\$'000	% of total Revenue (%)	Revenue HK\$'000	% of total Revenue (%)
Cantonese cuisine restaurants				
— Self-owned brands	18,070	4.3	40,421	10.0
Asian cuisine restaurants				
— Self-owned brands	98,932	23.4	94,674	23.4
— Franchised brands	304,090	71.9	266,737	66.0
Sub-total of restaurant operations	421,092	99.6	401,832	99.4
Sale of food ingredients and others	1,789	0.4	2,402	0.6
Total	422,881	100.0	404,234	100.0

Other income and gains

The Group's other income and gains decreased significantly by approximately 63.9%, or approximately HK\$27.0 million, from approximately HK\$42.3 million for the Last Corresponding Period to approximately HK\$15.3 million for the Period. The decrease was mainly due to the net gain from lease modification of approximately HK\$26.9 million recorded for the Last Corresponding Period while there was no such gain for the Period.

Cost of food and beverages

The Group's cost of food and beverages increased by approximately 6.9%, or approximately HK\$8.6 million, from approximately HK\$125.1 million for the Last Corresponding Period to approximately HK\$133.7 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 increased slightly from approximately 30.9% for the Last Corresponding Period to approximately 31.6% for the Period.

Staff costs

The Group's staff costs increased by approximately 5.9%, or approximately HK\$7.5 million, from approximately HK\$128.3 million for the Last Corresponding Period to approximately HK\$135.8 million for the Period. Such increase was primarily due to the receipt of subsidies of approximately HK\$7.2 million under the Employment Support Scheme of the Anti-Epidemic Fund launched by the Hong Kong Government for the Last Corresponding Period, while there were no such subsidies received for the Period. The staff costs as a percentage of revenue remained relatively stable at approximately 32.1% for the Period (Last Corresponding Period: approximately 31.7%).

Profit for the Period

Profit for the Period increased by approximately 5.7%, or approximately HK\$1.4 million, from approximately HK\$24.3 million for the Last Corresponding Period to approximately HK\$25.6 million for the Period. Such increase was mainly due to the combined effect of provision for impairment of property, plant and equipment and right-of-use assets of a total of approximately HK\$28.5 million made for the Last Corresponding Period, while no impairment was made for the Period, which is partially offset by the decrease in HK\$27.0 million in other income discussed above.

Excluding one-off and non-recurring items, i.e. government grants, gain from lease modification, provision for impairment and over-provision of legal costs, the core profit from our operation for the Period was approximately HK\$17.6 million, representing a significant increase by approximately 140.2%, or approximately HK\$10.3 million, from approximately HK\$7.3 million for the Last Corresponding Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its business with internally generated cash flows and proceeds received from the listing of the shares in the Company on the Stock Exchange (the “**Listing**”). As at 30 June 2021, the Group had short term bank deposits of approximately HK\$102.7 million (as at 31 December 2020: approximately HK\$159.6 million) and cash and cash equivalents of approximately HK\$182.9 million (as at 31 December 2020: approximately HK\$179.1 million). Most bank deposits and cash were denominated in HK\$. 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 2021, the Group’s total current assets and current liabilities were approximately HK\$349.0 million (as at 31 December 2020: approximately HK\$397.8 million) and approximately HK\$251.1 million (as at 31 December 2020: approximately HK\$217.1 million) respectively, while the current ratio was about 1.4 times (as at 31 December 2020: about 1.8 times).

As at 30 June 2021, the gearing ratio of the Group was not applicable as it had no outstanding interest-bearing bank borrowings. The gearing ratio is calculated by total interest-bearing bank borrowings divided by total equity and multiplied by 100%.

SIGNIFICANT INVESTMENTS

As at 30 June 2021, the Group did not have any significant investments.

TREASURY POLICY

The Group operates a conservative set of treasury policies to ensure that no unnecessary risks are taken with the Group’s assets. No investment in financial instruments other than cash or bank deposits is currently used. The Directors will continue to follow a prudent policy in managing the Group’s cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group has no material acquisition or disposal of subsidiaries, associates or joint ventures during the Period.

CHARGES ON GROUP ASSETS

As at 30 June 2021, the Group did not have any charges on the assets.

CAPITAL STRUCTURE

There was no change in the capital structure of the Group during the six months ended 30 June 2021. The capital of the Group only comprises ordinary shares.

EVENTS AFTER THE REPORTING PERIOD

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had 1,434 employees (as at 31 December 2020: 1,344 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 Group offered induction training when a staff member joins the Group and regular trainings as to work safety, work procedures and other work related ad hoc trainings are given to staff members regularly.

The emoluments of the Directors 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 since the date of adoption of the Share Option Scheme and during the Period. As at 30 June 2021, 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. The Company did not engage in hedging of foreign currency during the Period.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any material contingent liabilities.

PROSPECTS

Owing to the outbreak of COVID-19 since 2020 and the stringent and mandatory social distancing measures in place earlier this year, the revenue of the Group has been severely impacted and recorded operating loss from January to early February 2021. However, thanks to the constant support from our customers, the Group showed strong resilience and agility in the remaining months of the first half of 2021 since mid-February 2021, during which the anti-Pandemic measures began to be gradually relieved, which had rapidly recouped the revenue and have been bringing considerable profits to the Group in the overall for the first half of 2021.

Management Discussion and Analysis

Looking forward, the management expects that the overall vaccination progress on a mass scale both locally and globally and the consumption voucher scheme recently commenced will help facilitate the speedy recovery of the local consumption market and bring significant opportunity to the business growth of the Group. Moreover, after almost two years of Pandemic along with various difficulties and challenges, the Group became stronger through hardship, making breakthrough in all aspects such as cost control, management quality and crisis management, with its overall capacity reaching the highest point since its listing and continues to improve. The management is confident that the Group is better positioned than ever before to overcome the difficulties that may arise in the future.

As at 24 August 2021, the overall vaccination rate of the first dose for the Group's permanent frontline staff reached 74.83% (the overall vaccination rate in Hong Kong was 58.70% on the same date), and is increasing in preparation for the eventuality of the fifth wave of the Pandemic.

The Group will also launch its new self-owned brand "Wing Wah Allday" and introduce a new franchised brand "The Matcha Tokyo" in the second half of the year, to provide diverse dining experiences to customers and further expand the Group's business presence to traditional local cuisines restaurants and fine casual cafés.

With a robust financial position and brand layout of the Group, provided that the Pandemic situation in Hong Kong would not deteriorate in 2021, the management remains optimistic on the financial performance of the Group in the second half of 2021 and believes that the Group will achieve further growth.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing on 30 May 2018 (the “**Net Proceeds**”), after deducting underwriting commissions and listing expenses, was approximately HK\$178,610,000. As at 30 June 2021, the Company had used approximately HK\$102,642,000 of the Net Proceeds for the purposes as set out in the prospectus of the Company dated 15 May 2018, representing approximately 57.5% of the Net Proceeds. Below sets out the details of the use of the Net Proceeds as at 30 June 2021:

Use of Net Proceeds	Actual Net Proceeds HK\$'000	Amount utilised for the Period HK\$'000	Amount utilised as at 30 June 2021 HK\$'000	Unutilised Net Proceeds HK\$'000	Expected timeline for utilisation of the unutilised Net Proceeds
Opening restaurants under our self-owned and franchised brands	160,721	9,695	84,753	75,968	On or before 31 December 2022
Additional working capital, strategic investment and other general corporate purposes	17,889	—	17,889	—	—
Total	178,610	9,695	102,642	75,968	

As disclosed in the announcement of the Company dated 26 April 2021 (the “**Change in UOP Announcement**”), the Board resolved to consolidate the remaining unutilised portion of the Net Proceeds of approximately HK\$37.3 million and HK\$43.1 million as at the date of the Change in UOP Announcement previously allocated to (i) opening restaurants under our self-owned brands and (ii) opening restaurants under our franchised brands, respectively, to opening of new restaurants under our self-owned brands and franchised brands. The Board considered that change in the use of proceeds would allow the Company to expand its business with greater agility and flexibility in developing its restaurants network and brand portfolio. For further information in relation to the change in the use of the Net Proceeds, please refer to the Change in UOP Announcement. Due to the fast-changing social landscape in the past two years and the outbreak of the Pandemic in early 2020, there has been a delay in the use of the Net Proceeds than the disclosure in the prospectus of the Company dated 13 May 2018 (the “**Prospectus**”) and the unutilised portion of the Net Proceeds is currently expected to be fully utilised by 31 December 2022.

The unutilised portion of the Net Proceeds is intended to be applied in accordance with the proposed application set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus and the Change in UOP Announcement.

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 for the Period and up to the date of this report under the Listing Rules.

INTERIM DIVIDEND

Having considered the economic outlook, the Group's financial position, its future expansion plans and other factors, the Board has declared payment of an interim dividend of HK2.40 cents per share for the Period (the "**Interim Dividend**") (Last Corresponding Period: Nil), totalling HK\$19,200,000, payable to the Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on Wednesday, 15 September 2021. The Interim Dividend will be paid to the Shareholders on or around Monday, 27 September 2021.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of entitlement to receiving the Interim Dividend, the Register of Members will be closed from Monday, 13 September 2021 to Wednesday, 15 September 2021, both dates inclusive, during which no transfer of shares will be registered. In order to qualify for the interim 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 Friday, 10 September 2021.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to 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, which is explained in the paragraph below, the Board considers that the Company has in all material respects complied with all the code provisions of the CG Code.

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairperson and the chief executive officer should be separate 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 the senior management of the Group. Taking into account the experience and expertise of Mr. Wong in the catering industry and the continuation of the implementation of the 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, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Wong) and three independent non-executive Directors and therefore has a 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 fully complied with the required standards 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 has held meetings to discuss the financial reporting process, internal control and risk management system of the Group, including the review of the unaudited interim results and the unaudited interim condensed consolidated financial information of the Group for the Period.

The unaudited condensed consolidated interim results of the Group for the Period have not been audited or reviewed by the Company’s auditor but have been reviewed by the Audit Committee and the management of the Company.

Other Information

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

There has been no change in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

(i) Interest in the Company

As at 30 June 2021, 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 of the Company (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 "Takeovers Code")). 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 ("LHG Holdings") control 75% of the entire share capital of the Company.

Other Information

(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	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 2021, 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 2021, 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⁾

Other Information

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 18.33% and 68.33% 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 Takeovers Code). 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 control 75% of the entire share capital of the Company.

Save as disclosed above, as at 30 June 2021, 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 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	422,881	404,234
Other income and gains	5	15,289	42,315
Cost of food and beverages		(133,711)	(125,089)
Staff costs		(135,788)	(128,276)
Depreciation and amortisation		(14,891)	(18,712)
Depreciation of right-of-use assets		(47,190)	(47,730)
Property rentals and related expenses		(19,609)	(18,085)
Fuel and utility expenses		(8,977)	(9,842)
Advertising and marketing expenses		(2,560)	(3,230)
Other operating expenses		(45,338)	(40,592)
Provision for impairment of property, plant and equipment		—	(9,111)
Provision for impairment of right-of-use assets		—	(19,417)
Finance income	6	1,003	2,584
Finance costs	6	(2,285)	(2,804)
Profit before taxation	8	28,824	26,245
Income tax expense	7	(3,186)	(1,990)
Profit and total comprehensive income for the period attributable to the shareholders of the Company		25,638	24,255
Earnings per share Basic and diluted	9	HK3.20 cents	HK3.03 cents

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

		As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11(a)	106,710	106,952
Right-of-use assets	11(b)	148,037	169,332
Investment property		658	670
Intangible assets		5,074	5,419
Rental and utilities deposits	12	39,001	39,463
Prepayments for property, plant and equipment	12	845	1,805
Deferred income tax assets		27,567	26,040
		327,892	349,681
CURRENT ASSETS			
Inventories		29,182	32,414
Trade receivables	12	4,236	4,962
Prepayments, deposits and other receivables	12	29,231	20,983
Tax recoverable		686	686
Short term bank deposits		102,723	159,623
Cash and cash equivalents		182,942	179,148
		349,000	397,816
Total assets		676,892	747,497

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Note	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
EQUITY			
Equity and reserves attributable to the shareholders of the Company			
Share capital	13	80,000	80,000
Share premium		122,781	122,781
Reserves		132,178	211,820
Total equity		334,959	414,601
LIABILITIES			
NON-CURRENT LIABILITIES			
Provision for reinstatement costs	14	12,484	14,932
Lease liabilities	11(b)	73,196	95,752
Deferred income tax liabilities		5,155	5,155
		90,835	115,839
CURRENT LIABILITIES			
Trade payables	14	51,440	37,657
Other payables and accruals	14	66,937	59,886
Contract liabilities		27,115	21,819
Lease liabilities	11(b)	98,525	93,401
Tax payable		7,081	4,294
		251,098	217,057
Total liabilities		341,933	332,896
Total equity and liabilities		676,892	747,497

Unaudited Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2021

(Unaudited)	Attributable to shareholders of the Company				
	Share Capital HK\$'000	Share Premium HK\$'000	Retained Earnings HK\$'000	Other Reserves HK\$'000	Total HK\$'000
Balance as at 1 January 2021	80,000	122,781	184,201	27,619	334,601
Profit and total comprehensive income for the Period	—	—	25,638	—	25,638
Dividends (Note 10)	—	—	(105,280)	—	(105,280)
Balance as at 30 June 2021	80,000	122,781	104,559	27,619	334,959

(Unaudited)	Attributable to shareholders of the Company				
	Share Capital HK\$'000	Share Premium HK\$'000	Retained Earnings HK\$'000	Other Reserves HK\$'000	Total HK\$'000
Balance as at 1 January 2020	80,000	122,781	43,873	27,619	274,273
Profit and total comprehensive income for the Period	—	—	24,255	—	24,255
Balance as at 30 June 2020	80,000	122,781	68,128	27,619	298,528

Unaudited Condensed Consolidated Statements of Cash Flows

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	110,779	132,079
Interest received	118	184
Hong Kong profits tax paid, net	(1,926)	(16,850)
Net cash flows generated from operating activities	108,971	115,413
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(12,710)	(6,899)
Interest received	579	1,084
Decrease in short term bank deposits	56,900	3,853
Net cash flows generated from/(used in) investing activities	44,769	(1,962)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(105,280)	—
Principal elements of lease payments	(44,666)	(50,814)
Net cash flows used in financing activities	(149,946)	(50,814)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,794	62,637
Cash and cash equivalents at the beginning of the period	179,148	130,759
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	182,942	193,396

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 Act of the Cayman Islands and its shares have been listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 30 May 2018 (the “**Listing Date**”). The address of the Company’s registered office is 190 Elgin Avenue, 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 Asian cuisine including Japanese, Korean, Cantonese and Shanghainese 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 2021.

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 Rules Governing the Listing of Securities on the Stock Exchange (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 2020 (the “**2020 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 2020 Annual Report, except as stated below.

Income tax expense is recognised based on management’s estimate of the weighted average effective annual income tax rate expected for the full financial year.

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 2020 Annual Report, except for the adoption of the following amended Hong Kong Financial Reporting Standards (“HKFRSs”) and HKASs (collectively “new HKFRSs”) as set out below.

New and amended standards adopted by the Group

The following amended standards have been adopted by the Group for the financial period beginning on or after 1 January 2021:

HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2

These amended standards have no material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The Group has adopted *Amendment to HKFRS 16 — Covid-19-Related Rent Concessions* for the financial period beginning on or after 1 January 2021. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b) any reduction in lease payments affects only payments due on or before 30 June 2021; and c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions of approximately HK\$2,703,000 have been accounted for as negative variable lease payments and recognised in property rentals and related expenses in the consolidated statement of comprehensive income for the six months ended 30 June 2021, with a corresponding adjustment to the lease liability.

The Group has not adopted any new or amended standards or interpretations that are not yet effective during the six months ended 30 June 2021.

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 and others in Hong Kong, net of discount. An analysis of revenue is as follows:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Recognised at a point in time:		
Restaurant operations	421,092	401,832
Sale of food ingredients and others	1,789	2,402
	422,881	404,234

(b) Segment information

The Directors, who are the chief operating decision makers 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 and others 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 cuisine restaurants under the self-established “ <i>Pot Master</i> ” brand, offering Cantonese cuisine |
| (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 and others | Sale of food ingredients to related parties and external third parties and other business |

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Segment revenue and segment profit/(loss) are the measures reported to the Directors for the purpose of resources allocation and performance assessment. Segment profit/(loss), which is a measure of adjusted profit/(loss) before tax, is measured consistently with the Group's profit/(loss) 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, tax payables and deferred income tax liabilities.

All 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 2021 and 31 December 2020, all of non-current assets of the Group are located in Hong Kong.

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 2021 and 2020 and segment assets and liabilities as at 30 June 2021 and 31 December 2020 is as follows:

(Unaudited)	For the six months ended 30 June 2021				Total HK\$'000
	Cantonese cuisine — self-owned brands HK\$'000	Asian cuisine — franchised brands HK\$'000	Asian cuisine — self-owned brands HK\$'000	Sale of food ingredients and others HK\$'000	
Segment revenue					
Revenue	18,070	304,090	98,932	46,169	467,261
Inter-segment revenue	—	—	—	(44,380)	(44,380)
External revenue	18,070	304,090	98,932	1,789	422,881
Segment profit/(loss)	2,196	47,635	8,222	(842)	57,211
Segment profit includes					
Depreciation and amortisation	(144)	(9,262)	(3,640)	(684)	(13,730)
Depreciation of right-of-use assets	(15)	(31,104)	(13,926)	—	(45,045)
Segment profit					57,211
Unallocated depreciation and amortisation					(1,161)
Unallocated depreciation of right-of-use assets					(2,145)
Unallocated cost					(25,825)
Unallocated finance income					778
Unallocated finance costs					(34)
Profit before taxation					28,824
	As at 30 June 2021				
Segment assets	12,988	203,217	76,676	92,838	385,719
Segment liabilities	(7,480)	(195,014)	(73,048)	(17,761)	(293,303)

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

(Unaudited)	For the six months ended 30 June 2020				
	Cantonese cuisine — self-owned brands HK\$'000	Asian cuisine — franchised brands HK\$'000	Asian cuisine — self-owned brands HK\$'000	Sale of food ingredients and others HK\$'000	Total HK\$'000
Segment revenue					
Revenue	40,421	266,737	94,674	47,178	449,010
Inter-segment revenue	—	—	—	(44,776)	(44,776)
External revenue	40,421	266,737	94,674	2,402	404,234
Segment profit/(loss)	30,619	32,826	(21,021)	639	43,063
Segment profit includes					
Depreciation and amortisation	(1,617)	(9,117)	(6,861)	—	(17,595)
Depreciation of right-of-use assets	(1,104)	(28,415)	(16,067)	—	(45,586)
Provision for impairment	—	(9,770)	(18,758)	—	(28,528)
Segment profit					43,063
Unallocated depreciation and amortisation					(1,117)
Unallocated depreciation of right-of-use assets					(2,144)
Unallocated cost					(15,336)
Unallocated finance income					1,862
Unallocated finance costs					(83)
Profit before taxation					26,245
	As at 31 December 2020				
Segment assets	11,942	200,949	90,422	82,532	385,845
Segment liabilities	(6,473)	(182,898)	(87,368)	(10,899)	(287,638)

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 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Segment assets	385,719	385,845
Unallocated assets	291,173	361,652
	676,892	747,497

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

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Segment liabilities	293,303	287,638
Unallocated liabilities	48,630	45,258
	341,933	332,896

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Government grants	9,727	13,330
Net gain from lease modification due to early termination on leases	—	26,933
Sponsorship income	2,163	—
Over-provision of legal costs	1,468	—
Promotion income from a credit card company	1,600	1,550
Sundry income	331	502
	15,289	42,315

6. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest income from bank deposits	747	1,795
Finance income on financial assets	256	789
Finance income	1,003	2,584
Finance costs on lease liabilities	(2,285)	(2,804)

7. TAXATION

Hong Kong profits tax has been provided on the estimated assessable profits at a rate of 16.5% for the six months ended 30 June 2021 and 2020.

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong profits tax		
Current income tax	4,713	4,259
Deferred income tax	(1,527)	(2,269)
	3,186	1,990

8. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Depreciation of property, plant and equipment	14,534	18,419
Depreciation of right-of-use assets	47,190	47,730
Depreciation of investment property	12	12
Amortisation of intangible assets	345	281
COVID-19 related rent concessions	(2,703)	(8,319)
Lease payments under operating leases in respect of land and buildings:		
— Short term lease payments	523	2,260
— Contingent rental	6,147	7,627
	6,670	9,887
Employee benefit expenses		
Wages and salaries	117,509	112,157
Discretionary bonuses	12,025	8,956
Retirement benefit scheme contributions	5,535	5,712
Staff welfare	1,641	1,886
Reversal of provision for untaken annual leave	(1,010)	(802)
Provision for long service payment	88	367
	135,788	128,276
Auditors' remuneration		
— Audit services	1,050	1,100
— Non-audit services	329	532

9. 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 the Company (the “**Shareholders**”) of approximately HK\$25,638,000 (six months ended 30 June 2020: HK\$24,255,000) and the 800,000,000 ordinary shares in issue during the six months ended 30 June 2021 and 2020.

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to the Shareholders (HK\$'000)	25,638	24,255
Number of ordinary shares in issue ('000)	800,000	800,000
Earnings per share	HK3.20 cents	HK3.03 cents

(b) Diluted

Diluted earnings per share for the six months ended 30 June 2021 and 2020 are the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

10. DIVIDEND

A final dividend for the year ended 31 December 2020 of HK13.16 cents per ordinary share, totalling HK\$105,280,000, was declared by the Board on 29 March 2021 and approved by the Shareholders at the annual general meeting of the Company held on 3 June 2021, which was paid on Friday, 25 June 2021.

An interim dividend in respect of the six months ended 30 June 2021 of HK2.40 cents per ordinary share, totalling HK\$19,200,000, was proposed by the Board on 27 August 2021. The proposed dividend is not reflected as dividend payable in the consolidated statement of financial position.

11(a). 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 2020							
Cost	68,343	139,491	106,603	9,638	2,321	4,253	330,649
Accumulated depreciation	(11,863)	(102,121)	(77,523)	(9,062)	(2,321)	(3,869)	(206,759)
Accumulated impairment	(1,689)	(9,035)	(6,097)	(117)	—	—	(16,938)
Net carrying amount	54,791	28,335	22,983	459	—	384	106,952
(Unaudited)							
Period ended 30 June 2021							
Opening net book amount	54,791	28,335	22,983	459	—	384	106,952
Additions	—	5,530	8,340	81	—	341	14,292
Depreciation	(1,049)	(7,149)	(5,927)	(178)	—	(231)	(14,534)
Closing net book amount	53,742	26,716	25,396	362	—	494	106,710
As at 30 June 2021							
Cost	68,343	140,747	112,851	9,693	2,321	4,318	338,273
Accumulated depreciation	(12,912)	(104,996)	(81,358)	(9,214)	(2,321)	(3,824)	(214,625)
Accumulated impairment	(1,689)	(9,035)	(6,097)	(117)	—	—	(16,938)
Net carrying amount	53,742	26,716	25,396	362	—	494	106,710

The Group regards each individual restaurant as a separately identifiable cash-generating-unit (“CGU”) and performed impairment assessments on each of the CGU with impairment indicators by considering the recoverable amount of such assets at restaurant level. As at 30 June 2021, the Group’s management had considered the impact of COVID-19 for impairment assessment and estimated corresponding recoverable amounts of the property, plant and equipment of the restaurants.

The recoverable amounts of the CGUs are determined based on value-in-use calculations, which are higher than the fair value less costs of disposal calculations. The value-in-use calculations covering a period of the remaining lease term were lower than the carrying amounts of the CGUs. Accordingly, no provision for impairment of property, plant and equipment was recognised for the Period (Last Corresponding Period: approximately HK\$9,111,000).

11(b).LEASES**(i) Amounts recognised in the balance sheet**

The unaudited condensed consolidated statement of financial position shows the following amounts relating to leases:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Right-of-use assets		
Restaurant outlets	145,812	164,786
Offices	2,137	4,282
Warehouse	88	264
	148,037	169,332

The unaudited condensed consolidated statement of financial position shows the following amounts relating to leases:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Lease liabilities		
Current	98,525	93,401
Non-current	73,196	95,752
	171,721	189,153

11(b).LEASES (Continued)

(ii) Amounts recognised in the unaudited condensed statement of profit or loss

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation charge of right-of-use assets	47,190	47,730
Finance costs	2,285	2,804
Expense relating to short-term leases (included in property rentals and related expenses)	523	2,260
Expense relating to variable lease payments not included in lease liabilities (included in property rentals and related expenses)	6,147	7,627
COVID-19-related rent concessions (included in property rentals and related expenses)	(2,703)	(8,319)
Provision for impairment of right-of-use assets	—	19,417

The total cash outflow for leases for the Period was approximately HK\$51,336,000 (Last Corresponding Period: HK\$60,701,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses and restaurant outlets. Rental contracts are typically made for fixed periods of 2 to 5 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(iv) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a restaurant outlet. The basis of variable payment terms range from 7.5% to 15% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established restaurant outlets. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

11(b).LEASES (Continued)**(v) Provision for impairment of right-of-use assets**

As at 30 June 2021, the Group's management had considered the impact of COVID-19 for impairment assessment and estimated corresponding recoverable amounts of the right-of-use assets of the restaurants.

The recoverable amounts of the CGUs are determined based on value-in-use calculations, which are higher than the fair value less costs of disposal calculations. The value-in-use calculations covering a period of the remaining lease term were lower than the carrying amounts of the CGUs. Accordingly, no provision for impairment of right-of-use assets was recognised for the Period (Last Corresponding Period: approximately HK\$19,417,000).

12. 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, to which a credit period of 30 days is granted by the Group.

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
External customers	4,236	4,962

An ageing analysis of the trade receivables as at 30 June 2021 and 31 December 2020, based on the invoice date, is as follows:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Within 30 days	3,610	3,237
31–60 days	356	105
61–180 days	270	1,620
	4,236	4,962

12. TRADE AND OTHER RECEIVABLES (Continued)

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 did not hold any collateral over these balances. No impairment loss was recognised by the Group as at 30 June 2021 and 31 December 2020.

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Prepayments	13,760	7,881
Rental and utilities deposits	53,667	51,013
Other receivables	1,650	3,357
	69,077	62,251
Less: non-current portion		
— Rental and utilities deposits	(39,001)	(39,463)
— Prepayments for property, plant and equipment	(845)	(1,805)
Current portion	29,231	20,983

As at 30 June 2021 and 31 December 2020, 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 2021 and 31 December 2020 was the carrying value of each class of receivable mentioned above. The Group did not hold any collateral as security.

13. SHARE CAPITAL

(a) Authorised:

	As at 30 June 2021		As at 31 December 2020	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
At beginning and 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 2021		As at 31 December 2020	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
At beginning and end of the period/year	800,000,000	80,000	800,000,000	80,000

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

An ageing analysis of the trade payables as at 30 June 2021 and 31 December 2020, based on the invoice date, is as follows:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Within 30 days	33,975	19,436
31–60 days	17,242	18,012
61–180 days	11	94
Over 180 days	212	115
	51,440	37,657

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

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Rent payable	2,472	1,545
Accrued employee benefit expenses	22,325	18,280
Provision for long service payment	1,110	994
Provision for untaken annual leave	7,225	8,235
Provision for reinstatement costs	18,429	18,105
Other accrued expenses	23,134	23,555
Payables for purchase of property, plant and equipment	4,094	3,472
Other payables	632	632
	79,421	74,818
Less: non-current portion		
— Provision for reinstatement costs	(12,484)	(14,932)
Current portion	66,937	59,886

15. CAPITAL COMMITMENTS

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

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Capital expenditure Contracted but not provided for	4,152	4,335

16. 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Salaries and other short term employee benefits	3,512	3,315
Discretionary bonuses	3,270	2,011
Retirement benefit scheme contribution	27	24
	6,809	5,290