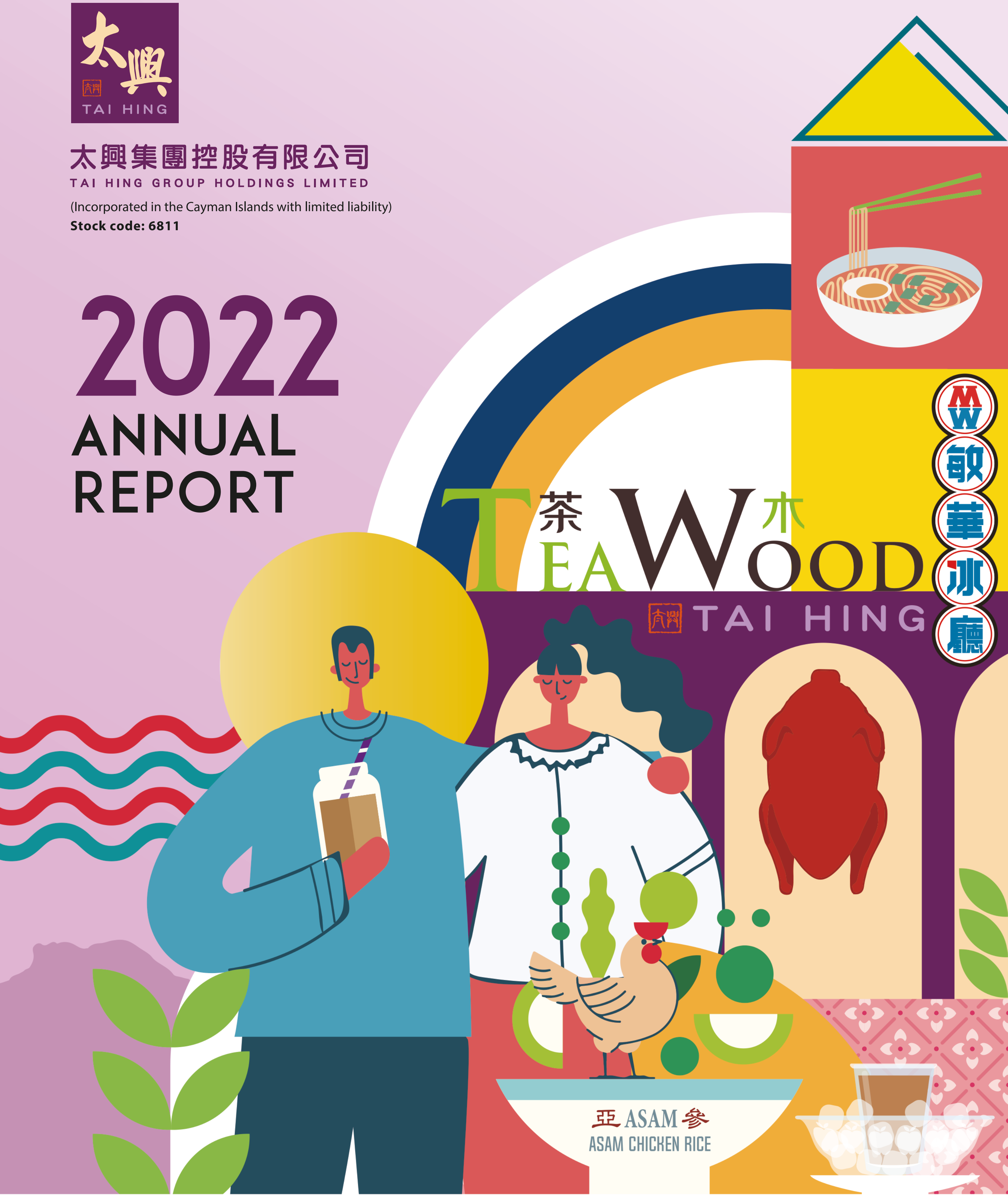
太興集團控股有限公司
TAI HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 6811

2022 ANNUAL REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Wing On *(Chairman)*
Mr. Yuen Chi Ming
Mr. Lau Hon Kee
(tendered resignation with effect from 29 March 2023)
Ms. Chan Shuk Fong

Non-Executive Director

Mr. Ho Ping Kee

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

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

AUDITOR

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

LEGAL ADVISERS

As to Hong Kong law:
Deacons

As to Cayman Islands law:
Conyers Dill & Pearman

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

6811

WEBSITE

www.taihing.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of the Company (the "Director(s)"), I present to you the annual results of Tai Hing Group Holdings Limited together with its subsidiaries ("Tai Hing Group" or the "Group"), for the year ended 31 December 2022 (the "Review Year" or the "FY2022").

OPTIMISED AND IMPROVED INTERNAL MANAGEMENT, STRENGTHENED OVERALL COST CONTROL AND MARCHED TOWARDS DIGITAL OPERATION

The operating environment of the catering industry was full of challenges in 2022. The COVID-19 pandemic and related control and prevention policies dealt a heavy blow on the industry. The pandemic largely eased in Hong Kong starting the second quarter in 2022 and, at the end of the year in the advent of winter solstice, with the HKSAR Government to a large extent having relaxed dine-in restrictions on eateries, consumers' dining out habit gradually returned. Although catering businesses began to get back on track, they were still facing heavy operating pressures in relation to areas such as price inflation and manpower shortage.

In 2022, Tai Hing Group celebrated its 33rd anniversary. In the Review Year, we maintained our multi-brand strategy and actively optimised our restaurant network. With a management team boasting decades of rich operational experience, the Group demonstrated excellent capabilities in managing its business and coping with changes amid the pandemic. Heeding the times, it rolled out a variety of measures to cement business foundation. Hence it was able to achieve the goal of reducing costs and increasing efficiency during the Review Year.

In the face of inflation, cost control plays a crucial role in operating a business. For such purpose, we actively streamlined and integrated our operation processes, and optimised and perfected internal management. Regarding material costs, we mainly purchased raw materials directly from source and made the best of the production advantages of our food factories in Mainland China and Hong Kong to save costs. Despite being affected by external factors, Tai Hing Group managed to maintain its gross profit margin at above 70%, an encouraging result telling us that the moves we made had been effective. In addition, with anti-pandemic measures gradually being relaxed in the second half of the year, our major brands performed satisfactorily, especially in December, our Hong Kong business rebounded notably.

Keeping abreast of the times and with shrewd foresight, the Group sees digitalisation as the way forward for the industry. Thus, we accelerated investment in and application of digital tools, including setting up a self-service payment system and introducing automation technologies to reduce manpower pressure. As such, we were able to markedly boost operational efficiency. As a leader in the casual dining industry in the region, the Group enjoys strong bargaining power in terms of leasing, with a relatively strong advantage for it in leasing commercial spaces at premium locations. In the Review Year, manpower and rental costs both declined, which proved that the Group's cost control measures worked.

IMPROVED PRODUCT MATRIX OF EXISTING RESTAURANT BRANDS, DEVELOPED NEW REALM RESTAURANTS AND NURTURED LOYAL CUSTOMERS

We took advantage of the unique edges of our existing restaurant brands, rebranding them in the Review Year, which produced obvious results. We not only enriched the choices on our menus, such as adding new dishes to the "Men Wah Bing Teng (敏華冰廳)" menu, but also succeeded in improving the product mix of existing restaurant brands to boost customer flow at different times of the day. The Group also actively developed signature dishes for both the mainland and Hong Kong markets to create one-of-a-kind restaurants. Different marketing activities were also mounted, such as producing the new TV commercial for Tai Hing's milk tea and introducing a brand ambassador for "Men Wah Bing Teng" for the Hong Kong and Mainland markets, so as to increase the chances of reaching target customer groups and better promote our brands. Restaurants, like those of "TeaWood", were given new looks to enhance their images.

Operating multiple brands continues to be the core development focus of the Group, with the aim of meeting consumers' ever-changing preferences, and cultivating and exploring the unique potential and advantages of more new brands. During the Review Year, the Group added to its restaurant portfolio a number of new chic brands, including "Tommy Yummy" and "Tori Yoichi (鳥世一)", that target mid-range to high-end catering markets. It also started operating the Michelin recommended brand "Sing Kee Seafood Restaurant" in Central in the second half of the year to open up new customer source. New concept brands and core catering operations can complement each other and create diverse business opportunities. As consumers have gotten used to using takeaway service, in the Review Year, we strengthened the service and related marketing and promotion, as well as leveraged social media platforms and cooperated with takeaway delivery service platforms to increase promotion channels. As such, the Group was able to effectively mitigate the impact of dine-in restrictions.

SAW AHEAD OPPORTUNITIES IN MARKET RECOVERY, MADE STRATEGIC MOVES IN ADVANCE AND STEPPED UP SEIZING OPPORTUNITIES

After the HKSAR Government lifted anti-pandemic and quarantine measures in late December and made effort to arrange for re-opening border with Mainland China, cross-border activities between China and Hong Kong have gradually resumed. As the business environment improves, the market finally sees the light of dawn. For Tai Hing Group, it started early on to make comprehensive strategic business deployments to prepare for the market reopening and rebounding of the market after the pandemic is gone.

We will focus on reaping the synergies between brands. The cooperation between brands will bring new products that can inject energy into the brands as well as pool and enlarge the consumer bases of the brands. In addition, we will actively introduce new elements into existing brands. On top of refreshing their images, developing new dishes and adding seasonal dishes, we will also expand into the light and healthy dining realm offering mainly simple dishes, which can allow us to save costs, increase replicability of business models such that we can deploy restaurants more easily in future, all to the end of giving customers new and diverse experiences.

In light of the Hong Kong Government actively encouraging overseas tourists to come visit Hong Kong and the border between Hong Kong and Mainland China reopening, the Group will carefully look for shop spaces in popular tourist spots, so as to tap opportunities when the economy recovers and the market zests up. In Mainland China, we will continue to focus on the Greater Bay Area market, optimise operation and the layout of our restaurant network, thereby be ready to seize post-pandemic opportunities.

Our first integrated mobile APP will be officially launched this year, adding to the diverse channels for meeting consumer needs and realising cross-marketing. The Group hopes to be able to, via different operational modes, reach more potential customers, cultivate a loyal customer base, and optimise customer relations management. Moreover, we will simultaneously develop our dine-in and takeaway business models to cater to consumers' "post-pandemic new normal" demand.

DIVIDENDS

The Group maintains a stable dividend policy and is confident in future business recovery. The Board has recommended payment of a final dividend of HK2.50 cents per share for the year ended 31 December 2022. Together with the interim dividend of HK2.50 cents per share already paid in the Review Year, proposed total dividend per share for the year will amount to HK5.00 cents.

APPRECIATION

I would like to extend my sincere thanks to the Board of Directors, the management team, our frontline staff and colleagues who, as always, have steadfastly delivered their duties and contributed to the Group, backing me in overcoming difficulties and moving forward with courage in the harsh business environment. At the same time, I am grateful to every customer, investor, business partner and supplier who have trusted and supported us along the way, giving me strength to lead the Group in the past 33 years and its steady advance in the future. We are seeing the beginning of a full recovery. I will do my best to bring Tai Hing Group to new heights and make sure it will maintain stable and strong development momentum in the long run.

FINANCIAL HIGHLIGHTS

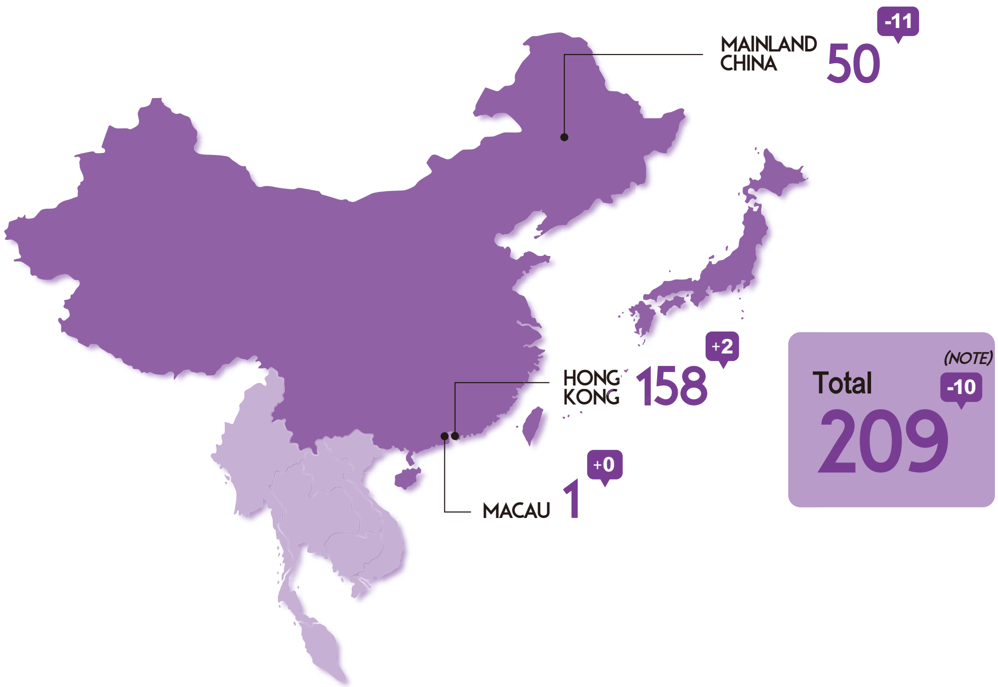
	2022	2021	Change
Revenue (HK$'000)	**2,675,166**	3,173,027	(15.7%)
Hong Kong, Macau and Taiwan	**2,193,952**	2,462,372	(10.9%)
Mainland China	**481,214**	710,655	(32.3%)
Gross profit margin (%)	**72.6%**	72.3%	0.3 percentage point
Profit/(loss) attributable to owners of the Company (HK$'000)	**(43,153)**	99,716	N/A
Basic earnings/(loss) per share (HK cents)	**(4.30)**	9.94	N/A
Final dividend per share *(Note 1)* **(HK cents)**	**2.50**	4.95	(49.5%)
Number of restaurants			
Hong Kong	**158**	156	2
Mainland China	**50**	61	(11)
Macau	**1**	1	–
Taiwan	**–**	1	(1)
Total *(Note 2)*	**209**	219	(10)

Notes:

1. Final dividend of HK2.50 cents per share (2021: 4.95 cents per share) was proposed. Together with the interim dividend of HK2.50 cents per share already paid, proposed total dividend per share for the year ended 31 December 2022 will amount to HK5.00 cents (2021: HK7.45 cents per share).

2. The Group has 207 self-operated restaurants (as at 31 December 2021: 217) and 2 restaurants operated by its franchisees (as at 31 December 2021: 2).

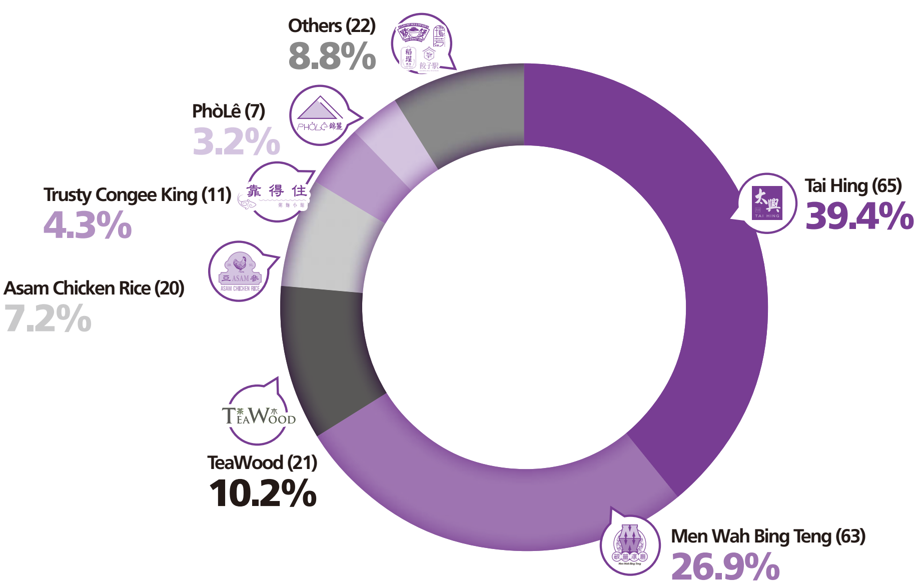
RESTAURANT NETWORK AS AT 31 DECEMBER 2022



Note:

The Group has 207 self-operated restaurants (as at 31 December 2021: 217) and 2 restaurants operated by its franchisees (as at 31 December 2021: 2). A restaurant in Taiwan was closed in 2022.

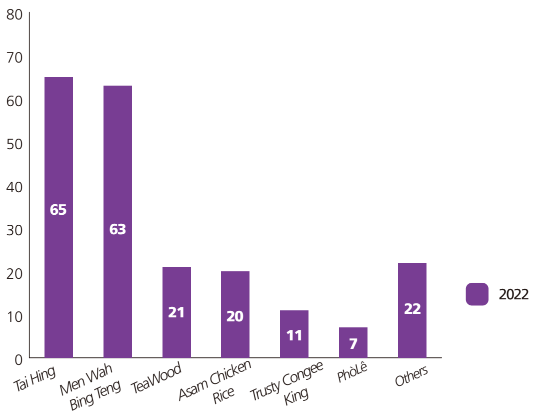
Revenue distribution (by brands)



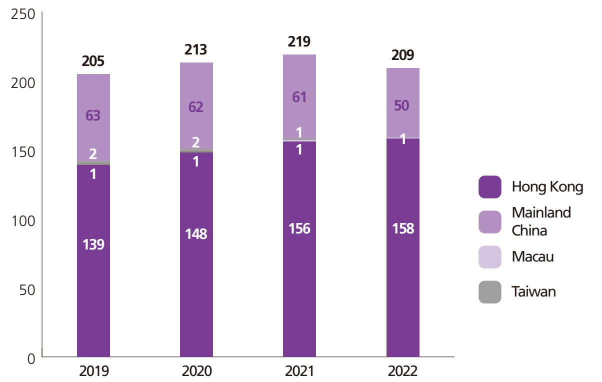
(for the year ended 31 December 2022)

FINANCIAL HIGHLIGHTS

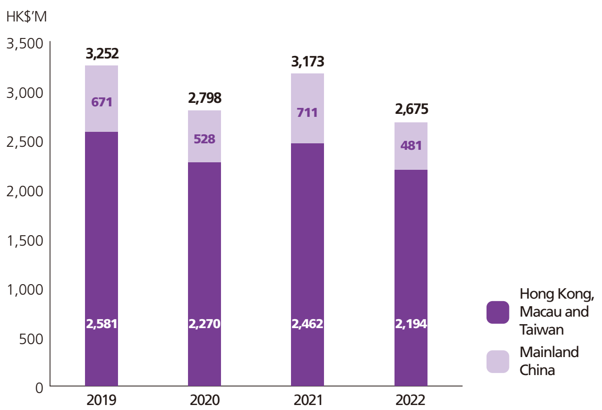
Number of restaurants (by brands)



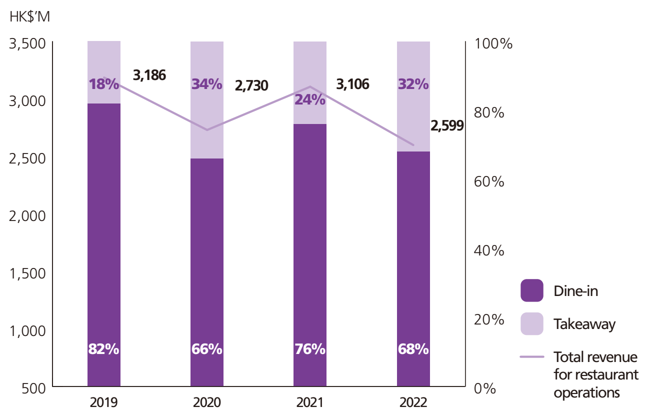
Number of restaurants (by geographical areas)



Revenue distribution (by geographical areas)



Revenue distribution for restaurant operations (by dine-in or takeaway)



OVERALL PERFORMANCE

The board of directors of Tai Hing Group Holdings Limited, together with its subsidiaries ("Tai Hing Group"), announces the annual results of the Group for the year ended 31 December 2022 (the "Review Year" or "FY2022").

At the beginning of the Review Year, the HKSAR Government imposed tighter yet anti-pandemic measures in the advent of the fifth wave of COVID-19 outbreak, sending the catering industry into a harsh winter. With the government gradually relaxing those restrictions starting from April and lifting various social distancing measures at the end of December, light began to pierce through the shadow cast by the pandemic, and the market gradually improved as consumption sentiment returned. Same as Hong Kong, the business environment in Mainland China was affected by the pandemic. However, in December, the Mainland government quickly cancelled many preventive measures, which paved the way for the return to normalcy.

Although the overall business environment of the catering industry has lightened up since the end of December in the Review Year, the Group was inevitably affected at the beginning of the year when the pandemic worsened and anti-pandemic measures were tight. Facing difficult market conditions, the Group actively optimised internal management, promptly adopted effective cost control measures, and consolidated its restaurant network to improve operational efficiency, showing its strong risk-resistance and resilience. During the Review Year, the Group recorded revenue of approximately HK$2,675.2 million (FY2021: HK$3,173.0 million) and gross profit of HK$1,942.3 million (FY2021: HK$2,294.7 million). Although affected by global inflation and food cost pressure, it maintained gross profit margin at 72.6% (FY2021: 72.3%) due to the effectiveness of the cost control measures. Loss attributable to owners of the Company was HK$43.2 million (FY2021: profit HK$99.7 million), including the impairment losses on property, plant and equipment and right-of-use assets of HK$40.2 million (FY2021: HK$46.5 million), basic loss per share was HK4.30 cents (FY2021: basic earnings per share HK9.94 cents).

Albeit the challenging business environment, the Group implemented prudent financial management policies and precise cost control measures, enabling it to maintain a healthy financial position with sufficient cash on hand and steady operating cash flows for speeding up business development when the market heads back to normal. As at 31 December 2022, the Group had cash and cash equivalents which amounted to HK$282.6 million (as at 31 December 2021: HK$452.6 million) and no bank loans.

The Group maintains a stable dividend policy and is confident in future business recovery. The Board has resolved to propose a final dividend of HK2.50 cents per share for the year ended 31 December 2022. Together with the interim dividend of HK2.50 cents per share already paid, the proposed total dividend for FY2022 will be HK5.00 cents per share.

OTHER INCOME AND GAINS

Other income and gains mainly consist of government subsidies of HK$51.9 million (FY2021: HK$33.3 million), including subsidies relating to COVID-19 received by the Group. The increase in other income and gains was primarily due to the larger amount of subsidies received from the government in the Review Year.

OPERATING COSTS

Cost of Materials Consumed

During the Review Year, the cost of materials consumed was HK$732.8 million (FY2021: HK$878.3 million) and, when expressed as a percentage of revenue, it decreased to 27.4% year-on-year (FY2021: 27.7%). Affected by inflation and rising food costs, the Group adopted the strategy of procurement at source in purchasing raw materials, then apportioned and processed them in its self-operated factories in Mainland China and Hong Kong. The practice, while helping save food costs, also allowed the Group to make good use of its production capacity to achieve economies of scale and also to ensure product quality. In addition, the Group regularly reviewed its menus and adjusted recipes to ensure ingredients were used most appropriately.

Staff Costs

During the Review Year, the Group actively optimised human resources management, including arranging staffers to work flexible hours, taking leave during non-peak periods, and adjusting business hours of branches. It also increased use of digital system and automation technology, including QR code self-ordering system, self-payment machines, etc. While optimizing the customer dining experience and improving the efficiency of ordering and payment, it also effectively streamlined front-line and back-office work processes, improved work efficiency and reduced manpower pressure. In addition, the Group received the government's pandemic-related relief subsidies, including from the "Employment Support Scheme", which were used to pay employees' salaries and wages. Staff costs amounted to HK$949.3 million in FY2022 (FY2021: HK$1,081.7 million), down 12.2% against last year.

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

During the Review Year, the Group's amortisation of right-of-use assets, rental and related expenses amounted to HK$435.9 million (FY2021: HK$453.8 million), a 4.0% decrease against the previous year. To fully understand the rental trend of stores in the market, the Group set up an in-house team to analyse in depth the geographic locations and leasing terms of the stores in its restaurant network. Its aim is to be able to rent shops at prime locations at more affordable prices in preparing for business to return to normal. It also actively negotiated with landlords and obtained one-time rent reduction. The rent for lease renewals was also reduced.

Other Operating Expenses

In addition to the aforementioned costs, the Group's other operating expenses amounted to HK$453.5 million (FY2021: HK$443.9 million), representing an increase of 2.2% year-on-year. That was mainly attributable to the Group changing its sales strategy to focus on takeaway business amid the fifth wave of COVID-19 outbreak in Hong Kong at the beginning of the year, which pushed up the handling charges of takeaway platforms. Also, various factors in the external environment drove up international fuel prices. Hence, with the rise in local electricity fees, the operating cost of restaurants increased as well. To maintain production quality and enhance the customers' experiences, the Group spent more on repair and maintenance of equipment and facilities.

OPERATING COSTS *(Continued)*

Impairment of property, plant and equipment and right-of-use assets

During the Review Year, the Group's impairment of property, plant and equipment and right-of-use assets was down by 13.5% to HK$40.2 million (FY2021: HK$46.5 million), with some of the newly established brands being expected to only reap profit in later years, and that the tourism in Hong Kong and China impacted by COVID-19 would not return to pre-pandemic levels in a short time, and thus certain urban outlets would need relatively more time to turn profitable again.

INDUSTRY AND GEOGRAPHICAL ANALYSIS

A new wave of COVID-19 broke out in Hong Kong at the start of the Review Year. The government tightened anti-pandemic measures, hitting the catering industry first and the hardest. The Group, however, armed with flexible and highly efficient response capabilities, quickly strengthened its takeaway and delivery business, overcoming business limitations and was able to partially offset the blow on its dine-in operation. At the end of the year, the HKSAR Government began to substantially relax anti-pandemic measures which coincided with the advent of the festive season, the Group's revenue rebounded strongly. The above-mentioned business performance was in line with the overall market trend in Hong Kong. According to Hong Kong Census and Statistics Department figures, private consumption expenditure in Hong Kong in 2022 fell 1.0% in real terms when compared with 2021, but increased by 1.9% in real terms in the fourth quarter[1], reflective of the local economy having come out of the shadow of the pandemic at the beginning of the year and is improving.

As for Mainland China, the catering industry was subdued due to the strict anti-epidemic measures being enforced, including closed-loop management being implemented by the authorities during the Review Year. However, market conditions changed significantly after the State Council announced the large-scale relaxation of COVID-19 preventive and control measures within a short time in December. With the optimisation and adjustments in policies, offline consumption such as dine-in services at restaurants gradually resumed, boosting related spending. According to the National Bureau of Statistics, catering revenue between January and February 2023 increased by 9.2% year-on-year[2]. The Group has acted in advance of this eventuality, focusing during the Review Year on consolidating its store network, improving operational efficiency, maximising the effectiveness of its various brands and branches, and preparing itself fully for development after the market returns to normal.

1 Hong Kong Census and Statistics Department
https://www.censtatd.gov.hk/tc/web_table.html?id=30

2 National Bureau of Statistics of China
http://www.stats.gov.cn/english/PressRelease/202303/t20230317_1937555.html

BUSINESS SEGMENT ANALYSIS

Tai Hing Group is a multi-brand casual dining restaurant group rooted and boasting 33 years' presence in Hong Kong. Apart from its flagship "Tai Hing (太興)" brand, the Group has launched, acquired and licensed multiple brands, including "Men Wah Bing Teng (敏華冰廳)", "TeaWood (茶木)", "Asam Chicken Rice (亞參雞飯)", "Trusty Congee King (靠得住)", "Phở Lê (錦麗)", "Dao Cheng (稻埕飯店)", "Dimpot (點煲)", "Dumpling Station (餃子駅)", "King Fong Bing Teng (瓊芳冰廳)", "Tommy Yummy", "Tori Yoichi (鳥世一)" and "Sing Kee Seafood Restaurant" (星記海鮮飯店), offering customers diverse dining choices in its extensive brand portfolio.

During the Review Year, the Group strived to broaden its product offerings, fortify existing brand positionings, refresh its image and menus, and improve the operating competitiveness of its restaurants during different time intervals. It also introduced light and streamlined operating models for its existing brands to cater for the different preferences of customers. Moreover, new vigour was injected into the different brands to cement the Group's leadership in the casual dining market. As at 31 December 2022, the Group had a network of 209 restaurants (as at 31 December 2021: 219), among which, 207 restaurants were operated by the Group (as at 31 December 2021: 217) and 2 restaurants were operated by its franchisees (as at 31 December 2021: 2). The Group had 158 restaurants and 50 restaurants in Hong Kong and Mainland China, respectively, and one restaurant in Macau.

The Southeast Asian gourmet brand "Asam Chicken Rice", a new driving force of the Group, grew against market trend with revenue risen by a marked 33.4% year-on-year to HK$193.7 million (FY2021: HK$145.2 million), accounting for 7.2% of the Group's total revenue (FY2021: 4.6%)."Asam Chicken Rice" launches new dishes from time to time. In addition to signature dishes such as Hainanese Chicken Rice, La Salle Noodles, the restaurant also serves a variety of seasonal style dishes and desserts of Asian flavours, which do not only surprise customers, but also help its leadership among Southeast Asian restaurants. Some branches also offer side dishes to appeal to more family customers and boost competitiveness of the restaurant at dinner time to increase overall sales. The Group added five "Asam Chicken Rice" restaurants in core business and residential areas in Hong Kong and added one restaurant in Mainland China to better unleash the brand's growth potential.

"Men Wah Bing Teng", which offers Hong Kong-style nostalgic flavours, is also a key brand that the Group is developing. During the Review Year, "Men Wah Bing Teng" continued to adjust its menu, including adding new side dishes to push up dinner time customer flow, working hard to boost sales of the stores at different time of the day. The teams in Hong Kong and Mainland China continued to combine strengths, develop new products and launch marketing and promotion activities to create synergies. The Group also appointed popular singer Mike Tsang as spokesperson of the brand for both Hong Kong and Mainland China markets. This matched with a series of online and offline marketing and promotion activities which succeeded in stimulating product sales and increasing awareness of the brand in the two markets. "Men Wah Bing Teng" reported revenue of HK$719.8 million during the Review Year (FY2021: HK$760.5 million), accounting for 26.9% of the Group's total revenue (FY2021: 24.0%). It remained as the second major revenue contributor of the Group.

The Taiwanese leisure restaurant brand "TeaWood" actively revamped its brand during the Review Year, including renovating some stores turning them into new image stores, introducing new menus and offering own brand products. The Festival Walk and City One branches were changed to adopt a streamlined and light operating model with focus on simple food choices, hoping to give customers refreshing dining experiences. During the Review Year, revenue of "TeaWood" reached HK$272.8 million (FY2021: HK$364.6 million), making up 10.2% of the Group's total revenue (FY2021: 11.5%).

BUSINESS SEGMENT ANALYSIS *(Continued)*

"Tai Hing", the Group's flagship brand, continued to develop steadily. During the Review Year, to break out of its traditional image and inject new vibe into the market, the Group for the first time appointed new-generation idols as spokespersons, who were featured in Tai Hing's milk tea advertisement. At the complement of promotion of Tai Hing canned drinks through various channels, the brand succeeded in capturing the attention of young customers way better than expected. During the Review Year, "Tai Hing" recorded revenue of HK$1,053.2 million (FY2021: HK$1,464.0 million), comprising 39.4% of the Group's total revenue (FY2021: 46.1%), being the most among all brands.

On the solid foundation of the above-mentioned core brands, the Group has been able to keep expanding into other catering realms. The Group has broadened its income source by conceiving novel brand concepts and carefully implementing them. During the Review Year, the Group launched a number of new trendy brands, including "Tommy Yummy" and "Tori Yoichi", and started operating the Michelin recommended brand "Sing Kee Seafood Restaurant", aiming to offer consumers more unique mid-range to high-end catering options and tap diverse customer sources, thereby enabling its business to cover target customer groups with different preferences.

SUSTAINABLE DEVELOPMENT

Tai Hing Group has evolved from a Hong Kong-style siu mei fast food restaurant to a leading self-operated casual dining group in Hong Kong. Even after more than three decades in operation, the Group has stayed true to its original intention and adhered to the "Tai Hing Cares" spirit. Insisting on living that spirit, the Group joins hands with at least 10 social welfare organisations every year to organise volunteer activities to help the underprivileged and show care to the society. Moreover, the Group has created for employees a healthy and safe working environment. It has invested in automated and digital tools to reduce employees' work pressure and strain injuries while boosting productivity. In addition, it has continually switched to using energy-saving equipment in various operations to reduce carbon emissions and improve energy efficiency, taking different actions to support environmental protection and keep pace with the "carbon neutrality" trend. During the Review Year, Tai Hing Group was pleased to receive the "ESG Excellence Award" organised by the Chamber of Hong Kong Listed Companies and to win at "Directors of the Year Awards (Board Categories)" organised by the Hong Kong Institute of Directors, representative of the professional recognition it enjoys.

PROSPECT

Since the second half of 2022, the catering market in Hong Kong has begun to see the light of dawn. With dine-in restrictions gradually being lifted, plus the advent of the year-end festive season, eateries are filled with customers again, Hong Kong business revenue began to rebound, particularly in December, and thus Tai Hing Group is optimistic about the Hong Kong economy recovering. Moreover, the Group has made early plans like taking the initiative to adopt various cost control measures and consolidate internal resources. It is ready to move forward with a more efficient operation that helps it grasp the tremendous opportunities arising from returning to post-pandemic normality.

Tourism was once a pillar of Hong Kong's catering market. In February 2023, Hong Kong has officially lifted most entry restrictions. That, along with Mainland China is easing its anti-pandemic policy earlier, suggest that the tourism industry has started to gradually return to normal. In view of this, the Group will soon increase its branches at the Hong Kong International Airport, so as to provide passengers with more diverse dining choices. At the same time, it is carefully looking for shop spaces in various popular tourist spots. It may open new branches, provided that there are suitable locations and rents, to keep expanding its business footprint. Looking at Mainland China, the Group will keep a close watch on its recovery situations post-pandemic and it has already made plans with a focus on the Greater Bay Area. The expanded presence of the Group there and then will complement the existing large network of the Group in Hong Kong, enabling it to consolidate market leadership.

Operating multiple brands has become the Group's core strength and crossover between brands will be the Group's future development strategy. Tai Hing Group will consolidate the existing foundation of its major brands, such as "Tai Hing", "Men Wah Bing Teng", "TeaWood" and "Asam Chicken Rice", and by different means, such as developing delicious new cuisines and designing distinctive menus, to continue to broaden customer base, and drive other brands by cross-marketing. At the same time, it will flexibly integrate resources and adopt a streamlined and light operating model to optimise operational efficiency, give consumers new dining experiences, as well as enhance profitability. In addition, the Group also plans to use its brands to carry out cross-brand cooperation in order to attract different consumer groups, increase brand value and create synergies.

The Group will soon launch its first integrated mobile APP, which will provide one-stop service covering e-gift vouchers, self-pick up, takeaway delivery and pre-ordering, to not only add sales channels and reduce reliance on food delivery platforms but also foster customer loyalty, giving full play to business synergies. In the future, the Group will continue to step up investment in digital technology, including enhancing the maturity and stability of existing intelligent systems, so as to improve operational efficiency for providing customers with yet higher quality dining experiences.

Although the macroeconomy is still affected by uncertainties such as the interest rate hike cycle and geopolitics, the belief is that the worst time is coming to an end with the passing of the pandemic of the century. As a leader of more than 30 years in the casual dining market in Hong Kong, the Group boasts years of operating experience and a visionary management team, and thus it is confident of overcoming the challenges ahead and creating greater value for shareholders on the path to recovery.

USE OF NET PROCEEDS FROM LISTING

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

The use of the net proceeds from the Listing Date to 31 December 2022 was as follows:

Use of net proceeds	Percentage of net proceeds	Net proceeds (in HK$ million)	Amount utilised (in HK$ million)	Amount remaining as at 31 December 2022 (in HK$ million)
The New Restaurants' Plan*	58.5%	406.2 *(Note 1)*	(366.5)	39.7
The Food Factories' Plan*	20.5%	142.4 *(Note 1)*	(95.7)	46.7
Renovation of existing restaurants in Hong Kong and Mainland China	11.0%	76.4	(52.0)	24.4
Additional working capital and other general corporate purposes	10.0%	69.5	(69.5)	0.0
Total	100.0%	694.5	(583.7)	110.8

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

Notes:

1. The Board has resolved to change the use of net proceeds on 22 October 2021 with reasons and details of such changes as disclosed in the Announcement.

2. The expected timelines for fully utilising all the unutilised net proceeds are on or before 31 December 2023, which are determined based on the Group's best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions.

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

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

Liquidity and Financial Resources

The principal sources of funds for the Group are through a combination of internally generated cash flows and proceeds received from listing of shares of the Company on the Stock Exchange on 13 June 2019 ("Listing"). As at 31 December 2022, the Group's cash and cash equivalents were approximately HK$282.6 million (2021: approximately HK$452.6 million), representing a decrease of approximately 37.6%, which were mainly for the purposes of opening new restaurants, enhancement and expansion of food factories in Hong Kong and Mainland China, and renovation of existing restaurants during the year. The majority of the bank deposits and cash were denominated in Hong Kong dollars and Renminbi. The additional funds raised from Listing would be used for implementing the future expansion plan.

As at 31 December 2022, the Group's total current assets and current liabilities were approximately HK$551.7 million (2021: approximately HK$735.8 million) and approximately HK$774.7 million (2021: approximately HK$852.5 million), respectively, while the current ratio of the Group (calculated by dividing total current assets by total current liabilities at the end of respective periods) was approximately 0.7 times (2021: approximately 0.9 times). After excluding current portion of lease liabilities and contract liabilities, the net current assets were approximately HK$199.2 million as at 31 December 2022 (31 December 2021: HK$357.3 million), while the adjusted current ratio (calculated by dividing total current assets by total current liabilities excluding current portion of lease liabilities and contract liabilities at the end of respective periods) was approximately 1.6 times (31 December 2021: approximately 1.9 times).

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

As at 31 December 2022, the gearing ratio of the Group was 56.8% (2021: 51.4%). The gearing ratio is calculated by dividing net debt by capital plus net debt. Net debt includes contract liabilities, lease liabilities, trade payables, other payables and accruals, less cash and cash equivalents. Capital represents the equity attributable to owners of the Company.

Foreign Currency Risk

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

Capital Expenditure and Commitment

During the Review Year, the Group's capital expenditure (excluding right-of-use assets) was HK$152.3 million (FY2021: HK$143.9 million). As at 31 December 2022, the Group's outstanding capital commitments were HK$10.8 million (31 December 2021: HK$13.3 million). The outstanding capital commitments consist of leasehold improvements and plant and machinery which are contracted, but not provided for, and will be fulfilled by the operating cash flow generated from ordinary business of the Group.

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE, EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES AND OTHERS *(Continued)*

Contingent Liabilities

As at 31 December 2022, the Group had contingent liabilities of approximately HK$56.4 million (2021: approximately HK$48.5 million) in respect of bank guarantees given in favour of the landlords in lieu of rental deposits.

CHARGE ON GROUP ASSETS

As at 31 December 2022, the Group had certain property, plant and equipment and right-of-use assets with an aggregate net carrying value of approximately HK$229.6 million (31 December 2021: HK$239.0 million) were pledged to secure the bank facilities granted to the Group.

MATERIAL ACQUISITIONS AND DISPOSAL

Save as disclosed herein, for the year ended 31 December 2022, the Group did not have any other material acquisitions and disposals of subsidiaries, associates, joint ventures, significant investments nor capital commitment. Apart from those disclosed herein, there was no plan for other material investments or additions of capital assets at the date of this report.

HUMAN RESOURCES

The Group had approximately 6,000 employees as at 31 December 2022 (31 December 2021: approximately 6,700). The emolument policy of the employees of the Group is set up by the senior management of the Group on the basis of their merit, qualifications and competence. The emoluments of the Directors and senior management of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and prevailing market conditions.

SHARE OPTION SCHEMES

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

The principal terms of the Share Option Schemes are set out in "Appendix V (Statutory and General Information – D. Share Option Schemes)" to the Prospectus. During the year ended 31 December 2022, 1,803,000 share options were exercised and 60,000 share options were lapsed. There was no outstanding share option of the Company under the Pre-IPO Share Option Scheme as at 31 December 2022. No share options were granted under the Post-IPO Share Option Scheme from the date of Listing and up to 31 December 2022.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2022 and up to the date of this report.

EXECUTIVE DIRECTORS

Mr. Chan Wing On, JP, aged 64, is an executive Director, the Chairman of our Group, the chairman of Nomination Committee and a member of Remuneration Committee of the Company. Mr. Chan joined the Board in 2017. Mr. Chan is one of the founders of our Group and is primarily responsible for the overall strategic planning and major decision making of our Group. Mr. Chan is the sole director of Chun Fat Company Limited which is a substantial shareholder of the Company.

Mr. Chan has over 30 years of experience in the food and beverage industry. Mr. Chan is instrumental in our business expansion and has successfully implemented a multi-brand strategy to develop our Group from a siu mei style restaurant under the "Tai Hing" brand to a multi-brand restaurant group with presence in Hong Kong, Mainland China and Macau offering Hong Kong style, Chinese, Taiwanese and Southeast Asian cuisines. Mr. Chan strongly believes in maintaining high food quality while ensuring our food and services offer good value for money, as well as providing a pleasant and hygienic environment for customers. Under Mr. Chan's leadership, our Group is constantly creating new and innovative dishes, often incorporating different ingredients and cooking methods, striving to offer an enjoyable dining experience to diners at our restaurants.

Mr. Chan obtained a Bachelor of Business Administration Management degree at the Macau Institute of Management and was admitted as an honorary fellow at the Professional Validation Centre of Hong Kong Business Sector. He has been a fellow of the Hong Kong Institute of Marketing.

Mr. Chan honoured with the 2020 JP appointment by the Government of the Hong Kong Special Administrative Region and actively serves both the community and the catering service industry including, among others, currently serving as president of the Hong Kong Federation of Restaurants and Related Trades. In addition, Mr. Chan was the chairman of the Governing Council of the Quality Tourism Services Association of Hong Kong and has been re-designated as adviser since 2019.

Mr. Chan is a cousin of Ms. Chan Shuk Fong (our executive Director) and the father of Mr. Chan Ka Keung (a member of our senior management).

Mr. Chan is currently a director of our various subsidiaries.

Mr. Yuen Chi Ming, aged 69, is an executive Director of the Company. Mr. Yuen joined the Board in 2018. Mr. Yuen is one of the founders of our Group. He has over 30 years of experience in the food and beverage industry, during which he gained substantial experience on the aspects of 5-S, food and occupational safety. He is mainly responsible for overall strategic planning of the Group.

During his services, Mr. Yuen has worked in various functional departments including operation of our restaurants and food factories. Under his leadership, our Group has adopted the 5-S (Structurise, Systematise, Sanitise, Standardise and Self-discipline) workplace management philosophy to enhance environmental hygiene, food quality and operational efficiency. Our Group has won many external safety-related recognitions with Mr. Yuen's guidance, including the 5-S Grand Prize Winner (Catering Group) awarded by the HK 5-S Association in 2017, the Food Safety Excellence Award by the International Food Safety Association in 2017 and the 2018/2019 Catering Industry Safety Award Scheme Group Safety Performance Gold Award in the Cha Chaan Teng Category by the Labour Department in 2018.

Mr. Yuen obtained the 5-S Assessor Gold Belt and Black Belt Certificate by the HK 5-S Association.

Mr. Yuen is currently a director of our various subsidiaries.

Mr. Lau Hon Kee, aged 65, is an executive Director of the Company up to 28 March 2023. Mr. Lau joined the Board in 2018. He is mainly responsible for overall strategic planning and overseeing the project management of our Group.

Mr. Lau worked in different departments including audit, operations and engineering. He has contributed to the upgrade of work facilities, improvement of work safety and various energy-saving projects in our Group. Under Mr. Lau's leadership, our Group has received numerous industry recognitions, including the Eco Challenger and 5 Year+ Eco Pioneer Award by the Bank of China and Federation of Hong Kong Industries and the Hong Kong Awards for Environmental Excellence Certificate of Merit and the Hong Kong Green Organisation Certification awarded by the Environmental Campaign Committee.

Mr. Lau obtained the 5-S Lead Auditor Certificate awarded by the HK 5-S Association.

Mr. Lau has tendered his resignation as executive Director of the Company with effect from 29 March 2023 due to his retirement.

Ms. Chan Shuk Fong, aged 58, is an executive Director, a member of our Remuneration Committee and Nomination Committee and Authorised Representative of the Company. Ms. Chan joined the Board in 2018. She is mainly responsible for overall strategic planning, including capital financing, investor relations, compliance management, corporate affairs and marketing, talent management and administration as well as sustainability of our Group.

Ms. Chan served as director and general manager in Hong Kong Wing On Travel Service Limited prior to joining our Group. She obtained a master's degree in Business Administration from Asia International Open University (Macau), a postgraduate diploma in Training from the faculty of Social Science from the University of Leicester in United Kingdom and was awarded an honorary doctorate of law from Lincoln University and fellow and title of MBA, chartered manager from the Canadian Chartered Institution of Business Administration.

Ms. Chan was awarded Professional Marketer of the Year by Hong Kong Institute of Marketing in 2020, Asian Outstanding Leaders Awards for Women by the Asian College of Knowledge Management and 矚目非凡領袖大獎 2017 (Outstanding Leader Award 2017*) by Weekend Weekly and Economic Digest magazines in 2018 as well as the Leaders of Excellence Award by Capital Magazine in 2014.

Ms. Chan is currently a member of the board of directors of the Hong Kong Federation of Restaurants and Related Trades, an Honorary Advisor of Hong Kong Smart Catering Association, a member of General Committee of The Chamber of Hong Kong Listed Companies and a member of the Advisory Board of Continuing and Professional Studies of The Chinese University of Hong Kong. She was previously a member of the Solicitors Disciplinary Tribunal Panel in Hong Kong, a committee member of the Industry Advisory Committee on Long Term Business of the Insurance Authority, a member of the Consumer Council, a member of the Griffith Business School's Bachelor of Business (Hong Kong) Industry Advisory Committee and a member of the Advisory Committee on Cruise Industry in Hong Kong.

Ms. Chan is a cousin of our Chairman and an aunt of Mr. Chan Ka Keung (a member of our senior management).

Ms. Chan is currently a director of our various subsidiaries.

* *For identification purpose only*

NON-EXECUTIVE DIRECTOR

Mr. Ho Ping Kee, aged 65, is a non-executive Director of the Company. Mr. Ho joined the Board in 2018.

Mr. Ho has over 30 years of experience in the retail pharmacy industry, during which he gained substantial understanding of the market of retail business in Hong Kong and knowledge in site selection. Mr. Ho has been the director of Target Spot Limited which operates six pharmacies in Hong Kong.

Mr. Ho is currently supervisory chairman of the Hong Kong General Chamber of Pharmacy Limited, president of the Southern District Recreation and Sports Association, executive committee chairman of the Ap Lei Chau North District Women's Joint Association, vice president of the council of The Association of Industries and Commerce of N.E. New Territories Limited and life president of The Hong Kong Southern District Community Association Limited. He was the president of the Southern District Arts and Culture Association Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mak Ping Leung (alias: Mak Wah Cheung), aged 73, is an independent non-executive Director, the chairman of Remuneration Committee and a member of Audit Committee and Nomination Committee of the Company. Mr. Mak joined the Board in 2019.

Mr. Mak is one of the founders of Hong Kong Economic Times Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 423) ("HKET"), and was its managing director and an executive director from 2005 to 2020 as well as the publisher of HKET and Sky Post. He was responsible for formulating business strategies and oversees publishing, recruitment advertising and printing production at HKET. He was the Bureau Chief of the European Bureau of Wen Wei Po in London, before being promoted to Deputy General Manager and Standing Committee Member of the Management Committee of the newspaper.

In 1988, Mr. Mak was elected as one of the Ten Outstanding Young Persons of Hong Kong. Mr. Mak won the Outstanding Entrepreneurship Award at the Asia Pacific Entrepreneurship Awards 2012 organised by Enterprise Asia and was an honorary advisor of Hong Kong Institute of Marketing.

Mr. Mak is currently an independent non-executive director of Clifford Modern Living Holdings Limited (a company listed on the Stock Exchange, stock code: 3686). Mr. Mak was an independent non-executive director of Zhong Ji Longevity Science Group Limited (a company listed on the Stock Exchange, stock code: 0767) from 2020 to 2021.

Mr. Mak obtained a Bachelor of Arts degree from the University of Hong Kong.

Mr. Wong Shiu Hoi Peter, aged 82, is an independent non-executive Director, a member of Audit Committee, Nomination Committee and Remuneration Committee of the Company. Mr. Wong joined the Board in 2019.

Mr. Wong possesses over 40 years of experience in the financial services industry. He was an executive director, managing director, deputy chairman and chief executive officer of Haitong International Securities Group Limited (stock code: 0665) from 1996 to 2011. He was a consultant of Halcyon Capital Limited from 2013 to 2021.

He is currently the honorary council member and was the past chairman of the Hong Kong Institute of Directors from 2006 to 2009, and a former member of each of the Standing Committee of Company Law Reform from 2000 to 2006 and the Listing Committee of the Stock Exchange from 1998 to 2006.

Mr. Wong has served as an independent non-executive director of the following companies listed on the Stock Exchange in the past three years:

Company Name	Stock Code	Period
Tianjin Development Holdings Limited	882	Since 2012
Agile Group Holdings Limited	3383	Since 2014
High Fashion International Limited	608	From 2004 to 2021
Target Insurance (Holdings) Limited	6161	From 2014 to 2021

Mr. Wong obtained a Master of Business Administration degree from the University of East Asia (now known as the University of Macau).

Dr. Sat Chui Wan, aged 54, is an independent non-executive Director, the chairman of Audit Committee and a member of Remuneration Committee and Nomination Committee of the Company. Dr. Sat joined the Board in 2019.

Dr. Sat served as an executive director, chief financial officer and authorised representative of Human Health Holdings Limited (a company listed on the Stock Exchange, stock code: 1419) ("HHH") from June 2015 to February 2023. She was responsible for overseeing the financial, compliance, risk and human resources management of HHH. She has extensive working experience in accounting, finance, compliance, management and strategic planning in different industries.

Dr. Sat has been a member of the Hong Kong Institute of Certified Public Accountants since 1996. She was admitted as an associate of the Association of Chartered Certified Accountants in 1996 and has been a fellow of the Association of Chartered Certified Accountants since 2001.

Dr. Sat obtained a Bachelor of Arts degree of Accountancy from the Hong Kong Polytechnic University in 1992 and a Master's degree of Business Administration from the University of Lancaster in the United Kingdom in 2000. She completed the International Study Program (ISP) at the University of St. Gallen in 2000, and the City University of Hong Kong Advanced Management Programme at the University of California, Berkeley in 2010. Dr. Sat obtained a Doctor of Business Administration degree from the City University of Hong Kong in 2018.

SENIOR MANAGEMENT

Mr. Ho Siu Fung, aged 60, joined our Group in 1999 and was appointed as a general manager and director of Chinese Gourmet of the Company in 2018. He is mainly responsible for operations and overall development of the Group's Chinese cuisine brands, including "Tai Hing", "Trusty Congee King", "Men Wah Bing Teng", "King Fong Bing Teng", "Asam Chicken Rice", "Dimpot", "Dumpling Station" and "Rice Rule" as well as the Group's food safety and occupational safety standards. Mr. Ho has been constantly enhancing operations management and strategies, and has spearheaded the implementation of a comprehensive automation system for food production used in the restaurant kitchen, beverage bar and siu mei department, helping to standardize food quality and production efficiency. In addition, Mr. Ho is responsible for business expansion with respect to "Tai Hing" branches in Macau.

Prior to joining our Group, Mr. Ho served in several catering groups holding operational and management roles. He has over 30 years' experience in catering management.

Mr. Ho graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a diploma in Business Management in 1993. He obtained a Level 4 Award in Managing Food Safety in Catering at the Chartered Institute of Environmental Health in 2008 and obtained a 5-S Lead Auditor Certificate from the HK 5-S Association in 2003. Mr. Ho is active in sharing his industry knowledge with the community, and was a part-time instructor at the School of Continuing and Professional Education of the City University of Hong Kong.

Mr. Ho is currently a director of our various subsidiaries.

Mr. Yiu Man, aged 64, joined our Group in 2002 and was appointed as a general manager and director of central production and product development of the Company in 2018. Mr. Yiu has been in the catering industry for over 40 years. He is mainly responsible for the overall management and development of the food factories, including product development, centralized procurement, food safety and logistics management. Mr. Yiu headed the design, constructions equipment planning and management of our Hong Kong food factory and Mainland China food factory to support the wide variety of new products for different cuisines. He set up our production quality control system and enforces more stringent control on food quality, including food safety monitoring and refinement through systematic taste trials. Further, Mr. Yiu also invented the smokeless cooking design which was contributed to our patented smokeless oven and such patented smokeless oven has subsequently been widely applied in our restaurants.

Mr. Chan Ka Keung, aged 42, joined our Group in 2009 and is currently Director of Mainland China and Brand Development of the Company. He is mainly responsible for operations in Mainland China, developing the branding of the Group and leading our engineering and maintenance and information technology teams towards digitalizing our operations for the enhancement of customer experience concerning food ordering and payment systems. He also focuses on the building, consolidation and product promotion of our respective brands across Mainland China, as well as developing the sales channels and peripheral product markets through online and offline platforms.

In recent years, Mr. Chan spearheaded the development of new brands for casual dining in our Group, targeting younger customers by offering them a pleasant dining experience. Our "TeaWood" brand has won numerous industry awards and the prestigious Bronze A' Design Award for Interior Space and Exhibition Design, awarded in 2018 under his leadership.

Mr. Chan was awarded 全球華人傑出青年 (Global Outstanding Chinese Youth*) by the Global Outstanding Chinese Association in 2016, Young Industrialist Awards of Hong Kong by the Federation of Hong Kong Industries in 2019 and Second Generation Legacy Award by Legacy Academy in 2020. He is currently the vice chairman of the Hong Kong Federation of Restaurants and Related Trades, founding chairman of the Hong Kong Federation of Restaurants and Related Trades Youth Committee, the vice-convenor of the Industry Consultative Networks (Catering) under the Employees Retraining Board, a member of the Environmental Campaign Committee, a member of the Food Business and Related Services Task Force under the Business Facilitation Advisory Committee and the Honorary Chairman of Hong Kong O2O E-Commerce Federation.

Mr. Chan obtained a bachelor's degree in Business Administration from De Montfort University in Leicester in the United Kingdom.

Mr. Chan is the son of our Chairman and a nephew of Ms. Chan Shuk Fong (our executive Director).

* *For identification purpose only*

Mr. Ho Man Shing, aged 47, joined our Group in 2019 and is a general manager (casual dining) of the Company. He is primarily responsible for the operations and overall development of the casual dining business of the Group, including management of such brands as "TeaWood", "Phở Lệ", and "Dao Cheng".

Prior to joining the Group, Mr. Ho has over 16 years' experience in QSR management and operation, and was the CEO of a chain catering group in Hong Kong. Mr. Ho was awarded the Leaders of Excellence Award by Capital Magazine in 2014.

Mr. Ho obtained a bachelor's degree in Science (Actuarial Science) from the University of Hong Kong and completed the Advanced Management Program organized by Harvard Business School in the United States.

Ms. Zhou Yuewu, aged 48, joined our Group in 2004 and is currently a general manager (back office and leasing) of the Company. Her responsibilities include overseeing and managing human resources, administration, leasing and trademark registration and ordinance matters in Mainland China.

Ms. Zhou has over 20 years of experience in human resources, administration, finance and leasing management in Mainland China. She graduated from the Changsha University of Science and Technology (formerly known as the Changsha Communications University) with a diploma in Finance and Accounting System Management* (財會計算機管理) and was qualified as an intermediate accountant conferred by Ministry of Finance of China.

Mr. Chau Ching Hang, aged 38, joined our Group in 2022 and is currently the senior director of group finance department, company secretary and the Authorised Representative of the Company. His responsibilities include overseeing the financial management and company secretarial matters of the Group.

Mr. Chau has extensive experience in financial management, accounting, taxation, auditing and company secretarial matters in Hong Kong and Mainland China, and held senior management positions in catering groups and various companies of which the securities are listed on the Stock Exchange prior to joining the Group.

Mr. Chau obtained a Bachelor degree of Business Administration (Accounting and Finance) and a degree of Master of Accountancy. Mr. Chau is currently a fellow of the Hong Kong Institute of Certified Public Accountants.

Mr. Chau is currently a director of our few subsidiaries.

* *For identification purpose only*

The board of directors of the Company (the "Board") presents its annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities and other particulars of the principal subsidiaries are set out in note 1 to the financial statements.

BUSINESS REVIEW

A fair review on the business activities of the Group as required by Schedule 5 to the Companies Ordinance (Cap. 622) of Hong Kong, including a description of the principal risks and uncertainties facing the Group, material events that have occurred since the year-end date and an indication of likely future development in the Group's business are set out in the "Chairman's Statement", "Financial Highlights", "Management Discussion and Analysis", "Corporate Governance Report" and "Five-Year Financial Summary" and in the accompanying notes to the financial statements. Further discussion on the Group's environmental policies and performance and the Group's compliance with the relevant laws and regulations that have a significant impact on the Group are provided in the 2022 Environmental, Social and Governance Report. The relevant discussions in these sections form part of this report.

The Group understands the importance of maintaining a good relationship with its employees, suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the year, there were no material and significant disputes between the Group and its suppliers, customers and/or other stakeholders.

In light of the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), a separate Environmental, Social and Governance Report will be published at the same time.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2022, the Board was not aware of any non-compliance with the applicable laws and regulations, which include the Articles of Association of the Company (the "Articles of Association"), the laws of Cayman Islands, the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), that have a significant impact on the Company.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss on page 61.

DIVIDENDS

The Board has proposed the payment of a final dividend of HK2.50 cents per share for the year ended 31 December 2022 payable to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Thursday, 8 June 2023, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "Annual General Meeting"). The dividend warrants of the proposed final dividend are expected to be despatched to the Shareholders on or before Friday, 23 June 2023.

An interim dividend of HK2.50 cents per share was paid on 3 November 2022.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the eligibility of the Shareholders to attend and vote at the Annual General Meeting or any adjournment of such meeting:

The Annual General Meeting is scheduled to be held on Thursday, 1 June 2023. For determining the eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 29 May 2023 to Thursday, 1 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer forms duly accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 25 May 2023.

(2) For determining the entitlement of the Shareholders to the proposed final dividend:

For determining the entitlement to the proposed final dividend for the year ended 31 December 2022, the register of members of the Company will be closed from Wednesday, 7 June 2023 to Thursday, 8 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend for the year ended 31 December 2022, all transfer forms duly accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 6 June 2023.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2022 are set out in note 26 to the financial statements. Information about the share option of the Company and details of movements in the share options of the Company for the year ended 31 December 2022 are set out in the "Share Option Schemes" in this section and note 27 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for cash distribution and/or distribution in specie amounted to approximately HK$757,672,000, of which approximately HK$25,135,000 has been proposed as a final dividend for the year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group for the year ended 31 December 2022 are set out in note 14 to the financial statements.

DIRECTORS AND SERVICES CONTRACTS

The directors of the Company (the "Directors") for the year ended 31 December 2022 and up to the date of this report are:

Executive Directors:

Mr. Chan Wing On *(Chairman)*
Mr. Yuen Chi Ming
Mr. Lau Hon Kee (tendered resignation with effect from 29 March 2023)
Ms. Chan Shuk Fong

Non-Executive Director:

Mr. Ho Ping Kee

Independent Non-Executive Directors:

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

In accordance with Article 84 of the Company's articles of association ("Articles of Association"), Mr. Chan Wing On, Mr. Ho Ping Kee and Mr. Wong Shiu Hoi Peter, shall retire from office by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during the year ended 31 December 2022 or at the end of the year ended 31 December 2022.

CONTROLLING SHAREHOLDERS' CONTRACTS OF SIGNIFICANCE

No contracts of significance have been entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries during the year ended 31 December 2022.

There has been no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries during the year ended 31 December 2022.

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts relating to the management and/or administration of the whole or any substantial part of any business of the Company were entered into or subsisted for the year ended 31 December 2022.

SHARE OPTION SCHEMES

The Company's pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and the Company's post-IPO share option scheme (the "Post-IPO Share Option Scheme") (collectively the "Share Option Schemes") were approved and conditionally adopted pursuant to the resolutions passed by the Shareholders on 22 May 2019. The details of the Share Option Schemes are as follows:

(a) Pre-IPO Share Option Scheme

1.	The purpose of the Pre-IPO Share Option Scheme	To motivate the grantees of the pre-IPO share options (the "Pre-IPO Share Options") to optimise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain ongoing business relationship with the grantees whose contributions are, will or expected to be beneficial to the Group.
2.	The participants of the Pre-IPO Share Option Scheme	Senior management and employees of the Group
3.	The total number of securities available for issue under the Pre-IPO Share Option Scheme together with the percentage of the issued shares that it represents as at the date of the annual report	No outstanding share options under Pre-IPO Share Option Scheme. No further options would be granted on or after the date on which dealings in the shares of the Company commenced on the Stock Exchange (i.e. 13 June 2019) (the "Listing Date").

SHARE OPTION SCHEMES *(Continued)*

(a) Pre-IPO Share Option Scheme *(Continued)*

4.	The option period	No Pre-IPO Share Options granted shall become vested or exercisable before the first anniversary of the Listing Date. On the first anniversary of the Listing Date, 13 June 2020 (the "First Exercisable Date"), 30% of the Pre-IPO Share Options (the "First Batch Options") granted to an individual grantee was vested in and exercisable by such grantee, and all unexercised First Batch Options shall lapse and be deemed as cancelled and void on the fifth anniversary date of the First Exercisable Date. On the second anniversary of the Listing Date, 13 June 2021 (the "Second Exercisable Date"), a further 30% of the Pre-IPO Share Options (the "Second Batch Options") granted to an individual grantee was vested in and exercisable by such grantee, and all unexercised Second Batch Options shall lapse and be deemed as cancelled and void on the fifth anniversary date of the Second Exercisable Date. On the third anniversary of the Listing Date, 13 June 2022 (the "Third Exercisable Date"), the remaining 40% of the Pre-IPO Share Options (the "Third Batch Options") granted to an individual grantee shall become exercisable by such grantee, and all unexercised Third Batch Options shall lapse and be deemed as cancelled and void on the fifth anniversary date of the Third Exercisable Date.
5.	The amount payable on application or acceptance of the option	A consideration of HK$1.00 is paid by each grantee.
6.	The exercise price	The exercise price of the Pre-IPO Share Options will be HK$0.45.
7.	The remaining life of the Pre-IPO Share Option Scheme	No further share options will be granted after the Listing Date but in all other respects the provisions of the Pre-IPO Share Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme.

As at 31 December 2022, there was no outstanding share options of the Company under the Pre-IPO Share Option Scheme.

SHARE OPTION SCHEMES *(Continued)*

(a) Pre-IPO Share Option Scheme *(Continued)*

For the year ended 31 December 2022, the movements of share options granted by the Company under the Pre-IPO Share Option Scheme are as follows:

Participants	Date of grant	Exercise price per share (HK$)	Outstanding as at 1 January 2022	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2022	Exercise period
Senior Management									
Mr. Wong Kin Pong Edmond	22 May 2019	0.45	240,000	–	(240,000)	–	–	–	*Notes*
Ms. Zhou Yuewu	22 May 2019	0.45	240,000	–	(240,000)	–	–	–	*Notes*
Other Grantees									
Employees	22 May 2019	0.45	1,383,000	–	(1,323,000)	(60,000)	–	–	*Notes*
Total for the Pre-IPO Share Option Scheme			1,863,000	–	(1,803,000)	(60,000)	–	–	

Notes:

(i) On the First Exercisable Date, the First Batch Options granted to an individual grantee was vested in and exercisable by such grantee, and all unexercised First Batch Options shall lapse and be deemed as cancelled and void on the fifth anniversary date of the First Exercisable Date.

(ii) On the Second Exercisable Date, the Second Batch Options granted to an individual grantee was vested in and exercisable by such grantee, and all unexercised Second Batch Options shall lapse and be deemed as cancelled and void on the fifth anniversary date of the Second Exercisable Date.

(iii) On the Third Exercisable Date, the Third Batch Options granted to an individual grantee shall become exercisable by such grantee, and all unexercised Third Batch Options shall lapse and be deemed as cancelled and void on the fifth anniversary date of the Third Exercisable Date.

SHARE OPTION SCHEMES *(Continued)*

(b) Post-IPO Share Option Scheme

1.	The purpose of the Post-IPO Share Option Scheme	(a) The Post-IPO Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that Eligible Participants (as defined below) had made or may make to the Group. (b) The Post-IPO Share Option Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in the Company with the view to achieving the following principal objectives: (i) motivate the Eligible Participants to optimise their performance and efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are, will or expected to be beneficial to the Group.
2.	The participants of the Post-IPO Share Option Scheme	The Board may at its discretion grant options to the following Eligible Participants*: (i) any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("Affiliate"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any Director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

* The grant of share options to any Eligible Participants shall be subject always to the provisions of Chapter 17 of the Listing Rules as amended from time to time.

SHARE OPTION SCHEMES *(Continued)*

(b) Post-IPO Share Option Scheme *(Continued)*

3.	The total number of securities available for issue under the Post-IPO Share Option Scheme together with the percentage of the issued shares that it represents as at the date of the annual report	The maximum number of shares in respect of which options may be granted under the Post-IPO Share Option Scheme and any other share option schemes involving the issue or grant of options or similar rights over shares or other securities by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Listing Date, i.e. 100,000,000 shares (which represented approximately 9.95% of the total issued shares of the Company as at the date of this annual report). The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the issued shares of the Company from time to time, which is 100,539,900 shares as at the date of this report. No options may be granted under any schemes of the Company if this will result in the said 10% limit being exceeded.
4.	The maximum entitlement of each participant under the Post-IPO Share Option Scheme	No option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Post-IPO Share Option Scheme (including exercised, cancelled and outstanding share options) in the twelve-month period up to and including the date of such new grant exceeding 1% in aggregate of the issued share capital of the Company as at the date of such grant. Any grant of further share options above this limit shall be subject to certain requirements provided under the Listing Rules.
5.	The period within which the securities must be taken up under an option	An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option.
6.	The minimum period for which an option must be held before it can be exercised	There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Post-IPO Share Option Scheme. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion.

SHARE OPTION SCHEMES *(Continued)*

(b) Post-IPO Share Option Scheme *(Continued)*

7.	The amount payable on application or acceptance of the option	An offer shall be accepted when the Company receive the duly signed offer letter together with a non-refundable payment of HK$1.00 by the grantee (or such other sum in any currency as the Board may determine).
8.	The basis of determination of the exercise price	The exercise price for any share under the Post-IPO Share Option Scheme shall be a price determined by the Board and notified to each grantee and shall be not less than the highest of: (i) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day; (ii) an amount equivalent to the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of a share on the date of grant. The exercise price shall also be subject to any adjustments made in a situation contemplated under the event of any alteration in our capital structure while an option remains exercisable, and such event arises from, including a capitalisation of the Company profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of the share capital of the Company, such corresponding alterations (if any) shall be made to the number or nominal amount of shares subject to the options so far as unexercised; and/or the exercise price; and/or the method of exercise of the options; and/or the maximum number of shares subject to the Post-IPO Share Option Schemes.
9.	The remaining life of the Post-IPO Share Option Scheme	The Post-IPO Share Option Scheme remains in force until 21 May 2029.

No share option has been granted under the Post-IPO Share Option Scheme since the date of adoption of the Post-IPO Share Option Scheme up to the date of this report.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 31 December 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long Position in the shares of the Company

Name of Director	Capacity	Number of ordinary shares held		Approximate percentage of issued ordinary shares *(Note (i))*
Mr. Chan Wing On ("Mr. Chan")	Interest of controlled corporation	538,449,500	*(Note (ii))*	53.56%
	Interest of spouse	1,165,000	*(Note (ii))*	0.12%
	Beneficial owner	3,463,000	*(Note (ii))*	0.34%
Ms. Chan Shuk Fong ("Ms. Chan")	Beneficial owner	12,769,000	*(Note (iii))*	1.27%

Notes:

(i) The percentage of shareholding is calculated on the basis of the Company's total number of issued shares of 1,005,399,000 shares as at 31 December 2022.

(ii) Chun Fat Company Limited ("Chun Fat" (俊發有限公司)), is directly owned as to approximately 83.23% by Mr. Chan. As at 31 December 2022, Chun Fat held 538,449,500 ordinary shares of the Company. Accordingly, Mr. Chan is deemed to be interested in 538,449,500 ordinary shares of the Company in which Chun Fat is interested. In addition, as at 31 December 2022, Ms. Leung Yi Ling ("Ms. Leung"), being the spouse of Mr. Chan, was beneficially interested in 1,165,000 ordinary shares of the Company. Therefore, Mr. Chan is deemed to be interested in 1,165,000 ordinary shares of the Company in which Ms. Leung is interested.

(iii) As at 31 December 2022, Ms. Chan was beneficially interested in 12,769,000 ordinary shares of the Company.

(iv) No pledging of shares by the controlling shareholders under Rule 13.17 of the Listing Rules.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES *(Continued)*

Interests in the shares of associated corporation of the Company

Name of associated corporation	Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of issued ordinary shares *(Note)*
Chun Fat	Mr. Chan	Beneficial owner	166,458	83.23%
Chun Fat	Mr. Ho Ping Kee	Beneficial owner	19,866	9.93%
Chun Fat	Mr. Yuen Chi Ming	Beneficial owner	13,676	6.84%

Note:

The percentage of shareholding is calculated on the basis of the total number of 200,000 issued shares of Chun Fat as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Schemes" above, no equity-linked agreements were entered into by the Company for the year ended 31 December 2022 or subsisted during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Schemes as disclosed above, at no time for the year ended 31 December 2022 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or any other body corporate.

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

As at 31 December 2022, the following parties (other than the Director) had interests or short positions in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Long Position in the shares of the Company

Name of Shareholder	Capacity	Number of ordinary shares held		Approximate percentage of issued ordinary shares *(Note (i))*
Chun Fat	Beneficial owner	538,449,500		53.56%
Ms. Leung Yi Ling ("Ms. Leung")	Beneficial owner	1,165,000	*(Note (ii))*	0.12%
	Interest of spouse	541,912,500	*(Note (ii))*	53.90%

Notes:

(i) The percentage of shareholding is calculated on the basis of the Company's total number of issued shares of 1,005,399,000 shares as at 31 December 2022.

(ii) As at 31 December 2022, Ms. Leung, being the spouse of Mr. Chan, was deemed to be interested in 541,912,500 ordinary shares of the Company in which Mr. Chan was interested, being 538,449,500 ordinary shares of the Company in which Mr. Chan was interested through Chun Fat and 3,463,000 ordinary shares of the Company directly held by Mr. Chan.

Save as disclosed above, as at 31 December 2022, there were no other parties (other than the Director) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that every Director and other officers of the Company shall be indemnified out of the assets and profits of the Company against all losses or expenses which he/she may sustain or incur in or about the execution of the duties of his/her office. The Company has maintained appropriate Directors' and officers' liability insurance in respect of relevant legal actions against the Directors and officers.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is interested in any business apart from the Company's business that competes or is likely to compete, either directly or indirectly, with the Company's business.

RELATED PARTY TRANSACTIONS

Details of related party transactions entered into by the Group in the ordinary course of business during the year are set out in note 31 to the consolidated financial statements. The Board confirms none of the related party transactions as disclosed under note 31 to the consolidated financial statements fall under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, 21.6% of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounted for 6.5% of the Group's purchases. The Group's revenue from sales of goods or rendering of services attributable to the Group's five largest customers was less than 5%.

None of the Directors, their close associates or any Shareholders, which to the knowledge of the Directors owned more than 5% of the Company's total number of issued shares, had a beneficial interest in any of the Group's five largest suppliers and customers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2022.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-Executive Directors, an annual written confirmation of his/her independence pursuant to Rule 3.13 of Listing Rules. The Company considers that all of the Independent Non-Executive Directors are independent.

EMOLUMENT POLICY

Details of the Directors' and senior management's emoluments and of the five highest paid individuals in the Group are set out in notes 9 and 10 to the financial statements respectively.

The emolument policy of the employees of the Group is set up by the senior management of the Group on the basis of their merit, qualifications and competence.

The emoluments of the Directors and senior management of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and prevailing market conditions.

RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group and each employee make monthly mandatory contributions of 5% of relevant payroll costs with monthly cap of HK$1,500 to the scheme.

RETIREMENT BENEFITS PLANS *(Continued)*

The employees of the Group's subsidiaries in Mainland China, Macau and Taiwan are members of the state-managed retirement benefits plan operated by the respective government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

During the year no forfeited contributions are available to reduce the contribution payable in future years.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

CHANGES IN DIRECTORS' INFORMATION

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

— Dr. Sat Chui Wan has resigned as executive director and chief financial officer and ceased to be authorised representative of Human Health Holdings Limited (stock code: 1419), a company listed on the Stock Exchange, with effect from 1 March 2023.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B of the Listing Rules. Please refer to the section headed the "Biographical Details of Directors and Senior Management" in this annual report for the biographical details of the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK$360,000.

AUDITOR

A resolution will be submitted to the forthcoming Annual General Meeting to re-appoint Messrs. Ernst & Young as the auditor of the Company.

On behalf of the Board

Chan Wing On
Chairman

Hong Kong, 28 March 2023

CORPORATE GOVERNANCE REPORT

The board of directors (the "Board") of the Company (the "Directors") is committed to maintaining high standard of corporate governance practices and procedures and complying with the statutory and regulatory requirements with an aim to maximising the value and interests of the shareholders of the Company (the "Shareholders"), as well as enhancing the transparency and accountability to the stakeholders.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

To the best knowledge of the Board, throughout the year ended 31 December 2022 (the "Reporting Period"), the Company has complied with all the code provisions as set out in the CG Code and applied the principles contained therein.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of conduct for Directors in their dealing in the securities of the Company. Having made specific enquiries with the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Reporting Period.

BOARD OF DIRECTORS

The Board currently comprises eight Directors, in total, with four Executive Directors, one non-executive Director and three independent non-executive Directors. The composition of the Board during the Reporting Period and up to the date of this report is set out as follows:

Executive Directors
Mr. Chan Wing On *(Chairman)*
Mr. Yuen Chi Ming
Mr. Lau Hon Kee (tendered resignation with effect from 29 March 2023)
Ms. Chan Shuk Fong

Non-Executive Director
Mr. Ho Ping Kee

Independent Non-Executive Directors
Mr. Mak Ping Leung (alias: Mak Wah Cheung)
Mr. Wong Shiu Hoi Peter
Dr. Sat Chui Wan

Mr. Chan Wing On, the Chairman and executive Director of the Company, is a cousin of Ms. Chan Shuk Fong (an executive Director of the Company) and the father of Mr. Chan Ka Keung (a member of the senior management of the Company). Ms. Chan Shuk Fong is an aunt of Mr. Chan Ka Keung.

Save as disclosed above, there is no financial, business, family or other material/relevant relationships among the members of the Board.

During the Reporting Period, the Board has at least one-third in number of its members comprising Independent Non-Executive Directors under Rule 3.10A of the Listing Rules and at least one of the Independent Non-Executive Directors possesses appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Board has received from each independent non-executive Director an annual confirmation of his/her independence and considers that all the Independent Non-Executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

The biographical details of Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 18 to 25 of this report.

BOARD OF DIRECTORS *(Continued)*

The attendance of each Director at the Board meetings and annual general meeting of the Company ("AGM") during the Reporting Period are set out as follows:

Name of Directors	Number of Board meetings attended/held	Attendance rate	AGM	Attendance rate
Executive Directors				
Mr. Chan Wing On *(Chairman)*	4/4	100%	1/1	100%
Mr. Yuen Chi Ming	4/4	100%	1/1	100%
Mr. Lau Hon Kee	4/4	100%	1/1	100%
Ms. Chan Shuk Fong	4/4	100%	1/1	100%
Non-Executive Director				
Mr. Ho Ping Kee	4/4	100%	1/1	100%
Independent Non-Executive Directors				
Mr. Mak Ping Leung (alias: Mak Wah Cheung)	4/4	100%	1/1	100%
Mr. Wong Shiu Hoi Peter	4/4	100%	1/1	100%
Dr. Sat Chui Wan	4/4	100%	1/1	100%

The schedule of regular Board meetings for a year is planned in the preceding year. Regular Board meetings are held at least four times a year with at least 14 days' prior notice being given to all Directors. Additional Board meeting will be arranged and held as and when required. The Directors may attend the Board meetings either in person or through electronic means of communication. The Directors are provided with all relevant information in advance to enable them to make informed decisions, and appropriate arrangements are in place to ensure that they are given an opportunity to include matters in the agendas for the regular Board meetings. The company secretary of the Company (the "Company Secretary") assists the Chairman in preparing the agenda for meetings and each Director may request the inclusion of items in the agenda, all applicable rules and regulations are observed and complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a regular Board meeting so that the Directors have time to review the documents.

Every Director is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary and seeks independent legal and professional advice in appropriate circumstances for discharging their duties to the Company if so required. The Board and each Director also have separate and independent access to the Company's senior management. Directors will be continuously updated on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

BOARD OF DIRECTORS *(Continued)*

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company. The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management. The Board has reviewed the contribution required from all Directors to perform their responsibilities to the Company, and considered that each of the Directors has been spending sufficient time and attention to the Company's affairs.

During the Reporting Period, apart from regular Board meetings, the Chairman also held a meeting with independent non-executive Directors without the presence of other Directors and also had a meeting held annually between the Company's auditors and independent non-executive Directors in which all executive and non-executive Directors would be absent to ensure the independent views could be given.

Directors' Continuous Training and Development

In order to uphold good corporate governance, every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

All Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. During the Reporting Period, trainings and professional development for Directors and senior management were arranged and relevant reading materials on legal and regulatory updates have been provided to Directors for their reference and studying.

The training records of the Directors for the year ended 31 December 2022 are summarized as follows:

Name of Directors	Attended training, seminars, webinars, workshop or reading relevant materials
Executive Directors	
Mr. Chan Wing On *(Chairman)*	✔
Mr. Yuen Chi Ming	✔
Mr. Lau Hon Kee	✔
Ms. Chan Shuk Fong	✔
Non-Executive Director	
Mr. Ho Ping Kee	✔
Independent Non-Executive Directors	
Mr. Mak Ping Leung (alias: Mak Wah Cheung)	✔
Mr. Wong Shiu Hoi Peter	✔
Dr. Sat Chui Wan	✔

BOARD OF DIRECTORS *(Continued)*

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group.

Role of Chairman and Chief Executive

The code provision C.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chan Wing On, the Chairman of the Board, is primarily responsible for the leadership of the Board, ensuring that (i) all significant policy issues are discussed by the Board in a timely and constructive manner; (ii) all Directors are properly briefed on issues arising at Board meetings; and (iii) the Directors receive accurate, timely and clear information. The functions of the chief executive are performed by Mr. Yuen Chi Ming, Mr. Lau Hon Kee and Ms. Chan Shuk Fong, the Executive Directors of the Company, who are responsible for the day-to-day management of the Group's business. The functions and responsibilities between the Chairman and the chief executive are clearly segregated. This segregation of roles ensures reinforcement of their independent, responsibility and accountability.

The list of Directors and their roles and function are available on the websites of the Stock Exchange and the Company.

Appointment and Re-election of Directors

Each of the Executive Directors has entered into a service contract with the Company and each of the non-executive Director and independent non-executive Directors has entered into a letter of appointment with the Company and appointed for a specific term, subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company (the "AGM") in accordance with the articles of association of the Company (the "Articles of Association"). Any new Director appointed by the Board to fill a casual vacancy shall be subject to re-election by Shareholders at the next AGM after appointment.

Board Diversity Policy

The Company has adopted a board diversity policy (the "Board Diversity Policy") on 22 May 2019 which sets out the approach to achieve a sustainable and balance development of the Company and also to enhance the quality of performance of the Company pursuant to Rule 13.92 of the Listing Rules.

Under the Board Diversity Policy, the selection of candidates for appointment to the Board will be based on a range of diversity criteria including but not limited to gender, age, cultural and educational background, ethnicity, professional and industrial experience, business perspectives, skills, and any other factors. The ultimate decision will be based on merit and the contribution that the selected candidates may bring to the Board.

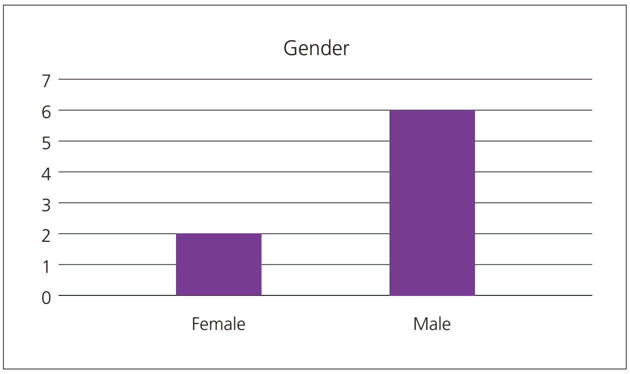
The Board shall from time to time, through the Nomination Committee, monitor and review the Board Diversity Policy to ensure it remains relevant to the Company's needs and reflects current regulatory requirements and good corporate governance practices.

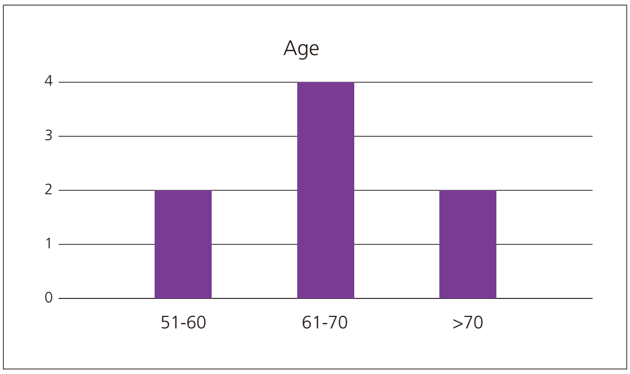
BOARD OF DIRECTORS *(Continued)*

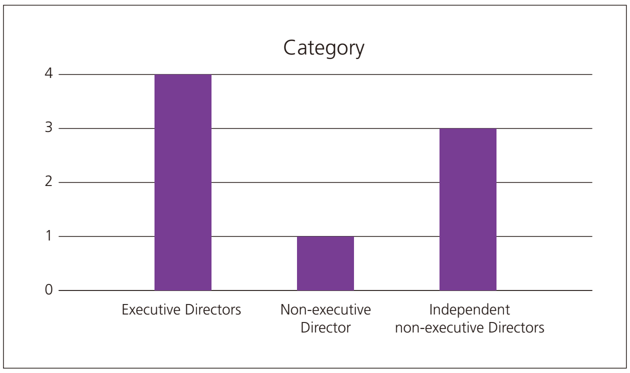
Board Diversity Policy *(Continued)*

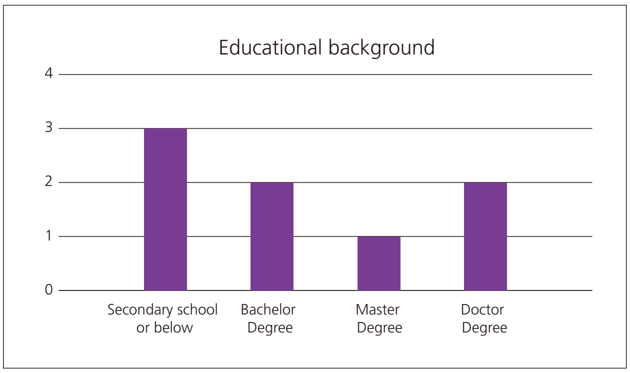
Diversity brings the Board new points of view. The Board believes the ratio in respect of gender, age and composition of the Board are in balance and fit for the needs for the diversity of skills around the board table. With a view to achieving a sustainable and balanced development, the Group pays high attention to female directorship. There are two female Directors on the Board. All Directors have different backgrounds, diversified expertise and many years of experience. They have achieved active participation at Board meetings as shown by their high attendance rate.

During the Reporting Period, the diversity of the Board is as below:









BOARD OF DIRECTORS *(Continued)*

Board Diversity Policy *(Continued)*

During the Reporting Period, all measurable objectives set and achieved by the Board are disclosed below:

		Directors							
Measurable objective	Qualities required	CHAN Wing On	YUEN Chi Ming	LAU Hon Kee	CHAN Shuk Fong	HO Ping Kee	MAK Ping Leung	WONG Shiu Hoi Peter	SAT Chui Wan
Industry experience	Leadership in Food and Beverage industry	✔	✔	✔	✔				
Leadership skill and experience	The ability to delegate, inspire and develop its own skills	✔	✔	✔	✔				
Corporate governance experience	Providing support and recommendations to the Board and to enhance transparency and safeguarding shareholders' interest				✔		✔	✔	✔
Legal advisory experience	Monitoring the implementation of the Group's internal and external policies and ensuring that the Group does not violate any applicable laws				✔		✔	✔	✔
Financial and risk management experience	Understanding of financial reporting procedures and to advise the Board and ascertain risks within the Group				✔			✔	✔
Knowledge on sustainability and corporate responsibility	Possessing expertise in market trend and business strategies, enhancing the Board's perspective and achieving the sustainable business growth	✔	✔	✔	✔	✔	✔	✔	✔

The Group has also taken, and continues to take steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. Currently, the male to female ratio in the workforce of the Group including Senior Management was approximately 1:2.2 as at 31 December 2022 which is in line with the catering industry. The Board considers that the gender diversity in workforce is currently achieved.

BOARD OF DIRECTORS *(Continued)*

Corporate Governance Functions

The Board is responsible for performing corporate governance duties set out in the CG Code, including but not limited, (i) to develop and review the Company's corporate governance policies and practices; (ii) to review and monitor the training and continuous professional development of Directors and senior management of the Group; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the compliance of the Model Code and employees written guidelines; and (v) to review the Company's compliance with the CG Code and disclosure in this report.

BOARD COMMITTEES

The Board has established three committees, namely the Nomination Committee, Remuneration Committee and Audit Committee for overseeing particular aspects of the Group's affairs, each of which has its specific written terms of reference setting out its authority and duties. The committees report regularly to the Board and, where appropriate, make recommendations on matters discussed.

Nomination Committee

The Nomination Committee comprises five members, including two Executive Directors, namely Mr. Chan Wing On and Ms. Chan Shuk Fong, and three independent non-executive Directors, namely Mr. Mak Ping Leung (alias: Mak Wah Cheung), Mr. Wong Shiu Hoi Peter and Dr. Sat Chui Wan. The Chairman of the Nomination Committee is Mr. Chan Wing On.

The meeting of the Nomination Committee shall be held at least once a year. During the Reporting Period, one meeting was held. The Nomination Committee has reviewed the structure, size, composition and diversity of the Board, recommendation on directors' retirement and re-election in the annual general meeting and reviewed and proposed amendments to terms of reference of the Nomination Committee. The attendance of each member at the meeting is set out as follows:

Name of members	Number of meetings attended/held	Attendance rate
Mr. Chan Wing On *(Chairman)*	1/1	100%
Ms. Chan Shuk Fong	0/1	0%
Mr. Mak Ping Leung (alias: Mak Wah Cheung)	1/1	100%
Mr. Wong Shiu Hoi Peter	1/1	100%
Dr. Sat Chui Wan	1/1	100%

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

The major roles and functions of the Nomination Committee are as follows:

i) to review the structure, size and composition (including the skills, knowledge and experience required) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

ii) to identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships;

iii) to assess the independence of independent non-executive Directors;

iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and chief executive of the Company;

v) to develop a policy concerning diversity of Board members; and

vi) to ensure that no Director or any of his/her associates is involved in approving his/her or any of his/her associates' nomination.

The Company has adopted a director nomination policy (the "Director Nomination Policy") on 22 May 2019 which sets out the procedures and criteria in relation to the selection, appointment and reappointment of Directors of the Company and aims at ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

Details of the Director Nomination Policy are set out as follows:

Selection criteria

The Nomination Committee shall consider the following factors when nominating potential candidates for the appointment and reappointment of Directors:

- whether the individual's educational background and qualification, skills and experience are relevant to the Company's business model and specific needs;
- the individual's character and reputation for integrity;
- whether the individual would be able to devote sufficient time to the Board;
- (in respect of appointment and reappointment of independent non-executive Directors) independence of the individual with reference to the independence criteria set out in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- how the individual would be able to contribute to the diversity of the Board with reference to the factors set out in the Board Diversity Policy of the Company from time to time in force; and
- Board succession planning considerations.

Procedures and process for nomination of Directors

- The Board or the Nomination Committee shall deploy such channel(s) for identifying suitable director candidates as it deems appropriate, including but not limited to referrals from existing Directors, shareholders, advisers and third party agency firms and advertisements.
- The Nomination Committee shall adopt such process as it deems appropriate in evaluating the suitability of the potential candidates, such as interviews, background checks and third party reference checks, and select or make recommendations to the Board on the selection of individuals to be nominated for directorships based on the selection criteria set out above.
- The ultimate responsibility for the selection and appointment of Directors shall rest with the entire Board.

The Board will regularly review the Director Nomination Policy.

BOARD COMMITTEES *(Continued)*

Remuneration Committee

The Remuneration Committee comprises five members, including two Executive Directors, namely Mr. Chan Wing On and Ms. Chan Shuk Fong, and three independent non-executive Directors, namely Mr. Mak Ping Leung (alias: Mak Wah Cheung), Mr. Wong Shiu Hoi Peter and Dr. Sat Chui Wan. The Chairman of the Remuneration Committee is Mr. Mak Ping Leung (alias: Mak Wah Cheung). The composition of the Remuneration Committee has complied with the requirements as set out in Rule 3.25 of the Listing Rules that a majority of the members of the Remuneration Committee should be independent non-executive Directors and chaired by an independent non-executive Director.

The meeting of the Remuneration Committee shall be held at least once a year. During the Reporting Period, two meetings were held. The Remuneration Committee has reported on staff policies and procedures in the first quarter of 2022, approved the terms of executive directors' contract, reviewed and proposed amendments to terms of reference of Remuneration Committee, reviewed staff and senior management's remuneration and directors' emoluments. The Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management. The attendance of each member at the meeting is set out as follows:

Name of members	Number of meetings attended/held	Attendance rate
Mr. Mak Ping Leung (alias: Mak Wah Cheung) *(Chairman)*	2/2	100%
Mr. Chan Wing On	2/2	100%
Ms. Chan Shuk Fong	1/2	50%
Mr. Wong Shiu Hoi Peter	2/2	100%
Dr. Sat Chui Wan	2/2	100%

The major roles and functions of the Remuneration Committee are as follows:

i) to review annually and recommend to the Board the overall remuneration policy and structure for the Directors and senior management;

ii) to evaluate annually the performance of the executive Directors and senior management and made recommendations to the Board on their individual remuneration packages;

iii) to review and recommend the compensation payable to Executive Directors and senior management relating to any loss or termination of their office or appointment;

iv) to review and recommend compensation arrangements relating to dismissal or removal of Directors for misconduct;

v) to be responsible for establishing formal and transparent procedures for developing remuneration policy; and

vi) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The duties and authorities of the Remuneration Committee are set out in its terms of reference which are available on the websites of the Stock Exchange and the Company.

BOARD COMMITTEES *(Continued)*

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Mak Ping Leung (alias: Mak Wah Cheung), Mr. Wong Shiu Hoi Peter and Dr. Sat Chui Wan. The Chairman of the Audit Committee is Dr. Sat Chui Wan. The composition of the Audit Committee has complied with the requirements as set out in Rule 3.21 of the Listing Rules that majority of the members of the Audit Committee should be independent non-executive Director.

The meeting of the Audit Committee shall be held at least twice a year. During the Reporting Period, three meetings were held. The attendance of each member at the meeting is set out as follows:

Name of members	Number of meetings attended/held	Attendance rate
Dr. Sat Chui Wan *(Chairman)*	3/3	100%
Mr. Mak Ping Leung (alias: Mak Wah Cheung)	3/3	100%
Mr. Wong Shiu Hoi Peter	3/3	100%

During the Reporting Period, the work performed by the Audit Committee included the following:

i) reviewed the financial reports for the six months ended 30 June 2022 and for the year ended 31 December 2021;

ii) reviewed the effectiveness of the risk management and the internal control systems;

iii) reviewed and recommended for approval by the Board the audit scope and fees for the year ended 31 December 2022;

iv) reviewed the external auditor's statutory audit plan for the year ended 31 December 2022 and engagement letters;

v) reviewed the management letter from the external auditor in relation to the audit of the Group for the year ended 31 December 2021; and

vi) reviewed the terms of reference of the Audit Committee.

From 1 January 2023 to the date of this report, the work performed by the Audit Committee includes the following:

i) reviewed the financial reports for the year ended 31 December 2022; and

ii) reviewed the management letter from the external auditor in relation to the audit of the Group for the year ended 31 December 2022.

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

The major roles and functions of the Audit Committee are as follows:

i) to consider the appointment, re-appointment and removal of the external auditor, the audit fees, and any questions of resignation or dismissal of the external auditor of the Group;

ii) to discuss the nature and scope of the audit with the external auditor;

iii) to review the interim and annual financial statements before submission to the Board;

iv) to discuss problems and reservations arising from the interim review and final audit, and any matters the external auditor may wish to discuss;

v) to review the external auditor's management letter and management's response; and to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

vi) to review the Group's financial controls, internal controls and risk management systems to ensure that they are appropriate and functioning properly; and

vii) to consider any findings of major investigations of internal control and risk management matters and management's responses.

The duties and authorities of the Audit Committee are set out in its terms of reference which are available on the websites of the Stock Exchange and the Company.

EXTERNAL AUDITOR'S REMUNERATION

The remuneration paid or payable to the Company's external auditor, Messrs. Ernst & Young, for the year ended 31 December 2022 is set out as follows:

Services rendered	Fee paid or payable HK$'000
Audit Services	3,210
Non-audit services	
— Interim review	450
— Tax services	464
	4,124

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the responsibility to review annually the effectiveness of the Group's risk management and internal control systems covering all material controls, including financial, operational and compliance control. The Board, through the Audit Committee, had reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget.

The Group's risk management and internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss; to manage rather than completely eliminate the risk of system failure; and to assist in the achievement of the Group's agreed objectives and goals. Systems and procedures are put in place to identify, manage and control the risks of different businesses and activities.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

i) The internal control system of the Company comprises a well-established organizational structure and comprehensive policies and standards. The Board has clearly defined the authorities and key responsibilities of each business and operational unit to ensure adequate checks and balances.

ii) The management, in coordination with department heads, assessed the likelihood of risk occurrence, provides treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

iii) The internal audit department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

iv) The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance control, for the year ended 31 December 2022, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

v) Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

vi) The Company has developed its Internal Guidelines on Inside Information which provides a general guide to the Company's Directors, senior management and relevant employees in handling inside information and monitoring information disclosure. Control procedures have been implemented to ensure that the use of inside information are strictly prohibited.

During the Reporting Period, no significant irregularity or deficiency in risk management and internal control systems was required to draw the attention of the Board and the members of the Audit Committee.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2022. The Board is not aware of any material uncertainties relating to any events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. The statement of the external auditor of the Group regarding its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 57 to 60.

SHAREHOLDERS' COMMUNICATION

A Shareholders' communication policy was established on 22 May 2019. The Company has reviewed the shareholders' communication policy from time to time to ensure its effectiveness. The Board recognizes the importance of good communication with the Shareholders and to ensure that Shareholders' views and concerns are appropriately addressed. Information in relation to the Group is disseminated to the Shareholders in a timely manner through the publication of interim and annual reports, announcements and circulars. All such published documents together with the latest corporate information and news are also available on the websites of the Stock Exchange and the Company.

The Board considers that effective communication with the Shareholders is essential for enhancing investor relations and investors, understanding of the Group's business performance and strategies. The Board strives to maintain an ongoing dialogue with the Shareholders and, in particular, through the AGM or other general meetings as a useful forum for the Shareholders to exchange views with the Board. The Chairmen of the Audit Committee, Remuneration Committee and Nomination Committee or in their absence, another member of the respective committees or failing that their respective duly appointed delegate, are also available to answer the Shareholders' questions at the AGM.

Separate resolutions are proposed at the general meetings of the Company for each substantially separate issue, including the election and re-election (as the case may be) of individual Directors.

The forthcoming AGM will be held on Thursday, 1 June 2023, the notice of which will be sent to the Shareholders at least 21 clear days before the meeting. An explanation of the detailed procedures of conducting a poll will be provided to Shareholders at the commencement of the AGM. The poll results will be published on the websites of the Stock Exchange and the Company in accordance with the requirements of the Listing Rules. All Shareholders are encouraged to attend the general meetings or to appoint proxies to attend and vote at the meetings on their behalf if they are unable to attend the meetings in person.

CONSTITUTIONAL DOCUMENTS

On 2 June 2022, a special resolution was passed to amend the articles of association of the Company ("Articles of Association") and to adopt the Second Amended and Restated Articles of Association for the purposes of, among others, (i) amending the Articles of Association to reflect certain updates in line with the amended Appendix 3 to the Listing Rules which came into effect on 1 January 2022 and applicable laws of the Cayman Islands; (ii) allowing general meetings of the Company to be held as hybrid meetings or electronic meetings where the Shareholders may attend by electronic means in addition to or in place of attending physical meetings in person; and (iii) incorporating other house-keeping amendments to the Articles of Association including to update, modernise or clarify provisions of the Articles of Association where it is considered desirable.

Save for the amendments to the Articles of Association pursuant to the special resolution of the Company passed on 2 June 2022, there was no change in the constitutional documents of the Company during the year ended 31 December 2022.

An up to date version of the Articles of Association is available on the websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

Proposing a Person for Election as a Director

Pursuant to Article 85 of the Articles of Association, if a Shareholder wishes to propose a person other than a retiring director for election as a Director at a general meeting, he/she can deposit a written notice at the head office and principal place of business in Hong Kong at 13/F., Chinachem Exchange Square, 1 Hoi Wan Street, Quarry Bay, Hong Kong for the attention of the Company Secretary or at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong provided that the minimum length of the period, during which such notices are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice will commence on the day after the despatch of the notice of the general meeting and end no later than seven (7) days prior to the date of such general meeting. The procedures for a Shareholder to propose a person for election as a Director at general meeting are available on the websites of the Stock Exchange and the Company.

Convening an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association, an extraordinary general meeting can be convened on the requisition of any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company, on a one vote per share basis. Such requisition shall be made in writing to the Board or the Secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place (as defined in Article 59(2) of the Articles of Association), and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The requisition must be signed by the requisitionist(s) and deposited at the registered office of the Company at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands or the head office and principal place of business of the Company in Hong Kong at 13/F., Chinachem Exchange Square, 1 Hoi Wan Street, Quarry Bay, Hong Kong for the attention of the Company Secretary.

Shareholders may refer to the Articles of Association for further details of the rights of Shareholders.

Putting Forward Proposals at General Meetings

Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. Shareholders can also send enquiries and proposals putting forward for Shareholders' consideration at Shareholders' meetings to the Board in writing to the head office and principal place of business of the Company in Hong Kong at 13/F., Chinachem Exchange Square, 1 Hoi Wan Street, Quarry Bay, Hong Kong or directly by raising questions at the general meeting of the Company.

SHAREHOLDERS' RIGHTS *(Continued)*

Enquiries to the Board

Shareholders should direct their enquiries about their shareholding to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Other Shareholders' enquiries can be directed to the head office and principal place of business of the Company in Hong Kong as set out in the Corporate Information Section of this report for the attention of the Company Secretary.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") on 22 May 2019 which aims at providing stable and sustainable returns to its Shareholders. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account, inter alia, the Group's operation results, gearing, general financial condition of the Group, liquidity position, the Group's expected working capital requirements and future expansion plans and any other factors that the Board may deem appropriate. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. The Board will regularly review the Dividend Policy and will amend and/or modify the dividend policy if necessary.

Any declaration or proposed payment of dividend or distribution by the Company is also subject to any requirements and restrictions under the Companies Laws of the Cayman Islands, the Articles of Association and any other applicable laws, rules and regulations.

COMPANY SECRETARY

Mr. Chau Ching Hang has been appointed as the Company Secretary on 3 May 2022. All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with Shareholders and management.

During the Reporting Period, Mr. Chau undertook over 15 hours of relevant professional training pursuant to Rule 3.29 of the Listing Rules.

On behalf of the Board

Chan Wing On
Chairman

Hong Kong, 28 March 2023

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
www.ey.com

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

OPINION

We have audited the consolidated financial statements of Tai Hing Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 61 to 147, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment testing of property, plant and equipment and right-of-use assets	
As at 31 December 2022, the Group had property, plant and equipment of HK$456,491,000 and right-of-use assets of HK$1,303,184,000. The Group's management performed impairment assessment of property, plant and equipment and right-of-use assets for identified restaurants that continued to underperform by estimating the recoverable amounts of their property, plant and equipment and right-of-use assets based on value in use calculation. Net impairment losses of approximately HK$10,288,000 and HK$29,926,000 have been recognised in profit or loss during the year to reduce the carrying amounts of certain property, plant and equipment and right-of-use assets, respectively, to their estimated recoverable amounts. Significant judgement was involved in the assessment of the recoverable amounts of the property, plant and equipment and right-of-use assets of those restaurants, including assumptions on the budgeted forecasts of the respective restaurants and discount rate. The estimation process is heavily based on assumptions, which are influenced by projected future market and economic conditions. Relevant disclosures are set out in notes 3 and 14 to the financial statements.	Our audit procedures included, among others, evaluating the Group's policies and procedures in identifying impairment indicators and assessing management's significant assumptions adopted, in particular those relating to the cash flow forecasts, by reviewing the impairment methodology, discount rate and time factors. In addition, we involved our internal valuation specialists to assist us with our assessment of the methodology and the discount rates used to determine the recoverable amounts of the property, plant and equipment and right-of-use assets of those restaurants. Our procedures also included a comparison of the cash flow forecasts with historical data of the Group.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lai Ho Yin.

Ernst & Young
Certified Public Accountants
Hong Kong

28 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
REVENUE	5	**2,675,166**	3,173,027
Cost of materials consumed		**(732,817)**	(878,279)
Gross profit		**1,942,349**	2,294,748
Other income and gains, net	5	**66,953**	51,995
Staff costs		**(949,299)**	(1,081,700)
Depreciation and amortisation		**(144,430)**	(157,650)
Amortisation of right-of-use assets, rental and related expenses, net		**(435,856)**	(453,807)
Other operating expenses, net	7	**(453,519)**	(443,915)
Impairment losses on property, plant and equipment and right-of-use assets, net		**(40,214)**	(46,512)
Finance costs	8	**(29,444)**	(34,855)
PROFIT/(LOSS) BEFORE TAX	6	**(43,460)**	128,304
Income tax credit/(expense)	11	**386**	(32,949)
PROFIT/(LOSS) FOR THE YEAR		**(43,074)**	95,355
Profit/(loss) for the year attributable to:			
Owners of the Company		**(43,153)**	99,716
Non-controlling interests		**79**	(4,361)
		(43,074)	95,355
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
— Basic	13	**(HK4.30 cents)**	HK9.94 cents
— Diluted	13	**(HK4.30 cents)**	HK9.92 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**(43,074)**	95,355
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(23,741)**	4,909
Reclassification adjustment for foreign operations deregistered during the year	**–**	(326)
Other comprehensive income/(loss) for the year	**(23,741)**	4,583
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(66,815)**	99,938
Attributable to:		
Owners of the Company	**(66,403)**	103,846
Non-controlling interests	**(412)**	(3,908)
	(66,815)	99,938

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment and right-of-use assets	14	**1,759,675**	1,781,055
Investment properties	15	**35,424**	52,778
Intangible assets	16	**200**	–
Prepayments, deposits and other receivables	19	**130,349**	138,582
Deferred tax assets	25	**35,305**	30,560
Total non-current assets		**1,960,953**	2,002,975
CURRENT ASSETS			
Inventories	17	**89,237**	96,854
Trade receivables	18	**27,660**	28,087
Prepayments, deposits and other receivables	19	**149,383**	154,547
Tax recoverable		**625**	3,717
Cash and cash equivalents	21	**282,590**	452,607
		549,495	735,812
Non-current assets classified as held for sale	20	**2,209**	–
Total current assets		**551,704**	735,812
CURRENT LIABILITIES			
Trade payables	22	**99,138**	106,376
Other payables and accruals	23	**237,749**	241,256
Contract liabilities	24	**57,283**	73,359
Lease liabilities	14(b)(ii)	**364,967**	400,647
Tax payable		**15,583**	30,859
Total current liabilities		**774,720**	852,497
NET CURRENT LIABILITIES		**(223,016)**	(116,685)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,737,937**	1,886,290

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	**2022 HK$'000**	2021 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	14(b)(ii)	**743,455**	755,405
Other payables and accruals	23	**33,255**	29,925
Deferred tax liabilities	25	**6,061**	5,782
Total non-current liabilities		**782,771**	791,112
Net assets		**955,166**	1,095,178
EQUITY			
Equity attributable to owners of the Company			
Issued capital	26	**10,054**	10,036
Reserves	28	**943,880**	1,083,498
		953,934	1,093,534
Non-controlling interests		**1,232**	1,644
Total equity		**955,166**	1,095,178

Chan Wing On
Director

Chan Shuk Fong
Director

	Attributable to owners of the Company										
	Issued capital HK$'000 (note 26)	Share premium HK$'000	Capital reserve HK$'000 (note 28(a))	Asset revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000 (note 28(b))	Statutory reserve HK$'000 (note 28(c))	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2022	**10,036**	**723,287**	**118,643**	**5,207**	**(10,755)**	**8,204**	**3,147**	**235,765**	**1,093,534**	**1,644**	**1,095,178**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(43,153)**	**(43,153)**	**79**	**(43,074)**
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(23,250)**	**–**	**–**	**–**	**(23,250)**	**(491)**	**(23,741)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(23,250)**	**–**	**–**	**(43,153)**	**(66,403)**	**(412)**	**(66,815)**
Appropriation to statutory reserve	**–**	**–**	**–**	**–**	**–**	**172**	**–**	**(172)**	**–**	**–**	**–**
Issue of shares *(note 26)*	**18**	**4,745**	**–**	**–**	**–**	**–**	**(3,952)**	**–**	**811**	**–**	**811**
Equity-settled share option arrangement *(note 27(b))*	**–**	**–**	**–**	**–**	**–**	**–**	**805**	**–**	**805**	**–**	**805**
Final 2021 dividend declared *(note 12)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(49,678)**	**(49,678)**	**–**	**(49,678)**
Interim 2022 dividend *(note 12)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(25,135)**	**(25,135)**	**–**	**(25,135)**
At 31 December 2022	**10,054**	**728,032***	**118,643***	**5,207***	**(34,005)***	**8,376***	**–***	**117,627***	**953,934**	**1,232**	**955,166**
At 1 January 2021	10,019	718,655	118,643	5,207	(14,885)	8,099	6,160	225,562	1,077,460	5,552	1,083,012
Profit for the year	–	–	–	–	–	–	–	99,716	99,716	(4,361)	95,355
Other comprehensive income/(loss) for the year:											
Exchange differences on translation of foreign operations	–	–	–	–	4,456	–	–	–	4,456	453	4,909
Release of exchange reserve upon liquidation of subsidiaries	–	–	–	–	(326)	–	–	–	(326)	–	(326)
Total comprehensive income for the year	–	–	–	–	4,130	–	–	99,716	103,846	(3,908)	99,938
Appropriation to statutory reserve	–	–	–	–	–	105	–	(105)	–	–	–
Issue of shares *(note 26)*	17	4,632	–	–	–	–	(3,874)	–	775	–	775
Transfer of share option reserve upon the lapse of share options	–	–	–	–	–	–	(2)	2	–	–	–
Equity-settled share options arrangement *(note 27(b))*	–	–	–	–	–	–	863	–	863	–	863
Final 2020 dividend declared	–	–	–	–	–	–	–	(64,320)	(64,320)	–	(64,320)
Interim 2021 dividend *(note 12)*	–	–	–	–	–	–	–	(25,090)	(25,090)	–	(25,090)
At 31 December 2021	10,036	723,287*	118,643*	5,207*	(10,755)*	8,204*	3,147*	235,765*	1,093,534	1,644	1,095,178

* These reserve accounts comprise the consolidated reserves of HK$943,880,000 (2021: HK$1,083,498,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(43,460)**	128,304
Adjustments for:			
Finance costs	8	**29,444**	34,855
Bank interest income	5	**(2,282)**	(2,110)
Loss on disposal of items of property, plant, and equipment	6	**25,079**	16,662
Gain on lease modifications and termination	6	**(20,048)**	(35,011)
Covid-19-related rent concessions from lessors	6	**(17,058)**	(17,331)
Depreciation of items of property, plant and equipment	6	**144,430**	157,559
Amortisation of intangible assets	6	**–**	91
Amortisation of right-of-use assets	6	**386,490**	416,928
Impairment of items of property, plant and equipment, net	6	**10,288**	16,791
Impairment of right-of-use assets, net	6	**29,926**	29,721
Impairment of intangible assets	6	**–**	921
Fair value gain on investment properties, net	6	**(326)**	(2,582)
Gain on deregistration of a subsidiary	5	**–**	(326)
Cash coupon forfeited		**–**	(1,291)
Equity-settled share option expenses	6	**805**	863
		543,288	744,044
Decrease/(increase) in inventories		**4,183**	(16,967)
Increase in trade receivables		**(149)**	(3,523)
Decrease/(increase) in prepayments, deposits and other receivables		**7,158**	(18,670)
Increase/(decrease) in trade payables		**(4,318)**	13,239
Decrease in other payables and accruals	29(a)(i)	**(1,926)**	(20,723)
Decrease in contract liabilities		**(16,076)**	(3,197)
Cash generated from operations		**532,160**	694,203
Hong Kong profits tax paid		**(13,931)**	(1,819)
Overseas tax paid		**(1,637)**	(3,480)
Net cash flows from operating activities		**516,592**	688,904

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**2,282**	2,110
Purchases of items of property, plant and equipment		**(145,390)**	(125,086)
Purchase of right-of-use assets		**(33,758)**	(13,036)
Purchase of investment properties	15	**–**	(12,303)
Purchase of intangible asset	16	**(200)**	–
Proceeds from disposal of items of property, plant and equipment		**1,001**	2,522
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		**(42,000)**	11,876
Net cash flows used in investing activities		**(218,065)**	(133,917)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares upon exercise of share options	26	**811**	775
New bank borrowings	29(b)	**–**	120,000
Repayment of bank borrowings	29(b)	**–**	(198,775)
Principal portion of lease payments and interest payments	14(b)(ii)	**(431,649)**	(484,039)
Interest paid on bank borrowings		**–**	(1,600)
Dividends paid		**(74,813)**	(89,410)
Net cash flows used in financing activities		**(505,651)**	(653,049)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(207,124)**	(98,062)
Cash and cash equivalents at beginning of year		**452,607**	550,205
Effect of foreign exchange rate changes, net		**(4,893)**	464
CASH AND CASH EQUIVALENTS AT END OF YEAR		**240,590**	452,607
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**162,464**	298,729
Non-pledged time deposits with original maturity of less than three months when acquired	21	**78,126**	153,878
Non-pledged time deposits with original maturity of more than three months when acquired	21	**42,000**	–
Cash and cash equivalents as stated in the consolidated statement of financial position		**282,590**	452,607
Non-pledged time deposits with original maturity of more than three months when acquired	21	**(42,000)**	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		**240,590**	452,607

1. CORPORATE INFORMATION

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

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

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

On 13 June 2019, the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tai Hing Group Holdings (BVI) Limited	BVI	US$21	100	–	Investment holding
Best Domain Limited	Hong Kong	HK$100	–	100	Investment holding
Bright Rich (China) Limited	Hong Kong	HK$10,000	–	100	Investment holding
Capital Link Development Limited	Hong Kong	HK$1	–	100	Restaurant operation
Cafe 308 Company Limited	Hong Kong	HK$100	–	100	Restaurant operation
Century Jumbo Limited	Hong Kong	HK$1	–	100	Restaurant operation
CTC Congee Limited	Hong Kong	HK$1,300,000	–	100	Restaurant operation
Cheer Champ Enterprise Limited	Hong Kong	HK$100	–	100	Property holding

1. CORPORATE INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Double Reward Limited	Hong Kong	HK$100	–	100	Property holding
Evertop Development Limited	Hong Kong	HK$1	–	100	Restaurant operation
Full Rich Development Limited	Hong Kong	HK$1	–	100	Property holding
Gold Business International Company Limited	Hong Kong	HK$10,000	–	100	Property holding
Great Art Development Limited	Hong Kong	HK$100	–	100	Investment holding
Great Reward Enterprise Limited	Hong Kong	HK$100	–	100	Property holding
Great Time (H.K.) Limited	Hong Kong	HK$1	–	100	Restaurant operation
Imperial Kingdom Limited	Hong Kong	HK$1	–	100	Restaurant operation
Men Wah Catering Management Limited	Hong Kong	HK$100	–	100	Investment holding
Miyasaki Yakiniku Company Limited	Hong Kong	HK$100	–	100	Restaurant operation
Niceway International Enterprise Limited	Hong Kong	HK$100	–	100	Investment holding
Nice Bloom Investment Limited	Hong Kong	HK$100	–	100	Investment holding
Opal Harbour Limited	Hong Kong	HK$1	–	100	Restaurant operation
Record Sino Limited	Hong Kong	HK$100	–	100	Property holding
Roast.Pot Limited	Hong Kong	HK$100	–	100	Restaurant operation

1. CORPORATE INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Tai Hing Catering Limited	Hong Kong	HK$10,000	–	100	Property holding
Tai Hing Catering Management (China) Limited	Hong Kong	HK$4,006,000	–	100	Investment holding
Tai Hing Catering Management (Macau), Limited	Macau	MOP25,000	–	100	Restaurant operation
Tai Hing Gourmet Limited	Hong Kong	HK$100	–	100	Investment holding
Tai Hing Worldwide Development Limited	Hong Kong	HK$10,000	–	100	Restaurant operation
TeaWood Taiwanese Dining Bar Limited	Hong Kong	HK$100	–	100	Restaurant operation
Tokyo Tsukiji Ramen Limited	Hong Kong	HK$100	–	100	Restaurant operation
VIET Corner Limited	Hong Kong	HK$100	–	100	Restaurant operation
Wealthy Grace Investment Limited	Hong Kong	HK$100	–	100	Investment holding
World Gain (H.K.) Limited	Hong Kong	HK$1	–	100	Restaurant operation
東莞永富食品有限公司[1]	The People's Republic of China (The "PRC")/ Mainland China	HK$219,945,562	–	100	Operation of food factory
東莞市太興農貿有限公司[1]	The PRC/ Mainland China	RMB5,000,000	–	100	Primary processing of agricultural products
東莞太興餐飲管理有限公司[1]	The PRC/ Mainland China	HK$8,000,000	–	100	Restaurant operation
太興飲食管理(中國)有限公司[1]	The PRC/ Mainland China	HK$208,000,000	–	100	Restaurant operation

1. CORPORATE INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
廣州太興餐飲管理有限公司[1]	The PRC/ Mainland China	RMB1,000,000	–	100	Restaurant operation
南寧太興餐飲管理有限公司[1]	The PRC/ Mainland China	RMB1,000,000	–	100	Restaurant operation
上海太興餐飲管理有限公司[1]	The PRC/ Mainland China	RMB1,000,000	–	100	Restaurant operation
杭州太興餐飲管理有限公司[1]	The PRC/ Mainland China	RMB1,000,000	–	100	Restaurant operation
北京太興餐飲管理有限公司[1]	The PRC/ Mainland China	RMB1,000,000	–	100	Restaurant operation
天津太興餐飲管理有限公司[1]	The PRC/ Mainland China	RMB3,000,000	–	100	Restaurant operation
惠州太興餐飲管理有限公司[1]	The PRC/ Mainland China	RMB100,000	–	100	Restaurant operation
青島太興餐飲管理有限公司[1]	The PRC/ Mainland China	RMB100,000	–	100	Restaurant operation
瀋陽太興餐飲管理有限公司[1]	The PRC/ Mainland China	RMB1,050,000	–	100	Restaurant operation
廣州靠得住餐飲有限公司[1]	The PRC/ Mainland China	HK$13,000,000	–	100	Restaurant operation
深圳靠得住餐飲管理有限公司[1]	The PRC/ Mainland China	RMB8,100,000	–	100	Restaurant operation
北京靠得住餐飲管理有限公司[1]	The PRC/ Mainland China	RMB100,000	–	100	Restaurant operation
敏華餐飲管理(深圳)有限公司[1]	The PRC/ Mainland China	HK$29,000,000	–	100	Restaurant operation

1. CORPORATE INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
上海敏華餐飲管理有限公司[1]	The PRC/ Mainland China	RMB100,000	–	100	Restaurant operation
廣州敏華餐飲管理有限公司[1]	The PRC/ Mainland China	RMB100,000	–	100	Restaurant operation
茶木餐飲管理(深圳)有限公司[1]	The PRC/ Mainland China	HK$14,000,000	–	100	Restaurant operation
廣州茶木餐飲有限公司[1]	The PRC/ Mainland China	RMB100,000	–	100	Restaurant operation
深圳得好勵投資諮詢有限公司[1]	The PRC/ Mainland China	HK$15,000,000	–	100	Property holding
錦麗餐飲管理(深圳)有限公司[1]	The PRC/ Mainland China	HK$1,000,000	–	100	Restaurant operation
杭州敏華餐飲管理有限公司[1]	The PRC/ Mainland China	RMB100,000	–	100	Restaurant operation
瀋陽敏華餐飲管理有限公司[1]	The PRC/ Mainland China	RMB100,000	–	100	Restaurant operation
新世代餐飲管理(深圳)有限公司[1]	The PRC/ Mainland China	HK$41,000,000	–	100	Dormant
廣州添飯創意策劃有限公司[1]	The PRC/ Mainland China	RMB100,000	–	100	Brand design management
台灣太興餐飲股份有限公司	Taiwan	TWD50,000,000	–	51	Restaurant operation

[1] These entities are registered as wholly-foreign-owned enterprises under the laws of the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PRESENTATION

As at 31 December 2022, the Group had net current liabilities of HK$223,016,000 which included current portion of lease liabilities of HK$364,967,000. The Directors believe that the Group has sufficient cash flows from operations to meet its liabilities as and when they fall due. Therefore, the consolidated financial statements are prepared on a going concern basis.

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

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.2 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. Since the Group does not have any sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1,5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

Upon initial application of these amendments, the Group will recognise deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. The Group is in the process of making an assessment of the impact of amendments to HKAS 12.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Company measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties and non-current assets classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the lease terms
Leasehold improvements	Over the shorter of the lease terms and 5 years
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such asset and its sale must be highly probable.

Non-current assets (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and right-of-use assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Licences

Purchased licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives if they have finite useful lives.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	Over the lease terms and optional period

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of building, office equipment and software (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customers, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants and subsidies

Government grants and subsidies are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant and subsidy relate to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed, or it is recognised as deduction in reporting the related expense.

Where the grant and subsidy relate to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) *Restaurant operation*

Revenue from restaurant operation is recognised at the point in time when catering services have been provided to customers.

(b) *Sales of food products*

Revenue from sales of food products is recognised at the point in time when control of the goods has been transferred, generally when the products are accepted by the customers. The customers have full discretion over the products, and there is no unfulfilled obligation that could affect customer's acceptance of the products.

Other income

(a) Royalty income is recognised, on an accrual basis in accordance with the terms and conditions of the franchise agreements, based on a certain percentage of net sales of franchised restaurants for use of the "Tai Hing" trademark;

(b) Rental income is recognised, on a time proportion basis over the lease terms; and

(c) Interest income is recognised, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or shorter period, when appropriate, to the net carrying amount of the financial asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Group's memorandum and bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Share-based payments

The Group operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 27 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the Continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Property lease classification — Group as lessor

The Group has entered into commercial and industrial properties leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial and industrial properties and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial and industrial properties, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Significant judgement in determining the lease term of contracts with renewal options

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the leases. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease terms if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the options to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased assets).

The Group includes the renewal period as part of the lease term for leases of properties due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Depreciation of property, plant and equipment

The Group depreciates the different classes of property, plant and equipment on a straight-line basis at applicable depreciation rates over the estimated useful life. The useful life is estimated with reference to the wear and tear history of property, plant and equipment. The estimated useful life reflects the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The carrying amount of property, plant and equipment was HK$456,491,000 (2021: HK$503,270,000) as at 31 December 2022 (note 14).

Impairment testing of property, plant and equipment and right-of-use assets

The Group determines whether property, plant and equipment and right-of-use assets are impaired when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying values of these assets exceed their recoverable amounts, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair values less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax assets was HK$35,305,000 (2021: HK$30,560,000) as at 31 December 2022 (note 25).

Deferred tax liability relating to withholding tax of undistributed earnings of certain subsidiaries established in the PRC is provided to the extent that it is probable that distribution is made according to the relevant tax rules enacted in the relevant jurisdiction, and is subject to management's judgement on the timing and level of such distribution. Such judgement is made with reference to the Group's business plan and cash flow requirements for the holding companies of the subsidiaries. The carrying amount of deferred tax liability provided relating to such withholding tax amounted to HK$1,900,000 (2021: HK$2,527,000) as at 31 December 2022 (note 25).

Provision for reinstatement costs

The Group determines the estimated reinstatement costs of items of property, plant and equipment arising from the leasing of properties. The estimate is based on historical experience of the actual reinstatement costs incurred with reference to quoted price and/or other available information. Management reassesses the provision at the end of each reporting period, taking into consideration of size, shape topography and the complexity of the structure of each restaurant. The carrying amount of such provision amounted to HK$44,821,000 (2021: HK$52,827,000) as at 31 December 2022 (note 23).

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

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

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

(ii) the Mainland China segment is engaged in the operation of restaurants, and the sale of food products in Mainland China.

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

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

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

Geographical information

For the years ended 31 December 2022 and 2021

	Hong Kong, Macau and Taiwan		Mainland China		Total	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Segment revenue *(note 5)*						
Sales to external customers*	**2,193,952**	2,462,372	**481,214**	710,655	**2,675,166**	3,173,027
Intersegment sales	**–**	–	**64,961**	129,299	**64,961**	129,299
Revenue	**2,193,952**	2,462,372	**546,175**	839,954	**2,740,127**	3,302,326
Reconciliation:						
Elimination of intersegment sales					**(64,961)**	(129,299)
					2,675,166	3,173,027
Segment results	**63,563**	169,151	**(106,505)**	(38,627)	**(42,942)**	130,524
Reconciliation:						
Elimination of intersegment results					**(518)**	(620)
Finance costs (other than interest on lease liabilities)					**–**	(1,600)
Profit/(loss) before tax					**(43,460)**	128,304

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

For the years ended 31 December 2022 and 2021

	Hong Kong, Macau and Taiwan		Mainland China		Total	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**1,639,755**	1,527,728	**554,182**	724,175	**2,193,937**	2,251,903
Reconciliation:						
Corporate and other unallocated assets					**318,720**	486,884
Total assets					**2,512,657**	2,738,787
Segment liabilities	**1,192,185**	1,120,256	**343,662**	486,712	**1,535,847**	1,606,968
Reconciliation:						
Corporate and other unallocated liabilities					**21,644**	36,641
Total liabilities					**1,557,491**	1,643,609
Other segment information						
Depreciation and amortisation	**93,025**	106,657	**51,405**	50,993	**144,430**	157,650
Amortisation for right-of-use assets	**310,836**	308,278	**75,654**	108,650	**386,490**	416,928
Loss on disposal of items of property, plant and equipment	**5,321**	8,556	**19,758**	8,106	**25,079**	16,662
Capital expenditure**	**113,470**	89,330	**38,860**	54,556	**152,330**	143,886
Non-current assets***	**1,470,220**	1,337,654	**455,428**	634,761	**1,925,648**	1,972,415
Fair value loss/(gain) on investment properties, net	**(674)**	(1,217)	**348**	(1,365)	**(326)**	(2,582)
Impairment of items of property, plant and equipment and right-of-use assets, net	**16,796**	22,309	**23,418**	24,203	**40,214**	46,512

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

** Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets.

*** The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

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

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers		
(i) Disaggregated revenue information		
Types of goods or services		
Revenue from restaurant operations	2,598,962	3,105,745
Revenue from the sale of food products	76,204	67,282
Total revenue from contracts with customers	2,675,166	3,173,027
Geographical markets		
Hong Kong, Macau and Taiwan	2,193,952	2,462,372
Mainland China	481,214	710,655
Total revenue from contracts with customers	2,675,166	3,173,027
Timing of revenue recognition		
At a point in time	2,675,166	3,173,027

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

	2022 HK$'000	2021 HK$'000
Revenue recognised that was included in the contract liabilities at the beginning of the year — Restaurant operations	47,833	57,984

5. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

(ii) Performance obligations

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

Restaurant operations

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

Sale of food products

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

	2022 HK$'000	2021 HK$'000
Other income and gains, net		
Bank interest income	**2,282**	2,110
Rental income	**1,640**	1,392
Royalty income	**570**	526
Subsidies received from utility companies for purchases of items of property, plant and equipment	**2,893**	3,261
Fair value gain on investment properties, net	**326**	2,582
Government grants*	**51,949**	33,251
Gain on deregistration of subsidiaries	**–**	326
Others	**7,293**	8,547
	66,953	51,995

* Government grants during the years ended 31 December 2022 and 2021 included COVID-19 relief subsidies received. As at the end of the reporting periods, there were no unfulfilled conditions or other contingencies attaching to the subsidies and government grants that had been recognised by the Group.

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2022 HK$'000	2021 HK$'000
Cost of materials consumed		**732,817**	878,279
Depreciation of items of property, plant and equipment	14(a)	**144,430**	157,559
Amortisation of intangible assets	16	**–**	91
Amortisation for right-of-use assets*	14(b)(i)	**386,490**	416,928
Lease payments not included in the measurement of lease liabilities*		**26,380**	31,094
Covid-19-related rent concessions from lessors*		**(17,058)**	(17,331)
Contingent rents*		**7,484**	10,084
Gain on lease modification and termination*		**(20,048)**	(35,011)
Auditor's remuneration		**3,660**	3,500
Employee benefit expenses (including directors' and chief executive's remuneration *(note 9)*):			
Salaries, allowances and benefits in kind		**934,526**	1,009,571
Employment support scheme subsidies***		**(58,137)**	–
Equity-settled share option expenses		**805**	863
Pension scheme contributions*****		**72,105**	71,266
		949,299	1,081,700
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**100**	49
Foreign exchange differences, net**		**785**	(70)
Impairment of items of property, plant and equipment, net	14(a)	**10,288**	16,791
Impairment of right-of-use assets, net	14(b)(i)	**29,926**	29,721
Impairment of intangible assets	16	**–**	921
Loss on disposal of items of property, plant and equipment****		**25,079**	16,662
Fair value gain on investment properties, net		**(326)**	(2,582)

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

** Foreign exchange differences, net are included in "Other operating expenses, net" in profit or loss during the year ended 31 December 2022. In the prior year, the balances were included in "Other income and gains, net" in profit or loss.

*** Employment support scheme subsidies from HKSAR Government during the year ended 31 December 2022 are included in "Staff costs" in profit or loss.

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

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

7. OTHER OPERATING EXPENSES, NET

	2022 HK$'000	2021 HK$'000
Utilities expenses	**116,156**	117,811
Packing and consumables	**32,641**	37,590
Cleaning expenses	**30,449**	33,114
Advertising and promotion	**34,087**	38,495
Transportation and logistics	**35,454**	29,935
Repair and maintenance	**21,957**	18,471
Office expenses	**18,560**	18,749
Bank charges	**20,050**	20,089
Insurance	**14,201**	14,300
License, membership and entertainment	**1,429**	2,199
Legal and professional fee	**5,869**	6,514
Loss on disposal of items of property, plant and equipment	**25,079**	16,662
Delivery handling charges	**50,200**	45,532
Others	**47,387**	44,454
	453,519	443,915

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 HK$'000	2021 HK$'000
Interest on bank borrowings	**–**	1,600
Interest on lease liabilities *(note 14(b)(ii))*	**29,444**	33,255
	29,444	34,855

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, Section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022 HK$'000	2021 HK$'000
Fees	**1,380**	1,380
Other emoluments:		
Salaries, allowances and benefits in kind	**12,881**	12,932
Performance-related bonuses	**491**	1,013
Pension scheme contributions	**48**	54
	13,420	13,999
Total	**14,800**	15,379

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2022 HK$'000	2021 HK$'000
Mak Ping Leung	**240**	240
Sat Chui Wan	**240**	240
Wong Shiu Hoi Peter	**240**	240
	720	720

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors, non-executive director and the chief executive

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2022					
Executive directors					
Chan Wing On	**120**	**7,840**	**212**	**18**	**8,190**
Yuen Chi Ming	**120**	**660**	**55**	**–**	**835**
Lau Hon Kee	**120**	**1,486**	**63**	**12**	**1,681**
Chan Shuk Fong	**120**	**2,895**	**161**	**18**	**3,194**
	480	**12,881**	**491**	**48**	**13,900**
Non-executive director					
Ho Ping Kee	**180**	**–**	**–**	**–**	**180**
	660	**12,881**	**491**	**48**	**14,080**
Year ended 31 December 2021					
Executive directors					
Chan Wing On	120	7,697	491	18	8,326
Yuen Chi Ming	120	1,045	–	–	1,165
Lau Hon Kee	120	1,440	149	18	1,727
Chan Shuk Fong	120	2,750	373	18	3,261
	480	12,932	1,013	54	14,479
Non-executive director					
Ho Ping Kee	180	–	–	–	180
	660	12,932	1,013	54	14,659

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the current and prior years, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2022 included 2 directors (2021: 2 directors), details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining three non-director, highest paid employees during the years ended 31 December 2022 and 2021 are as follows:

	2022 HK$'000	2021 HK$'000
Salaries, allowances and benefits in kind	**8,515**	8,118
Performance related bonuses	**470**	1,089
Pension scheme contributions	**54**	54
	9,039	9,261

The number of the non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2022	2021
HK$3,500,001 to HK$4,000,000	**1**	1
HK$3,000,001 to HK$3,500,000	**1**	1
HK$2,000,001 to HK$2,500,000	**1**	1
	3	3

No emoluments were paid by the Group to any of the non-director, highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). PRC tax, Macau tax and Taiwan tax have been provided at the rates of 25% (2021: 25%), 12% (2021: 12%) and 20% (2021: 20%), respectively, on the estimated profits arising in the PRC, Macau and Taiwan during the year.

	2022 HK$'000	2021 HK$'000
Current — Hong Kong		
Charge for the year	**7,341**	34,721
Overprovision in prior years	**(4,176)**	(827)
Current — Elsewhere	**646**	2,951
Deferred *(note 25)*	**(4,197)**	(3,896)
Total tax (credit)/charge for the year	**(386)**	32,949

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the tax expense/(credit) at the effective tax rate is as follows:

	2022 HK$'000	2021 HK$'000
Profit/(loss) before tax	**(43,460)**	128,304
Tax at the statutory rates of different jurisdictions	**(15,673)**	19,056
Adjustments in respect of current tax of previous years	**(4,176)**	(827)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**(441)**	(1,574)
Income not subject to tax	**(18,532)**	(6,967)
Expenses not deductible for tax	**7,370**	5,192
Tax loss not recognised	**35,587**	25,241
Tax losses utilised from previous periods	**(1,978)**	(3,994)
Tax effect of two-tiered tax rates	**(165)**	(165)
Others	**(2,378)**	(3,013)
Tax (credit)/charge at the Group's effective tax rate (2022: 0.9%; 2021: 25.7%)	**(386)**	32,949

12. DIVIDENDS

	2022 HK$'000	2021 HK$'000
Interim dividend — HK2.50 cents (2021: HK2.50 cents) per ordinary share	**25,135**	25,090
Proposed final dividend — HK2.50 cents (2021: HK4.95 cents) per ordinary share	**25,135**	49,678
	50,270	74,768

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic loss per share amount for the year ended 31 December 2022 is based on the loss for the year attributable to owners of the Company of HK$43,153,000 (2021: profit for the year attributable to owners of the Company of HK$99,716,000) and the weighted average number of ordinary shares in issue of 1,004,446,000 (2021: 1,002,704,000) during the year, as adjusted to reflect the share issued during the year.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2022 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the diluted earnings per share amount for the year ended 31 December 2021 is based on the profit for the year attributable to owners of the Company of HK$99,716,000. The weighted average number of ordinary shares used in the calculation is 1,002,704,000 in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 2,458,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	Notes	2022 HK$'000	2021 HK$'000
Property, plant and equipment	(a)	**456,491**	503,270
Right-of-use assets	(b)	**1,303,184**	1,277,785
		1,759,675	1,781,055

14. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

(a) Property, plant and equipment

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2022					
At 1 January 2022:					
Cost	115,842	1,024,645	306,456	28,289	1,475,232
Accumulated depreciation and impairment	(41,965)	(717,646)	(188,476)	(23,875)	(971,962)
Net carrying amount	73,877	306,999	117,980	4,414	503,270
At 1 January 2022, net of accumulated depreciation and impairment	73,877	306,999	117,980	4,414	503,270
Additions	3,517	128,371	20,223	19	152,130
Disposals	–	(17,358)	(8,722)	–	(26,080)
Depreciation *(note 6)*	(2,872)	(108,336)	(31,044)	(2,178)	(144,430)
Impairment *(note 6)*	–	(8,324)	(1,964)	–	(10,288)
Transfer from investment properties *(note 15)*	1,663	–	–	–	1,663
Transfer to non-current assets classified as held for sale *(note 20)*	(370)	–	–	–	(370)
Exchange realignment	(3,277)	(10,027)	(5,995)	(105)	(19,404)
At 31 December 2022, net of accumulated depreciation and impairment	72,538	291,325	90,478	2,150	456,491
At 31 December 2022:					
Cost	114,526	1,020,828	288,606	28,103	1,452,063
Accumulated depreciation and impairment	(41,988)	(729,503)	(198,128)	(25,953)	(995,572)
Net carrying amount	72,538	291,325	90,478	2,150	456,491

14. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

(a) Property, plant and equipment *(Continued)*

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2021					
At 1 January 2021:					
Cost	111,995	970,485	298,097	28,364	1,408,941
Accumulated depreciation and impairment	(38,170)	(628,134)	(163,837)	(21,879)	(852,020)
Net carrying amount	73,825	342,351	134,260	6,485	556,921
At 1 January 2021, net of accumulated depreciation and impairment	73,825	342,351	134,260	6,485	556,921
Additions	2,110	102,041	26,767	665	131,583
Disposals	(586)	(12,328)	(6,196)	(74)	(19,184)
Depreciation *(note 6)*	(2,857)	(115,289)	(36,732)	(2,681)	(157,559)
Impairment *(note 6)*	–	(13,992)	(2,799)	–	(16,791)
Exchange realignment	1,385	4,216	2,680	19	8,300
At 31 December 2021, net of accumulated depreciation and impairment	73,877	306,999	117,980	4,414	503,270
At 31 December 2021:					
Cost	115,842	1,024,645	306,456	28,289	1,475,232
Accumulated depreciation and impairment	(41,965)	(717,646)	(188,476)	(23,875)	(971,962)
Net carrying amount	73,877	306,999	117,980	4,414	503,270

14. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

(a) Property, plant and equipment *(Continued)*

At 31 December 2022, the Group's property, plant and equipment and right-of-use assets with a carrying amount of approximately HK$229,598,000 (2021: HK$238,966,000), were pledged to secure general banking facilities granted to the Group.

As at 31 December 2022, the Group's management identified certain restaurants which continued to underperform and estimated the corresponding recoverable amounts of their property, plant and equipment. Based on these estimates, net impairment loss of HK$10,288,000 (2021: HK$16,791,000) of which HK$4,296,000 (2021: HK$13,658,000) was for the Group's Hong Kong restaurants and HK$5,992,000 (2021: HK$3,133,000) was for the Group's Mainland China restaurants, was recognised to write down the carrying amounts of these items of property, plant and equipment to their recoverable amounts of HK$24,544,000 as at 31 December 2022. The recoverable amount of the items of property, plant and equipment is determined based on a value in use calculation using cash flow projections based on financial budgets covering a period of the remaining lease terms plus the anticipated renewal period approved by senior management. The pre-tax discount rates applied for the cash flow projection ranged from 15.0% to 15.3% (2021: 12.0% to 16.7%).

(b) Leases

The Group as a lessee

The Group has lease contracts for properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with remaining lease periods between 27 and 41 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between 3 and 9 years. There are several lease contracts that include extension and termination options and variable lease payments based on revenue.

14. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

(b) Leases *(Continued)*

The Group as a lessee *(Continued)*

(b)(i) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land HK$'000	**Land and buildings** HK$'000	**Total** HK$'000
As at 1 January 2021	12,249	1,626,142	1,638,391
Additions	–	400,134	400,134
Amortisation *(note 6)*	(485)	(416,443)	(416,928)
Modification and termination of leases	–	(325,828)	(325,828)
Impairment	–	(29,721)	(29,721)
Exchange realignment	484	11,253	11,737
As at 31 December 2021 and 1 January 2022	**12,248**	**1,265,537**	**1,277,785**
Additions	**–**	**557,206**	**557,206**
Amortisation *(note 6)*	**(644)**	**(385,846)**	**(386,490)**
Modification and termination of leases	**–**	**(104,181)**	**(104,181)**
Impairment	**–**	**(29,926)**	**(29,926)**
Transfer from investment properties *(note 15)*	**–**	**13,457**	**13,457**
Transfer to non-current assets classified as held for sale *(note 20)*	**–**	**(1,839)**	**(1,839)**
Exchange realignment	**(772)**	**(22,056)**	**(22,828)**
As at 31 December 2022	**10,832**	**1,292,352**	**1,303,184**

14. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

(b) Leases *(Continued)*

The Group as a lessee *(Continued)*

(b)(i) Right-of-use assets (Continued)

As at 31 December 2022, the Group's management identified certain restaurants which continued to underperform and estimated the corresponding recoverable amounts of their right-of-use assets. Based on these estimates, net impairment loss of HK$29,926,000 (2021: HK$29,721,000), of which HK$12,500,000 (2021: HK$8,651,000) was for the Group's Hong Kong restaurants and HK$17,426,000 (2021: HK$21,070,000) was for the Group's Mainland China restaurants, was recognised to write down the carrying amounts of these items of right-of-use assets to their recoverable amounts of HK$86,049,000 as at 31 December 2022. The recoverable amount of the items of right-of-use assets is determined based on a value in use calculation using cash flow projections based on financial budgets covering a period of the remaining lease terms plus the anticipated renewal period approved by senior management. The pre-tax discount rates applied for the cash flow projection ranged from 15.0% to 15.3% (2021: 12.0% to 16.7%).

(b)(ii) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2022 HK$'000	2021 HK$'000
Carrying amount at 1 January	**1,156,052**	1,584,292
New leases	**523,448**	387,098
Accretion of interest recognised during the year *(note 8)*	**29,444**	33,255
Covid-19-related rent concessions from lessors *(note 6)*	**(17,058)**	(17,331)
Payments	**(431,649)**	(484,039)
Modification and termination of leases	**(124,229)**	(360,839)
Exchange realignment	**(27,586)**	13,616
Carrying amount at 31 December	**1,108,422**	1,156,052

14. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

(b) Leases *(Continued)*

The Group as a lessee *(Continued)*

(b)(ii) Lease liabilities (Continued)

(a) Analysed into:

	2022 HK$'000	2021 HK$'000
Current portion	**364,967**	400,647
Non-current portion	**743,455**	755,405
Total	**1,108,422**	1,156,052

(b) Lease liabilities repayable:

	2022 HK$'000	2021 HK$'000
Within 1 year	**364,967**	400,647
In the second year	**286,214**	292,254
In the third to fifth years, inclusive	**414,838**	416,978
Beyond five years	**42,403**	46,173
Total	**1,108,422**	1,156,052

14. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

(b) Leases *(Continued)*

The Group as a lessee *(Continued)*

(b)(iii) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 HK$'000	2021 HK$'000
Interest on lease liabilities *(note 8)*	**29,444**	33,255
Amortisation for right-of-use assets *(note 6)*	**386,490**	416,928
Expense relating to short-term leases and leases of low-value assets *(note 6)*	**26,380**	31,094
Impairment of right-of-use assets *(note 6)*	**29,926**	29,721
Variable lease payments not included in the measurement of lease liabilities *(note 6)*	**7,484**	10,084
Covid-19-related rent concessions from lessors *(note 6)*	**(17,058)**	(17,331)
Gain on leases modifications and termination *(note 6)*	**(20,048)**	(35,011)
Total amount recognised in profit or loss	**442,618**	468,740

(b)(iv) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 29(c) and 35 to the consolidated financial statements.

The Group as a lessor

The Group leases its investment properties (note 15) which consisted of two (2021: two) commercial properties in the PRC and one (2021: three) industrial property in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$1,640,000 (2021: HK$1,392,000), details of which are included in note 5 to the financial statements.

At 31 December 2022, the undiscounted lease receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2022 HK$'000	2021 HK$'000
Within one year	**837**	1,352
After one year but within two years	**–**	581
	837	1,933

15. INVESTMENT PROPERTIES

	2022 HK$'000	2021 HK$'000
Carrying amount at 1 January	**52,778**	36,867
Additions	**–**	12,303
Net gain from fair value adjustments *(note 6)*	**326**	2,582
Transfer to property, plant and equipment *(note 14(a))*	**(1,663)**	–
Transfer to right-of-use assets *(note 14(b)(i))*	**(13,457)**	–
Exchange realignment	**(2,560)**	1,026
Carrying amount at 31 December	**35,424**	52,778

The Group's investment properties as of 31 December 2022 consisted of 2 (2021: 2) commercial properties in Mainland China and 1 industrial property (2021: 3) in Hong Kong, which are held under medium to long term leases. The Directors have determined that during the year ended 31 December 2022, the investment properties consisted of 2 classes (2021: 2 classes) of assets, i.e., commercial and industrial (2021: commercial and industrial), based on the nature, characteristics and risks of each property.

The Group's investment properties were revalued on 31 December 2022 based on valuations performed by Jones Lang LaSalle Limited, independent professionally qualified valuers, at HK$35,424,000 (2021: HK$52,778,000). Each year, the Group's senior finance director decides, after approval from the directors, to appoint which external valuers to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's finance director has discussions with the valuers on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

The investment properties are leased to third parties under operating leases, further details of which are included in note 14(b).

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2022 using			
	Quoted price in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Commercial properties	–	–	29,850	29,850
Industrial property	–	–	5,574	5,574
	–	–	35,424	35,424

	Fair value measurement as at 31 December 2021 using			
	Quoted price in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	–	32,758	32,758
Industrial properties	–	–	20,020	20,020
	–	–	52,778	52,778

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

31 December 2022

	Commercial properties HK$'000	Industrial property HK$'000	Total HK$'000
Carrying amount at beginning of the year	**32,758**	**20,020**	**52,778**
Net gain/(loss) from fair value adjustments *(note 6)*	**(348)**	**674**	**326**
Transfer to property, plant and equipment and right-of-use assets *(note 14)*	**–**	**(15,120)**	**(15,120)**
Exchange realignment	**(2,560)**	**–**	**(2,560)**
Carrying amount at end of the year	**29,850**	**5,574**	**35,424**

31 December 2021

	Commercial properties HK$'000	Industrial properties HK$'000	Total HK$'000
Carrying amount at beginning of the year	30,367	6,500	36,867
Additions	–	12,303	12,303
Net gains from fair value adjustments *(note 6)*	1,365	1,217	2,582
Exchange realignment	1,026	–	1,026
Carrying amount at end of the year	32,758	20,020	52,778

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average	Sensitivity of fair value to the input
Commercial	Direct comparison method	Estimated market value (per square foot)	HK$5,859 (2021: HK$6,430)	5% increase/(decrease) in fair value would result in increase/(decrease) in fair value by HK$1,493,000/(HK$1,493,000) (2021: HK$1,638,000/(HK$1,638,000))
Industrial	Direct comparison method	Estimated market value (per square foot)	HK$6,890 (2021: HK$5,613)	5% increase/(decrease) in fair value would result in increase/(decrease) in fair value by HK$279,000/(HK$279,000) (2021: HK$1,001,000/(HK$1,001,000))

Under the direct comparison method, fair value is estimated by making reference to the comparable market transactions as available. This method involves the identification of the highest and best use of the properties, identification of comparable sales and adjustment of the comparable sales values to reflect their superior and inferior characteristics to the investment properties held by the Group. Factors to be considered in making the adjustments include the size, shape topography and location of the comparable sales.

16. INTANGIBLE ASSETS

	Licenses HK$'000
Indefinite useful lives	
31 December 2022	
At 1 January 2022	–
Addition	**200**
At 31 December 2022	**200**
At 31 December 2022:	
Cost and net carrying amount	**200**
Definite useful lives	
31 December 2021 and 2022	
At 1 January 2021	1,012
Amortisation provided during the year *(note 6)*	(91)
Impairment *(note 6)*	(921)
At 31 December 2021, 1 January 2022 and 31 December 2022, net of accumulated amortisation and impairment	–
At 31 December 2021, 1 January 2022 and 31 December 2022:	
Cost	1,698
Accumulated amortisation and impairment	(1,698)
Net carrying amount	–

17. INVENTORIES

	2022 HK$'000	2021 HK$'000
Food and beverages, and other operating items for restaurant operations	**89,237**	96,854

18. TRADE RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**27,660**	28,087

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

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

	2022 HK$'000	2021 HK$'000
Within 1 month	**21,780**	21,775
1 to 2 months	**3,771**	4,116
2 to 3 months	**900**	980
Over 3 months	**1,209**	1,216
	27,660	28,087

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9 which permits the use of the lifetime expected loss provision for all trade receivables. The expected credit loss rate for the Group's trade receivables is minimal for all bands of trade receivables.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Prepayments	**70,365**	85,378
Deposits and other receivables	**209,367**	207,751
	279,732	293,129
Less: Non-current portion	**(130,349)**	(138,582)
Current portion	**149,383**	154,547

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at each reporting date by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The expected credit losses for the Group's deposits and other receivables are assessed to be minimal. The financial assets included in the above balance related to receivables for which there was no recent history of default and past due amounts as at 31 December 2022 and 2021.

20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2022 HK$'000	2021 HK$'000
Assets classified as held for sale	**2,209**	–

On 12 December 2022, the Group has signed a sale and purchase agreement to dispose of its property, plant and equipment and right-of-use asset of HK$370,000 (note 14(a)) and HK$1,839,000 (note 14(b)(i)), respectively, at consideration of HK$4,550,000. The related assets were reclassified as held for sale as at 31 December 2022.

21. CASH AND CASH EQUIVALENTS

	2022 HK$'000	2021 HK$'000
Cash and bank balances	**162,464**	298,729
Non-pledged time deposits with original maturity of less than three months when acquired	**78,126**	153,878
Non-pledged time deposits with original maturity of more than three months when acquired	**42,000**	–
Cash and cash equivalents	**282,590**	452,607

The cash and bank balances of the Group denominated in Renminbi ("RMB") as at 31 December 2022 amounted to approximately HK$69,311,000 (2021: HK$45,125,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for approximately one month depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

22. TRADE PAYABLES

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

	2022 HK$'000	2021 HK$'000
Within 1 month	**73,300**	91,609
1 to 2 months	**12,227**	10,749
2 to 3 months	**2,411**	426
Over 3 months	**11,200**	3,592
	99,138	106,376

The trade payables are non-interest-bearing and are normally settled on 30-day to 120-day terms.

23. OTHER PAYABLES AND ACCRUALS

	2022 HK$'000	2021 HK$'000
Other payables and accruals	**225,088**	216,918
Deposits received	**1,095**	1,436
Provision for reinstatement costs	**44,821**	52,827
	271,004	271,181
Less: Non-current portion	**(33,255)**	(29,925)
Current portion	**237,749**	241,256

Other payables are non-interest-bearing and have an average term of 30 days to 90 days.

Note:

The movements in the provision for reinstatement costs during the year are as follows:

	HK$'000
At 1 January 2021	50,775
Addition during the year	6,497
Utilised during the year	(4,725)
Exchange realignment	280
At 31 December 2021 and 1 January 2022	**52,827**
Addition during the year	**6,740**
Utilised during the year	**(14,107)**
Exchange realignment	**(639)**
At 31 December 2022	**44,821**

Pursuant to the terms of the respective tenancy agreements entered into by the Group, the Group is required to return its leased properties to the conditions as stipulated in the tenancy agreements at the expiration of the corresponding lease term as appropriate. The provision for reinstatement costs was estimated based on certain assumptions and estimates made by the Group's management with reference to historical reinstatement costs and/or other available market information. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

24. CONTRACT LIABILITIES

	2022 **HK$'000**	2021 HK$'000
Advances received from customers	**57,283**	73,359

The contract liabilities represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied in relation to the unredeemed cash coupons and other coupons outstanding as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations to be recognised as revenue when the related cash coupons are redeemed. The decrease in contract liabilities in 2022 and 2021 was mainly due to the decrease in short-term advances received from customers in relation to the restaurant operations at the end of the year.

Details of contract liabilities are as follows:

	31 December 2022 HK$'000	31 December 2021 HK$'000	1 January 2021 HK$'000
Advances received from customers	**57,283**	73,359	77,847

The following table shows unsatisfied performance obligations as at the end of the year resulting from restaurant operations:

	2022 **HK$'000**	2021 HK$'000
Expected to be recognised within two years		
— Restaurant operations	**57,283**	73,359

25. DEFERRED TAX

The movements in deferred tax assets and liabilities during the years are as follows:

Deferred tax assets

	Tax losses HK$'000	Decelerated tax depreciation HK$'000	Right-of-use assets HK$'000	Total HK$'000
At 1 January 2021	5,077	14,942	10,958	30,977
Deferred tax credited/(charged) to profit or loss during the year *(note 11)*	(297)	4,989	(4,525)	167
Exchange realignment	(54)	–	(210)	(264)
At 31 December 2021 and 1 January 2022	**4,726**	**19,931**	**6,223**	**30,880**
Deferred tax credited/(charged) to profit or loss during the year *(note 11)*	**8,334**	**(271)**	**(2,762)**	**5,301**
Exchange realignment	**–**	**–**	**(122)**	**(122)**
At 31 December 2022	**13,060**	**19,660**	**3,339**	**36,059**

Deferred tax liabilities

	Withholding taxes HK$'000	Accelerated tax depreciation HK$'000	Others HK$'000	Total HK$'000
At 1 January 2021	3,874	4,232	1,441	9,547
Deferred tax charged/(credited) to profit or loss during the year *(note 11)*	(1,574)	(2,788)	633	(3,729)
Exchange realignment	227	–	57	284
At 31 December 2021 and 1 January 2022	**2,527**	**1,444**	**2,131**	**6,102**
Deferred tax charged/(credited) to profit or loss during the year *(note 11)*	**(441)**	**1,664**	**(119)**	**1,104**
Exchange realignment	**(186)**	**–**	**(205)**	**(391)**
At 31 December 2022	**1,900**	**3,108**	**1,807**	**6,815**

25. DEFERRED TAX *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2022 **HK$'000**	2021 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**35,305**	30,560
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(6,061)**	(5,782)
	29,244	24,778

The Group had unrecognised tax losses arising in Hong Kong of approximately HK$73,109,000 (2021: HK$52,427,000) as at 31 December 2022, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group had unrecognised tax losses arising in Mainland China, Macau and Taiwan of approximately HK$196,671,000, HK$26,806,000 and HK$9,295,000 (2021: HK$250,759,000, HK$20,471,000 and HK$6,887,000) as at 31 December 2022, that will expire in five, three and ten years for offsetting against future taxable profits of the companies in which the losses arose, respectively. Deferred tax assets have not been recognised in respect of these losses as, in the opinion of the directors, they have arisen in subsidiaries that have been loss-making for some time and it is not certain that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. ISSUED CAPITAL

	Number of shares	Share capital HK$'000
Authorised:		
Ordinary shares of HK$0.01 each as at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	10,000,000,000	100,000

	Number of shares	Share capital HK$'000
Issued and fully paid:		
At 1 January 2021	1,001,873,000	10,019
Share options exercised *(note)*	1,723,000	17
As at 31 December 2021 and 1 January 2022	**1,003,596,000**	**10,036**
Share options exercised *(note)*	**1,803,000**	**18**
As at 31 December 2022	**1,005,399,000**	**10,054**

Note:

During the year ended 31 December 2022, the subscription rights attaching to 1,803,000 (2021: 1,723,000) share options were exercised at the subscription price of HK$0.45 (2021: HK$0.45) per share, resulting in the issue of 1,803,000 (2021: 1,723,000) shares for a total cash consideration, before expenses, of approximately HK$811,000 (2021: HK$775,000). An amount of HK$3,952,000 (2021: HK$3,874,000) was transferred from the share option reserve to share premium upon the exercise of the share options.

27. SHARE OPTION SCHEMES

(a) Post-IPO Share Option Scheme

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

The maximum number of shares in respect of which options may be granted under the Post-IPO Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over shares or other securities by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Listing Date (without taking into account the shares which may be issued and allotted pursuant to the exercise of the over-allotment option and the options which may be or have been granted under the Pre-IPO share option scheme and the Post-IPO Share Option Scheme) unless shareholders' approval has been obtained.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes must not, in aggregate, exceed 10% of the issued share capital of the Company from time to time. No options may be granted under any schemes of the Company (including the share option scheme) if this will result in the said 10% limit being exceeded.

The total number of shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible participant under the Share Option Scheme and any other schemes of the Group (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares of the Company in issue. Any grant of further share options above this limit shall be subject to certain requirements provided under the Listing Rules.

Any grant of options to a connected person under the Listing Rules must be approved in accordance with the requirements of the Listing Rules.

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than 10 years from the date of offer of the share options.

27. SHARE OPTION SCHEMES *(Continued)*

(a) Post-IPO Share Option Scheme *(Continued)*

The exercise price for any share under the Share Option Scheme shall be a price determined by the board of directors and notified to each grantee and shall not be less than the highest of (i) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the date of grant of the relevant option, which must be a business day, (ii) an amount equivalent to the average of the closing prices of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option and (iii) the nominal value of a share on the date of grant.

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

Since the Adoption Date and up to 31 December 2022, no share options of the Company were granted, exercised, cancelled or lapsed under the Post-IPO Share Option Scheme.

(b) Pre-IPO Share Option Scheme

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

There were 1,863,000 outstanding share options under the Pre-IPO Share Option Scheme as at 31 December 2021, of which 1,803,000 share options were exercised and 60,000 share options were forfeited during the year ended 31 December 2022, and there was no outstanding share options as at 31 December 2022.

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

27. SHARE OPTION SCHEMES *(Continued)*

(b) Pre-IPO Share Option Scheme *(Continued)*

The following share options were outstanding under the Pre-IPO Share Option Scheme during the year:

Participants	Date of grant	Price of the Company's shares at grant date of options	Exercise price per share (HK$)	Outstanding as at 31 December 2021 and 1 January 2022	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2022	Exercise period
Senior management								
Mr. Wong King Pong Edmond	22 May 2019	2.19	0.45	240,000	(240,000)	–	–	Notes (iii)
Ms. Zhou Yuewu	22 May 2019	2.19	0.45	240,000	(240,000)	–	–	Notes (iii)
Other grantees								
Employees	22 May 2019	2.32	0.45	1,500	(1,500)	–	–	Notes (i)
	22 May 2019	2.25	0.45	1,500	(1,500)	–	–	Notes (ii)
	22 May 2019	2.19	0.45	1,380,000	(1,320,000)	(60,000)	–	Notes (iii)
Total for the Pre-IPO Share Option Scheme				1,863,000	(1,803,000)	(60,000)	–	

Notes for exercise period:

(i) On the first anniversary of the Listing Date (the "First Exercisable Date"), 30% of the Pre-IPO Share Options (the "First Batch Options") granted to an individual grantee became vested in and exercisable by such grantee, and all unexercised First Batch Options shall lapse and be deemed as cancelled and void on the fifth anniversary date of the First Exercisable Date.

(ii) On the second anniversary of the Listing Date (the "Second Exercisable Date"), a further 30% of the Pre-IPO Share Options (the "Second Batch Options") granted to an individual grantee shall become vested in and exercisable by such grantee, and all unexercised Second Batch Options shall lapse and be deemed as cancelled and void on the fifth anniversary date of the Second Exercisable Date.

(iii) On the third anniversary of the Listing Date (the "Third Exercisable Date"), the remaining 40% of the Pre-IPO Share Options (the "Third Batch Options") granted to an individual grantee shall become exercisable by such grantee, and all unexercised Third Batch Options shall lapse and be deemed as cancelled and void on the fifth anniversary date of the Third Exercisable Date.

The weighted average share price at the date of exercise for share options exercised during the year was HK$1.06 per share (2021: HK$2.06 per share).

The weighted average share price immediately before the date of exercise for share options exercised during the year was HK$1.06 per share (2021: HK$2.07 per share).

27. SHARE OPTION SCHEMES *(Continued)*

(b) Pre-IPO Share Option Scheme *(Continued)*

The fair value of the share options granted in 2019 was HK$14,321,000, of which the Group recognised a share option expense of HK$805,000 (2021: HK$863,000) during the year ended 31 December 2022.

The fair value of equity-settled share options granted in 2019 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2019
Dividend yield (%)	2.50
Expected volatility (%)	37.36
Risk-free interest rate (%)	2.06–2.12
Expected life of options (year)	6–8

The expected life of the options is based on the historical data over the past and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The 1,803,000 (2021: 1,723,000) share options exercised during the year resulted in the issue of 1,803,000 (2021: 1,723,000) ordinary shares of the Company and new share capital of approximately HK$18,000 (2021: HK$17,000) (before issue expenses), as further detailed in note 26 to the financial statements.

At the end of the reporting period and the date of approval of these financial statements, the Company had no share options outstanding under the Scheme.

28. RESERVES

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity.

(a) Capital reserve

Capital reserve represents the contribution from an intermediate holding company with respect to the consideration for the acquisition of a subsidiary in prior years and the transfer from non-controlling interests upon the Group's acquisition of non-controlling interests on 27 December 2017.

(b) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of foreign operations.

(c) Statutory reserve

In accordance with the Company law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards to their respective statutory reserve until the reserve reaches 50% of their respective registered capital. Subject to certain restrictions set out in the Company law of the PRC, part of the statutory reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the restricted capital.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) The Group recognised estimated obligations to dismantle, remove and restore certain items of property, plant and equipment of HK$6,740,000 (2021: HK$6,497,000) in respect of the premises under operating leases in the Group's property, plant and equipment which had been recorded under other payables and accruals.

(ii) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$523,448,000 (2021: HK$387,098,000) and HK$523,448,000 (2021: HK$387,098,000), respectively, in respect of lease arrangements for leased assets.

(iii) During the year, the Group had non-cash lease modification and termination to right-of-use assets and lease liabilities of HK$104,181,000 (2021: HK$325,828,000) and HK$124,229,000 (2021: HK$360,839,000), respectively, in respect of lease arrangements for leased assets.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities

	Lease liabilities HK$'000	Interest-bearing bank borrowings HK$'000
At 1 January 2021	1,584,292	78,775
Changes from financing cash flows	(484,039)	(78,775)
New leases *(note 14(b)(ii))*	387,098	–
Foreign exchange movement	13,616	–
Interest expense *(note 8)*	33,255	–
Covid-19-related rent concessions from lessors *(note 6)*	(17,331)	–
Modification and termination of leases *(note 14(b)(ii))*	(360,839)	–
At 31 December 2021 and 1 January 2022	**1,156,052**	**–**
Changes from financing cash flows	**(431,649)**	**–**
New leases *(note 14(b)(ii))*	**523,448**	**–**
Foreign exchange movement	**(27,586)**	**–**
Interest expense *(note 8)*	**29,444**	**–**
Covid-19-related rent concessions from lessors *(note 6)*	**(17,058)**	**–**
Modification and termination of leases *(note 14(b)(ii))*	**(124,229)**	**–**
At 31 December 2022	**1,108,422**	**–**

(c) Total cash outflow for leases

	2022 HK$'000	2021 HK$'000
Within operating activities	**33,864**	41,178
Within financing activities	**431,649**	484,039
	465,513	525,217

30. CONTINGENT LIABILITIES

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

	As at 31 December	
	2022	2021
	HK$'000	HK$'000
Bank guarantees in favour of landlords in lieu of deposits	**56,380**	48,513

31. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the year:

	2022	2021
	HK$'000	HK$'000
Rental payments paid to related companies *(note)*	**4,842**	5,403

Note:

Rental payments to related companies were for properties leased from related companies for restaurant operations and staff quarters based on rates determined between the parties, which approximated to market rates.

The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The directors are of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

(b) Commitments with related parties

During the year, certain subsidiaries of the Group entered into lease agreements with related companies, which are controlled by certain directors of the Group, to lease the investment properties for the Group's restaurant operations and staff quarters. The amounts of rental payments paid to the related companies are included in note 31(a) to the financial statements. The leases are negotiated for one to three years with a one-month notice period for termination.

As at 31 December 2022, the Group had outstanding future minimum lease payments under non-cancellable operating leases for such properties owned by related companies amounting to HK$8,442,000 (2021: HK$2,381,000), for the properties owned by related companies.

31. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Compensation of key management personnel of the Group

	2022 HK$'000	2021 HK$'000
Short-term employee benefits	22,836	23,632
Post-employment benefits	102	108
Total compensation paid to key management personnel	22,938	23,740

The compensation of key management personnel of the Group for each reporting period included emoluments of the directors and the five highest paid employees as disclosed in notes 9 and 10, respectively.

32. CAPITAL COMMITMENTS

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

	2022 HK$'000	2021 HK$'000
Contracted, but not provided for:		
Leasehold improvements and plant and machinery	10,780	13,252

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of the Group's financial instruments as at 31 December 2022 and 2021 are as follows:

Financial assets

	Financial assets at amortised cost	
	2022	2021
	HK$'000	HK$'000
Trade receivables	**27,660**	28,087
Financial assets included in prepayments, deposits and other receivables *(note 19)*	**209,367**	207,751
Cash and cash equivalents	**282,590**	452,607
	519,617	688,445

Financial liabilities

	Financial liabilities at amortised cost	
	2022	2021
	HK$'000	HK$'000
Trade payables	**99,138**	106,376
Financial liabilities included in other payables and accruals	**102,065**	96,212
Lease liabilities	**1,108,422**	1,156,052
	1,309,625	1,358,640

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, other receivables, trade payables and other payables, which arise directly from the Group's operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the each of the years to a reasonably possible change in the Hong Kong dollar exchange rates, with all other variables held constant, of the Group's profit before tax (arising from HK$ and RMB denominated financial instruments) and the Group's equity.

	Increase/ (decrease) in exchange rate %	Decrease/ (increase) loss before tax HK$'000
As at 31 December 2022		
If Renminbi weakens against HK$	**10**	**877**
If Renminbi strengthens against HK$	**(10)**	**(877)**

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) profit before tax HK$'000
As at 31 December 2021		
If Renminbi weakens against HK$	10	65
If Renminbi strengthens against HK$	(10)	(65)

Credit risk

All the Group's cash and bank balances are held in major financial institutions located in Hong Kong and PRC, which management believes are of high credit quality. The Group has policies in place to evaluate credit risk when accepting new business and to limit its credit exposure to individual customers.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022 and 2021. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs	
	Stage 1 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	27,660	27,660
Financial assets included in prepayments, deposits and other receivables			
– Normal**	209,367	–	209,367
Cash and bank balances			
– Not yet past due	282,590	–	282,590
	491,957	27,660	519,617

As at 31 December 2021

	12-month ECLs	Lifetime ECLs	
	Stage 1 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	28,087	28,087
Financial assets included in prepayments, deposits and other receivables			
– Normal**	207,751	–	207,751
Cash and bank balances			
– Not yet past due	452,607	–	452,607
	660,358	28,087	688,445

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

* For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 18 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and funds generated from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within 1 year HK$'000	2 to 5 years HK$'000	Beyond 5 years HK$'000	Total HK$'000
As at 31 December 2022				
Trade payables	**99,138**	**–**	**–**	**99,138**
Financial liabilities included in other payables and accruals	**102,065**	**–**	**–**	**102,065**
Lease liabilities	**393,533**	**732,286**	**43,495**	**1,169,314**
	594,736	**732,286**	**43,495**	**1,370,517**
As at 31 December 2021				
Trade payables	106,376	–	–	106,376
Financial liabilities included in other payables and accruals	96,212	–	–	96,212
Lease liabilities	460,213	748,765	48,751	1,257,729
	662,801	748,765	48,751	1,460,317

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders and return capital to shareholders. No changes were made in the objectives, policies or processes for managing capital during the years.

The Group monitors capital using a gearing ratio which is net debt divided by capital plus net debt. Net debt includes contract liabilities, lease liabilities, trade payables, other payables and accruals, less cash and cash equivalents. Capital represents the equity attributable to owners of the Company. The gearing ratios as at the end of the reporting periods were as follows:

	2022 **HK$'000**	2021 HK$'000
Trade payables	**99,138**	106,376
Other payables and accruals	**271,004**	271,181
Contract liabilities	**57,283**	73,359
Lease liabilities	**1,108,422**	1,156,052
Less: Cash and cash equivalents	**(282,590)**	(452,607)
Net debt	**1,253,257**	1,154,361
Equity attributable to owners of the Company	**953,934**	1,093,534
Capital and net debt	**2,207,191**	2,247,895
Gearing ratio	**56.8%**	51.4%

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSET		
Investments in subsidiaries	–*	–*
Total non-current asset	–*	–*
CURRENT ASSETS		
Due from subsidiaries	740,885	683,633
Prepayments, deposits and other receivables	2	8
Cash and cash equivalents	26,876	110,002
Total current assets	767,763	793,643
CURRENT LIABILITY		
Accruals and other payables	37	913
Total current liability	37	913
NET CURRENT ASSETS	767,726	792,730
Net assets	767,726	792,730
EQUITY		
Issued capital	10,054	10,036
Reserves *(note)*	757,672	782,694
Total equity	767,726	792,730

* less than HK$1,000

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium	Share option reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2021	718,655	6,160	78,346	803,161
Profit for the year and total comprehensive income for the year	–	–	67,322	67,322
Issue of shares	4,632	(3,874)	–	758
Transfer of share option reserve upon the lapse of share options	–	(2)	2	–
Equity-settled share option arrangement *(note 27(b))*	–	863	–	863
Dividends	–	–	(89,410)	(89,410)
At 31 December 2021 and 1 January 2022	**723,287**	**3,147**	**56,260**	**782,694**
Profit for the year and total comprehensive income for the year	**–**	**–**	**48,193**	**48,193**
Issue of shares	**4,745**	**(3,952)**	**–**	**793**
Equity-settled share option arrangement *(note 27(b))*	**–**	**805**	**–**	**805**
Dividends	**–**	**–**	**(74,813)**	**(74,813)**
At 31 December 2022	**728,032**	**–**	**29,640**	**757,672**

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2023.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

RESULTS

	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
REVENUE	**2,675,166**	3,173,027	2,797,923	3,252,250	3,126,053
PROFIT/(LOSS) BEFORE TAX	**(43,460)**	128,304	121,301	116,762	357,676
Income tax credit/(expense)	**386**	(32,949)	(3,539)	(39,595)	(52,742)
PROFIT/(LOSS) FOR THE YEAR	**(43,074)**	95,355	117,762	77,167	304,934
Profit/(loss) attributable to:					
Owners of the Company	**(43,153)**	99,716	118,959	76,864	304,934
Non-controlling interests	**79**	(4,361)	(1,197)	303	–
	(43,074)	95,355	117,762	77,167	304,934

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
TOTAL ASSETS	**2,512,657**	2,738,787	3,214,627	3,404,749	1,399,207
TOTAL LIABILITIES	**1,557,491**	1,643,609	2,131,615	2,433,895	1,033,162
	955,166	1,095,178	1,083,012	970,854	366,045
EQUITY:					
Equity attributable to owners of the Company	**953,934**	1,093,534	1,077,460	966,721	366,045
Non-controlling interests	**1,232**	1,644	5,552	4,133	–
	955,166	1,095,178	1,083,012	970,854	366,045