



Tao Heung Holdings Limited

稻香控股有限公司*

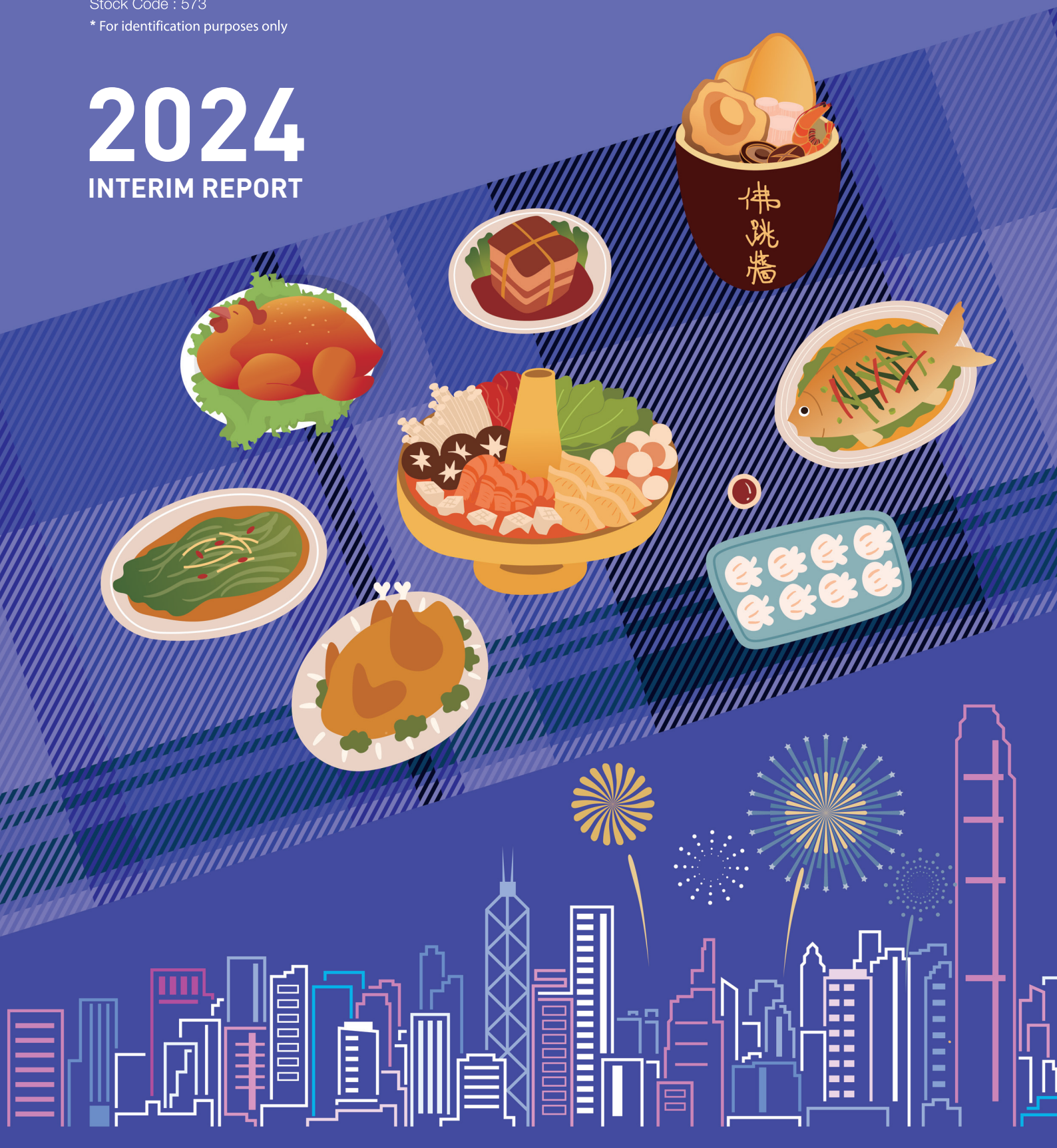
(Incorporated in the Cayman Islands with Limited Liability)

Stock Code : 573

* For identification purposes only

2024

INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chung Wai Ping (*Chairman and Chief Executive Officer*)
Mr. Wong Ka Wing
Mr. Ho Yuen Wah
Mr. Chung Chun Fung

Non-executive Directors

Mr. Fong Siu Kwong
Mr. Chan Yue Kwong, Michael

Independent non-executive Directors

Professor Chan Chi Fai, Andrew
Mr. Mak Hing Keung, Thomas
Mr. Ng Yat Cheung
Ms. Wong Fun Ching

COMPANY SECRETARY

Ms. Cheung Kin Man

AUTHORISED REPRESENTATIVES

Mr. Chung Chun Fung
Ms. Cheung Kin Man

MEMBERS OF AUDIT COMMITTEE

Mr. Mak Hing Keung, Thomas (*Chairman*)
Professor Chan Chi Fai, Andrew
Mr. Chan Yue Kwong, Michael
Ms. Wong Fun Ching

MEMBERS OF NOMINATION COMMITTEE

Professor Chan Chi Fai, Andrew (*Chairman*)
Mr. Ng Yat Cheung
Mr. Chan Yue Kwong, Michael

MEMBERS OF REMUNERATION COMMITTEE

Mr. Ng Yat Cheung (*Chairman*)
Mr. Fong Siu Kwong
Mr. Mak Hing Keung, Thomas

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

No. 18 Dai Fat Street, Tai Po Industrial Estate
Tai Po, New Territories, Hong Kong

PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586, Gardenia Court, Camana Bay
Grand Cayman KY1-1100, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–16, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
BNP Paribas, Hong Kong Branch
China CITIC Bank Corporation Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

STOCK CODE

573

WEBSITE

www.taoheung.com.hk



FINANCIAL HIGHLIGHTS

		Six months ended 30 June		% Change
	Notes	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	Increase/ (Decrease)
Performance				
Revenue		1,285,575	1,504,553	(14.6%)
Profit attributable to equity holders of the Company		4,022	33,400	(88.0%)
Gross profit margin		7.4%	12.1%	(38.8%)
Net profit margin	1	0.3%	2.2%	(86.4%)
Per Share Data				
		HK cents	HK cents	
Earnings per share				
— Basic		0.40	3.29	(88.0%)
— Diluted		0.40	3.29	(88.0%)
Proposed interim dividend per share		—	3.0	(100.0%)
Balance Sheet				
		30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000	% Change Increase/ (Decrease)
Total assets		1,976,118	2,188,819	(9.7%)
Net assets		1,217,832	1,254,255	(2.9%)
Cash and cash equivalents		289,974	345,146	(16.0%)
Net cash	2	235,078	259,439	(9.4%)
Liquidity and Gearing				
Current ratio	3	1.2	1.1	9.1%
Quick ratio	4	1.0	0.9	11.1%
Gearing ratio	5	4.6%	7.0%	(34.3%)
Per Share Data				
		HK cents	HK cents	
Net assets per share	6	120.06	123.65	(2.9%)
Net cash per share	7	23.18	25.58	(9.4%)



FINANCIAL HIGHLIGHTS

Notes:

1. Net profit margin is calculated as net profit attributable to equity holders of the Company divided by revenue.
2. Net cash is cash and cash equivalents less interest-bearing bank borrowings.
3. Current ratio is calculated as current assets divided by current liabilities.
4. Quick ratio is calculated as current assets less inventories divided by current liabilities.
5. Gearing ratio is calculated as interest-bearing bank borrowings divided by total equity attributable to equity holders of the Company.
6. Net assets per share is calculated based on the number of 1,014,348,000 issued shares (31 December 2023: 1,014,348,000 issued shares).
7. Net cash per share is calculated based on the number of 1,014,348,000 issued shares (31 December 2023: 1,014,348,000 issued shares).



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

INTERIM RESULTS (UNAUDITED)

The board of directors (the “Board”) of Tao Heung Holdings Limited (the “Company”), together with its subsidiaries (collectively the “Group”), hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023. These interim condensed consolidated financial statements for the six months ended 30 June 2024 have not been audited, but have been reviewed by the Audit Committee of the Company.

		Six months ended 30 June	
	Notes	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
REVENUE	5	1,285,575	1,504,553
Cost of sales		(1,190,547)	(1,322,696)
Gross profit		95,028	181,857
Other income and gains, net	5	34,048	22,838
Selling and distribution expenses		(28,014)	(39,009)
Administrative expenses		(73,814)	(79,962)
Other expenses, net		(10,112)	(22,907)
Finance costs	6	(9,886)	(12,186)
Share of profits and losses of associates		(198)	1,006
PROFIT BEFORE TAX	7	7,052	51,637
Income tax credit/(expense)	8	2,378	(15,520)
PROFIT FOR THE PERIOD		9,430	36,117
Attributable to:			
Equity holders of the Company		4,022	33,400
Non-controlling interests		5,408	2,717
		9,430	36,117
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic	10	HK0.40 cents	HK3.29 cents
— Diluted	10	HK0.40 cents	HK3.29 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	9,430	36,117
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(8,245)	(13,866)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,185	22,251
Attributable to:		
Equity holders of the Company	(3,864)	19,859
Non-controlling interests	5,049	2,392
	1,185	22,251



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	668,304	732,114
Right-of-use assets	11	491,211	538,194
Investment properties	11	25,100	25,100
Goodwill		36,340	36,557
Other intangible asset		–	–
Investments in associates		12,827	13,025
Deferred tax assets		130,021	121,694
Deposits and other receivable		44,720	68,606
Deposits for purchases of items of property, plant and equipment		4,110	3,642
Total non-current assets		1,412,633	1,538,932
CURRENT ASSETS			
Inventories		106,633	132,955
Trade receivables	12	49,539	55,980
Prepayments, deposits and other receivables		102,463	100,855
Pledged deposits		14,876	14,951
Cash and cash equivalents		289,974	345,146
Total current assets		563,485	649,887
CURRENT LIABILITIES			
Trade payables	13	81,663	133,093
Other payables and accruals		183,173	221,919
Interest-bearing bank borrowings		14,003	37,756
Lease liabilities		162,912	176,196
Tax payable		9,956	7,694
Total current liabilities		451,707	576,658
NET CURRENT ASSETS		111,778	73,229
TOTAL ASSETS LESS CURRENT LIABILITIES		1,524,411	1,612,161

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Other payables and accruals	9,311	9,609
Interest-bearing bank borrowings	40,893	47,951
Lease liabilities	237,948	281,907
Deferred tax liabilities	18,427	18,439
Total non-current liabilities	306,579	357,906
Net assets	1,217,832	1,254,255
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	101,435	101,435
Reserves	1,097,305	1,131,599
Non-controlling interests	1,198,740 19,092	1,233,034 21,221
Total equity	1,217,832	1,254,255



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to equity holders of the Company										Total equity (Unaudited) HK\$'000
	Issued capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	
At 1 January 2023	101,435	324,851	110,748	(21,455)	3,777	509	(59,404)	761,094	1,221,555	21,567	1,243,122
Profit for the period	-	-	-	-	-	-	-	33,400	33,400	2,717	36,117
Other comprehensive loss for the period: Exchange differences on translation of foreign operations	-	-	-	-	-	-	(13,541)	-	(13,541)	(325)	(13,866)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(13,541)	33,400	19,859	2,392	22,251
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	(5,027)	(5,027)
Transfer of share option reserve upon the forfeiture of share options	-	-	-	-	(156)	-	-	156	-	-	-
Final 2022 dividend (note 9)	-	-	-	-	-	-	-	(30,430)	(30,430)	-	(30,430)
At 30 June 2023	101,435	324,851*	110,748*	(21,455)*	3,621*	509*	(72,945)*	764,220*	1,210,984	18,932	1,229,916
At 1 January 2024	101,435	324,851	110,748	(21,455)	3,531	509	(60,720)	774,135	1,233,034	21,221	1,254,255
Profit for the period	-	-	-	-	-	-	-	4,022	4,022	5,408	9,430
Other comprehensive loss for the period: Exchange differences on translation of foreign operations	-	-	-	-	-	-	(7,886)	-	(7,886)	(359)	(8,245)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(7,886)	4,022	(3,864)	5,049	1,185
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	(7,178)	(7,178)
Transfer of share option reserve upon the forfeiture of share options	-	-	-	-	(123)	-	-	123	-	-	-
Final 2023 dividend (note 9)	-	-	-	-	-	-	-	(30,430)	(30,430)	-	(30,430)
At 30 June 2024	101,435	324,851*	110,748*	(21,455)*	3,408*	509*	(68,606)*	747,850*	1,198,740	19,092	1,217,832

* These reserve accounts comprise the consolidated reserves of HK\$1,097,305,000 (30 June 2023: HK\$1,109,549,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

		Six months ended 30 June	
	Notes	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		7,052	51,637
Adjustments for:			
Interest income	5	(3,892)	(3,010)
Gain on termination of leases	5	(9,060)	(6,833)
Finance costs	6	9,886	12,186
Write-off of items of property, plant and equipment	7	14	298
Impairment of items of property, plant and equipment	7	4,238	9,447
Impairment of right-of-use assets	7	6,362	13,098
Depreciation of items of property, plant and equipment	7	70,344	77,816
Depreciation of right-of-use assets	7	96,502	108,095
(Reversal of impairment)/impairment of trade receivables	7	(502)	64
Share of profits and losses of associates		198	(1,006)
		181,142	261,792
Decrease in inventories		27,308	12,740
Decrease in trade receivables		6,380	7,838
Decrease in prepayments, deposits and other receivables		20,227	19,449
Decrease in trade payables		(50,509)	(25,761)
Decrease in other payables and accruals		(38,559)	(1,784)
		145,989	274,274
Cash generated from operations		(1,808)	(3,227)
Interest paid		(9,254)	(5,164)
Hong Kong profits tax paid		4,903	581
Overseas tax refunded			
		139,830	266,464
Net cash flows from operating activities			



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(14,680)	(60,403)
Deposits paid for purchases of items of property, plant and equipment	(4,141)	(1,023)
Interest received	3,892	3,010
Increase in pledged deposits	(141)	(458)
(Increase)/decrease in non-pledged time deposits with original maturity of more than three months when acquired	(14,328)	58,543
Net cash flows used in investing activities	(29,398)	(331)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	–	235,000
Repayment of bank loans	(30,811)	(234,266)
Principal portion of lease payments	(99,397)	(120,821)
Interest element of lease payments	(8,078)	(8,959)
Dividends paid	(30,430)	(30,430)
Dividends paid to non-controlling shareholder of subsidiaries	(7,178)	(5,027)
Net cash flows used in financing activities	(175,894)	(164,503)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(65,462)	101,630
Cash and cash equivalents at beginning of period	344,598	193,311
Effect of foreign exchange rate changes, net	(4,038)	(4,278)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	275,098	290,663
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	275,098	290,663
Non-pledged time deposits with original maturity of more than three months when acquired	14,876	–
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	289,974	290,663



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 29 December 2005 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at No. 18 Dai Fat Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong.

During the period, the Group was involved in the following principal activities:

- restaurant operations and provision of food catering services
- bakery operations
- production, sale and distribution of food products and other items related to restaurant operations
- poultry farm operations

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 (the “Unaudited Interim Financial Statements”) have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

These Unaudited Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the Unaudited Interim Financial Statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) 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. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments 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. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through a chain of restaurants and bakery shops. Information reported to the Group's chief operating decision maker (i.e., the chief executive officer) for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

The following tables present revenue from external customers for the six months ended 30 June 2024 and 2023 and certain non-current asset information as at 30 June 2024 and 31 December 2023, by geographic area.

(a) Revenue from external customers

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Hong Kong	838,148	892,352
Chinese Mainland	447,427	612,201
	1,285,575	1,504,553

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

(b) Non-current assets

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Hong Kong	495,693	548,147
Chinese Mainland	742,199	800,485
	1,237,892	1,348,632

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Restaurant and bakery operations	1,132,831	1,314,907
Sale of food and other items	90,850	111,516
Poultry farm operations	61,894	78,130
	1,285,575	1,504,553

Disaggregated revenue information

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Geographical markets		
Hong Kong	838,148	892,352
Chinese Mainland	447,427	612,201
Total revenue from contracts with customers	1,285,575	1,504,553
Timing of revenue recognition		
At a point in time and total revenue from contracts with customers	1,285,575	1,504,553

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

An analysis of other income and gains, net is as follows:

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Bank interest income	3,892	3,010
Compensation received	15,306	–
Government grants*	1,314	1,244
Gross rental income	567	225
Sponsorship income	81	1,126
Gain on termination of leases	9,060	6,833
Others	3,828	10,400
	34,048	22,838

* Government grants mainly included various government grants received by certain subsidiaries in connection with setting up or the closure of certain facilities at a poultry farm and a logistics centre. Certain grants are credited to a deferred income account and are released to the statement of profit or loss over the useful lives of the relevant facilities. There are no unfulfilled conditions or other contingencies attaching to the government grants recognised.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interest on bank loans	1,808	3,227
Interest on lease liabilities	8,078	8,959
	9,886	12,186



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Cost of inventories sold	426,064	517,739
Depreciation of items of property, plant and equipment*	70,344	77,816
Depreciation of right-of-use assets*	96,502	108,095
Employee benefit expense (including directors' remuneration)*:		
Salaries and bonuses	381,604	397,791
Retirement benefit scheme contributions (defined contribution schemes)	23,779	28,059
	405,383	425,850
Lease payments not included in the measurement of lease liabilities*	6,507	2,959
Foreign exchange differences, net	(1,322)	5,834
(Reversal of Impairment)/impairment of trade receivables [#]	(502)	64
Write-off of items of property, plant and equipment [#]	14	298
Impairment of items of property, plant and equipment [#]	4,238	9,447
Impairment of right-of-use assets [#]	6,362	13,098

* The cost of sales for the six months ended 30 June 2024 amounting to HK\$1,190,547,000 (six months ended 30 June 2023: HK\$1,322,696,000) included depreciation of items of property, plant and equipment of HK\$66,248,000 (six months ended 30 June 2023: HK\$73,821,000), depreciation of right-of-use assets of HK\$96,404,000 (six months ended 30 June 2023: HK\$107,996,000), employee benefit expense of HK\$382,647,000 (six months ended 30 June 2023: HK\$382,808,000), lease payments not included in the measurement of lease liabilities of HK\$6,507,000 (six months ended 30 June 2023: HK\$2,959,000).

[#] Included in "Other expenses, net" in the condensed consolidated statement of profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 30 June 2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Current — Hong Kong		
Charge for the period	2,959	2,857
Overprovision in the prior periods	(26)	(18)
Current — Chinese Mainland		
Charge for the period	3,636	283
Deferred	(8,947)	12,398
Total tax charge/(credit) for the period	(2,378)	15,520

9. DIVIDENDS

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Dividends recognised as distribution during the reporting period:		
2022 final dividend — HK3.00 cents per ordinary share	—	30,430
2023 final dividend — HK3.00 cents per ordinary share	30,430	—
	30,430	30,430
Dividend declared after the end of the reporting period:		
Interim dividend — Nil (six months ended 30 June 2023: HK3.00 cents per ordinary share)	—	30,430



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the unaudited profit for the six months ended 30 June 2024 attributable to ordinary equity holders of the Company of HK\$4,022,000 (six months ended 30 June 2023: profit of HK\$33,400,000), and the number of ordinary shares of 1,014,348,000 (six months ended 30 June 2023: 1,014,348,000) in issue during the period.

For the six months ended 30 June 2024 and 2023, no adjustment was made to the basic earnings per share amount in respect of a dilution as the share options had no dilutive effect on the basic earnings per share.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Profit		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	4,022	33,400
	Number of shares	
	2024	2023
Shares		
Number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	1,014,348,000	1,014,348,000

11. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the six months ended 30 June 2024, additions of items of property, plant and equipment amounted to HK\$14,680,000 (six months ended 30 June 2023: HK\$60,403,000).

As at 30 June 2024, buildings and leasehold land included in right-of-use assets with a net carrying amount of HK\$27,412,000 (31 December 2023: HK\$27,970,000) and HK\$45,700,000 (31 December 2023: HK\$46,095,000), respectively, were pledged to secure banking facilities granted to the Group.

As at 30 June 2024, the Group's investment properties with a total carrying amount of HK\$20,500,000 (31 December 2023: HK\$20,500,000) were pledged to secure banking facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. TRADE RECEIVABLES

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Trade receivables	50,903	57,846
Impairment	(1,364)	(1,866)
	49,539	55,980

The Group's trading terms with its customers are mainly on cash and credit card settlement. The Group also grants a credit period between 30 to 90 days to certain customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. 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 and net of loss allowance, is as follows:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Within 1 month	30,105	40,240
1 to 3 months	17,494	15,090
Over 3 months	1,940	650
	49,539	55,980



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. TRADE RECEIVABLES (CONTINUED)

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
At the beginning of period/year	1,866	2,451
Reversal of impairment	(502)	(585)
At the end of period/year	1,364	1,866

13. TRADE PAYABLES

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

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Within 1 month	67,067	90,152
1 to 2 months	6,062	34,907
2 to 3 months	1,901	2,055
Over 3 months	6,633	5,979
	81,663	133,093

The trade payables are non-interest-bearing and generally have payment terms within 60 days.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

14. CONTINGENT LIABILITIES

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

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Bank guarantees given in lieu of utility and property rental deposits	32,594	32,544

15. COMMITMENTS

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

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Leasehold improvements, furniture, fixtures and equipment	2,199	2,116



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Short term employee benefits	4,396	4,479
Post-employment benefits	69	68
	4,465	4,547

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management 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 management. The valuation process and results are discussed with the audit committee once a year for annual financial reporting.

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. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of deposits and other receivable and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2024 were assessed to be insignificant. In the opinion of the directors, their carrying amounts are not significantly different from their respective fair values.

18. APPROVAL OF THE UNAUDITED INTERIM FINANCIAL STATEMENTS

These Unaudited Interim Financial Statements were approved and authorised for issue by the Board on 22 August 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Board hereby announces the interim results of the Group for the six months ended 30 June 2024 (the “Period”). During the Period, the global economy continued to be hampered by geopolitical unrest, interest rate hikes and inflation, resulting in a deceleration of economic growth. As for the Hong Kong F&B market, the general operating environment remained challenging, influenced by local consumers flocking north to spend, evolving spending habits by Chinese Mainland visitors and escalating operational costs. In Chinese Mainland, although revenue of the F&B sector saw a modest increase on a year-on-year basis, yet with fierce market competition, aggressive pricing strategies and customers looking for exceedingly value-for-money options, the sector’s profitability shrank. Operating in such challenging market environment, the Group introduced more appealing menus and promoted products that aligned with market trends and customer preferences. It also implemented stringent cost control measures for food and operations, leveraging technology to improve product and service quality. Moreover, the Group endeavoured to strengthen its brand presence through both online and offline marketing channels, aiming to improve its market competitiveness and foster long-term business development.

Financial Results

For the six months ended 30 June 2024, the Group’s total revenue was approximately HK\$1,285.6 million (2023: HK\$1,504.6 million), down by 14.6% year-on-year. Gross profit margin (defined as total revenue minus cost of inventories sold divided by total revenue) was 66.9% (2023: 65.6%). Profit attributable to equity holders of the Company was approximately HK\$4.0 million (2023: profit of HK\$33.4 million).

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024.

Hong Kong Operations

Hong Kong operations recorded revenue of approximately HK\$838.1 million (2023: HK\$892.4 million) for the Period, a 6.1% decrease year-on-year. Earnings before interest, tax, depreciation and amortisation (EBITDA) was approximately HK\$118.3 million (2023: HK\$149.5 million), 20.9% less against the same period last year. Profit attributable to equity holders of the Company was HK\$5.5 million (2023: HK\$22.9 million).

During the Period, Hong Kong people continued to travel north to Chinese Mainland to spend. On weekends or long holidays, 100,000 more people would go up north than the number of visitors coming down south. That plus the change in consumption pattern and rise in labour cost hit the Group’s business. During the Period, turnover of the Group’s restaurants in Hong Kong declined by approximately 6.1%, however, those of the premium brand “Chung’s House (鍾菜館)” and “Grand Ballroom (潮囍薈)”, which caters mainly to weddings, banquets and corporate events, remained stable.

By launching special menus and “value for money” promotional activities, including “one-dollar” dish series and HK\$9.9 late-night hotpot series, dishes of the month and special banquet menus, to meet market demand and during different festivals, the Group was able to attract consumers and boosted customer traffic.



MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong Operations (Continued)

In addressing high food and labour costs, the Group strived to source high-quality and affordable ingredients from all over the world. Through consolidating certain departments and streamlining manpower and organizational structure, the Group punted certain work processes, allowing it to save staff costs.

With demand increasing for OEM business, the Group's logistics centre secured well-known new customers in the first half year. More dim sum, Chinese delicatessens, siu mei (Chinese-style roasted meats), baked goods and Western delicatessens were produced for more hotels, clubs and canteens. In addition, the Group's seasonal product sales recorded double-digit growth relative to the same period last year.

As at 30 June 2024, the Group had a total of 43 (2023: 42) restaurants in Hong Kong. As for Tai Cheong bakeries, there were a total of six shops in Hong Kong (2023: eight) and 11 in Singapore (2023: nine). To celebrate the 70th anniversary of Tai Cheong bakeries this year, the Group will organise various commemorative activities in the second half year, including egg tart workshops, cross-over product cooperation and a Tai Cheong history exhibition, on top of launching special anniversary products.

Chinese Mainland Operations

During the Period, Chinese Mainland operations reported revenue of HK\$447.4 million (2023: HK\$612.2 million), down 26.9% against the same period of 2023. EBITDA was approximately HK\$65.5 million (2023: HK\$100.2 million), a 34.6% decrease year-on-year. Loss attributable to equity holders of the Company was HK\$1.5 million (2023: profit of HK\$10.5 million).

During the Period, performance of Chinese Mainland's restaurant operation weakened when compared with the same period last year, mainly due to the closure of underperforming branches and restoration of some closed branches, resulting in one-off asset write-offs and relevant expenses.

Facing fierce competition in the Chinese Mainland F&B market, and to cope with changes in consumption trends and new consumption concepts, the Group continued to optimise the environment of its restaurants, enhance service quality, develop new products and launch competitive promotional activities.



MANAGEMENT DISCUSSION AND ANALYSIS

Chinese Mainland Operations (Continued)

As at 30 June 2024, the Group had a total of 30 restaurants (2023: 41) in Chinese Mainland. Some branches were closed to match the Group's future development plans.

The chilled and packaged food segment, impacted by e-commerce platforms resorting to low prices and bonus offers to grasp market shares, reported unsatisfactory online sales for the Period. Overall sales of offline wholesale distributors also paled against the same period last year at the decline in customer patronage of physical retail stores and surging operating costs, nonetheless they were still able to contribute profit to the Group. During the Period, the Group launched more than 30 new chilled and packaged food products, such as spicy dumplings, cartoon Chinese zodiac animal buns, and steamed buns cross-over with other brands to bring novelty to customers.

Peripheral Businesses

During the Period, while sales of the Group's self-owned supermarket business fell by about 20%, gross profit margin of the business swelled by approximately 3%, thanks to the Group's effort in adjusting its product portfolio and cooperating with various brand suppliers to launch promotions. Those initiatives, which helped attract higher customer traffic, stimulate in-store spending, and strengthen inventory and cost control had together enabled the Group to widen profit margin of the business.

Looking ahead, the Group plans to introduce more product categories to its self-owned supermarkets, and add consignment services and re-define product zones, so as to improve their shopping environment and present fresh and exciting experience to customers to boost their consumption desire.

Financial resources and liquidity

As at 30 June 2024, the total assets decreased by 9.7% to approximately HK\$1,976.1 million (31 December 2023: approximately HK\$2,188.8 million) while the total equity decreased by 2.9% to approximately HK\$1,217.8 million (31 December 2023: approximately HK\$1,254.3 million).

As at 30 June 2024, the Group's total current assets and current liabilities were approximately HK\$563.5 million (31 December 2023: approximately HK\$649.9 million) and approximately HK\$451.7 million (31 December 2023: approximately HK\$576.7 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 1.25 (31 December 2023: approximately 1.13).



MANAGEMENT DISCUSSION AND ANALYSIS

Financial resources and liquidity (Continued)

Funding for the Group's operation was sourced mainly from internally generated cash flows, with flexibility through the use of bank loans.

As at 30 June 2024, the Group had cash and cash equivalents amounted to approximately HK\$290.0 million (31 December 2023: approximately HK\$345.1 million). After deducting the total interest-bearing bank borrowings of HK\$54.9 million (31 December 2023: approximately HK\$85.7 million), the Group had a net cash surplus position of approximately HK\$235.1 million (31 December 2023: approximately HK\$259.4 million).

As at 30 June 2024, the Group's total interest-bearing bank borrowings were decreased to approximately HK\$54.9 million (31 December 2023: approximately HK\$85.7 million) during the period under review. The gearing ratio (defined as the total of interest-bearing bank borrowings divided by the total equity attributable to the equity holders of the Company) was 4.6% (31 December 2023: 7.0%).

The Group maintains prudent funding and treasury policies towards its overall business operations and continues to apply measure to control costs, enhance cash flow and operational efficiency.

Capital expenditure

Capital expenditure for the six months ended 30 June 2024 amounted to approximately HK\$18.8 million (six months ended 30 June 2023: approximately HK\$61.4 million) and the capital commitments as at 30 June 2024 amounted to approximately HK\$2.2 million (31 December 2023: approximately HK\$2.1 million). The capital expenditure and the capital commitments were mainly for the renovation of the Group's new and existing restaurants and logistics centres.

Pledge of assets

As at 30 June 2024, the Group pledged its bank deposits of approximately HK\$14.9 million (31 December 2023: approximately HK\$15.0 million), right-of-use assets of approximately HK\$45.7 million (31 December 2023: approximately HK\$46.1 million), buildings of approximately HK\$27.4 million (31 December 2023: approximately HK\$28.0 million), investment properties of approximately HK\$20.5 million (31 December 2023: approximately HK\$20.5 million) to secure the banking facilities granted to the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

As at 30 June 2024, the Group had contingent liabilities in respect of bank guarantees given in lieu of rental and utility deposits amounting to approximately HK\$32.6 million (31 December 2023: approximately HK\$32.5 million).

Foreign exchange risk management

The Group's sales and purchases for the six months ended 30 June 2024 were mostly denominated in Hong Kong Dollars ("HK\$") and Renminbi ("RMB").

The RMB is not a freely convertible currency. Future exchange rates of the RMB could vary significantly from the current or historical exchange rates as a result of the controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of the RMB. The appreciation or devaluation of the RMB against HK\$ may have impact on the Group results.

The Group currently does not maintain a foreign currency hedging policy. However, the management monitors the foreign exchange exposure and arranges foreign exchange forward contracts to minimise foreign currency exposure when appropriate.

Human resources

As at 30 June 2024, the Group had 4,231 employees. In order to attract and retain the high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

In addition, the Group also adopted share option schemes, where eligible employees are entitled to various share options to subscribe for the ordinary shares in the Company for their past and potential contribution to the growth of the Group. As at 30 June 2024, there are 6,790,000 outstanding options granted under the Share Option Scheme which have not been exercised yet.



MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

The Group expects the economic and business environment in Hong Kong and Chinese Mainland to remain challenging in the second half of 2024. The management will adopt prudent operational and development strategies to help the Group cope with market changes and seize market opportunities.

Regarding its restaurants in Hong Kong, with “Chung’s House (鍾菜館)”, “Grand Ballroom (潮囍薈)” and “Boat One (壹號漁船)” reporting good performances, the Group will maintain its multi-brand strategy and open more special brand restaurants to enhance its reputation and competitive advantage.

The Group plans to launch promotional campaigns with more attractive offers and value-for-money products at different time of the day to reward supporters. During breakfast hours, it will extend the “Yum Cha Festival (飲茶節)” morning tea promotion period and launch the “Double Delight for Seniors (老友記孖寶)” at attractive prices to bring more elderly into its restaurants. During lunch hours, noodle products at “irresistible prices” will be available to office workers, and at dinner time, special menus at discounted prices and featuring limited-time seasonal dishes, fresh seafood and traditional plates for customers to choose from. As for late-night hours, customers will be able to enjoy special “\$9.9” series seafood hot pot set meals.

To ease such prevailing issues as labour shortage and rising labour costs, the Group has participated in the HKSAR Government-initiated “Enhanced Supplementary Labour Scheme”, so that it may import workers from Chinese Mainland to help reduce the workload of frontline staff in its restaurants and logistics centre in Hong Kong, and in turn improve service quality and staff morale.

With its Hong Kong logistics centre obtaining the FSSC 22000 certification, the highest-level third-party food safety audit and accreditation pinpointing the food manufacturing industry, during the Period, the Group is confident of winning the industry’s trust in the safety of its products, plus more processing contracts from large F&B chains, enabling it to in turn enlarge its customer base and boost profitability. In addition, it will continue to invest in technologies to upgrade equipment and production techniques for expanding its product range.

For its restaurants in Chinese Mainland, the Group recognises that customers are becoming more discerning about food quality. To enhance customer satisfaction, the Group will accelerate product R&D and improve quality. In addition, it will closely monitor consumer needs and market trends, adjusting its menus, pricing, service scope and marketing strategies accordingly. Regarding its logistics centre operation, chilled and packaged foods are currently sold at its self-owned supermarkets, as well as through e-commerce platforms and wholesale distributors. Moving forward, the Group will actively explore overseas markets, including Malaysia, Thailand, Australia, and the United Kingdom, with the aim of boosting sales and profits.

Looking forward, the management continues to be cautiously optimistic about the performance of the Group’s Hong Kong and Chinese Mainland businesses. The Group will prudently expand its restaurant network, improve the efficiency of its logistics centres, adopt stringent cost control strategies and maintain healthy cash flow, so as to ensure the steady growth of its businesses and create long-term value for shareholders.

OTHER INFORMATION

Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024.

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2024, the interests and short positions of the Directors in the share capital and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept 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 ("Model Code") were as follows:

Long positions in ordinary shares of the Company:

		Number of shares held, capacity and nature of interest						
Name of Directors	Notes	Directly	Through	Through	Beneficiary	Equity	Total	Percentage of the Company's share capital
		beneficially owned	spouse or minor children	controlled corporation				
Executive Directors								
Mr. Chung Wai Ping	(a) and (b)	6,983,000	12,174,222	–	423,434,689	–	442,591,911	43.63
Mr. Wong Ka Wing	(c)	5,522,679	–	103,283,124	–	–	108,805,803	10.73
Mr. Chung Chun Fung		3,000,000	–	–	–	–	3,000,000	0.30
Mr. Ho Yuen Wah	(d)	2,000,000	–	–	–	400,000	2,400,000	0.24
Non-executive Director								
Mr. Fong Siu Kwong		180,000	–	–	–	–	180,000	0.02
Independent Non-executive Director								
Ms. Wong Fun Ching		800,000	–	–	–	–	800,000	0.08

Notes:

- (a) Billion Era International Limited is wholly-owned by Tin Tao Investments Limited ("Tin Tao") which in turn is wholly-owned by Sapphire Skye Holdings Limited ("Sapphire"). Sapphire is holding the shares in Tin Tao as nominee for Zedra Trustees (Singapore) Limited ("Zedra Trustee") as trustees for a discretionary trust, the discretionary objects of which include Mr. Chung Wai Ping and certain members of his family. For the purposes of the SFO, Mr. Chung is the settlor of this trust.
- (b) 12,174,222 shares were held by Ms. Chan Sai Ying, spouse of Mr. Chung Wai Ping.
- (c) Of these shares, 5,522,679 shares were held by Mr. Wong Ka Wing personally and 103,283,124 shares were held by Joy Mount Investments Limited, which is wholly-owned by Mr. Wong Ka Wing.
- (d) These represented outstanding options granted to Directors under the Share Option Scheme to subscribe for shares of the Company, further details of which are set forth under the section headed "Share Option Schemes" to this report.



OTHER INFORMATION

Directors' Interests and Short Positions in Shares and Underlying Shares (Continued)

Long positions in ordinary shares of the Company: (Continued)

Saved as disclosed above, as at 30 June 2024, none of the directors and chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2024, the interests and short positions of every persons, other than Directors or chief executive of the Company, in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Notes	Number of ordinary shares (long position)		Total	% of total issued shares
		Directly beneficially owned	Through controlled corporation		
Billion Era International Limited	(a)	423,434,689	–	423,434,689	41.74
Tin Tao Investments Limited	(a)	–	423,434,689	423,434,689	41.74
Sapphire Skye Holdings Limited	(a)	–	423,434,689	423,434,689	41.74
Zedra Trustees (Singapore) Limited	(a)	–	423,434,689	423,434,689	41.74
Joy Mount Investments Limited	(b)	103,283,124	–	103,283,124	10.18
Perfect Plan International Limited	(c)	102,053,976	–	102,053,976	10.04
Whole Gain Holdings Limited		56,795,068	–	56,795,068	5.60

Notes:

- (a) Billion Era International Limited is wholly-owned by Tin Tao Investments Limited ("Tin Tao") which in turn is wholly-owned by Sapphire Skye Holdings Limited ("Sapphire"). Sapphire is holding the shares in Tin Tao as nominee for Zedra Trustees (Singapore) Limited ("Zedra Trustee") as trustees for a discretionary trust, the discretionary objects of which include Mr. Chung Wai Ping and certain members of his family. For the purposes of the SFO, Mr. Chung is the settlor of this trust.
- (b) These shares were wholly-owned by Joy Mount Investments Limited, which is beneficially owned by Mr. Wong Ka Wing.
- (c) These shares were wholly-owned by Perfect Plan International Limited, which is an indirect wholly-owned subsidiary of Café de Coral Holdings Limited whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Save as disclosed above, as at 30 June 2024, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' Interests and Short Positions in Shares and Underlying Shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

OTHER INFORMATION

Share Option Schemes

(a) Share Option Scheme

Pursuant to a share option scheme adopted by the Company on 9 June 2007 (the “Share Option Scheme”), the Company has granted 20,130,000 options to eligible directors, senior management and employees of the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated under the Share Option Scheme. Share options granted under the Share Option Scheme shall vest in 2 tranches, as to 50% and 50% on 1 December 2017 and 1 December 2018, respectively, subject to the fulfilment of certain vesting conditions and are exercisable at HK\$2.08 per share and the holders of the said share options may exercise the share options during the period from 2 December 2017 to 1 December 2026, both days inclusive.

Share Option Scheme expired on 8 June 2017 and no further options could be granted under the Share Option Scheme thereafter. However, the share options granted under the Share Option Scheme which have not been fully exercised remain valid until such time when such share options are fully exercised or have lapsed and will continue to be administered under the rules of the Share Option Scheme.

Details of the share options outstanding as at 30 June 2024 which have been granted under the Share Option Scheme are as follows:

Name	Date of grant	Number of share options					Outstanding at 30 June 2024
		Outstanding at 1 January 2024	Granted during the year	Exercised during the year	Lapsed on expiry	Forfeited upon termination of employment	
Executive Director							
Mr. Ho Yuen Wah	2 December 2016	400,000	–	–	–	–	400,000
Connected Person							
Mr. Chung Wai Leung	2 December 2016	300,000	–	–	–	–	300,000
Other employees	2 December 2016	6,750,000	–	–	(660,000)	–	6,090,000
Total		7,450,000	–	–	(660,000)	–	6,790,000



OTHER INFORMATION

Share Option Schemes (Continued)

(b) 2017 Share Option Scheme

On 25 May 2017, the Company adopted a new share option scheme (the “2017 Share Option Scheme”). Pursuant to the 2017 Share Option Scheme, the Directors may invite participants to take up options at a price determined by the Board of Directors but in any event shall not be less than the highest of (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day; (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant and; (iii) the nominal value of the shares. The option may be exercised in accordance with the terms of the 2017 Share Option Scheme at any time during the option period which may be determined and notified by the Board to the grantee at the time of making an offer which shall not expire later than 10 years from the grant date. As at the date of this report, no options have been granted or agreed to be granted pursuant to the 2017 Share Option Scheme.

Corporate Governance

The Board is committed to maintaining high standard of corporate governance practices to safeguard the interests of the Company’s shareholders and to enhance corporate value and accountability. These can be achieved by an effective Board, segregation of duties with clear accountability, sound internal control, appropriate risk assessment procedures and transparency to all the shareholders.

During the six months ended 30 June 2024, the Company has adopted the Corporate Governance Code (the “Code”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and complied with all applicable code provisions under the Code, save and except for the deviation from the code provision C.2.1 of the Code. Under the code provision C.2.1, the roles of Chairman and Chief Executive Officer (“CEO”) should be separate and should not be performed by the same individual. Currently, the Company does not comply with code provision C.2.1, i.e., the roles of the Chairman and CEO have not been separated. Considering that Mr. Chung Wai Ping has been operating and managing the Group since its incorporation, the Board believes that it is in the best interest of the Group to have Mr. Chung Wai Ping taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from code provision C.2.1 is appropriate in such circumstance.

Model Code of Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities by the Directors of the Company. Based on specific enquiry with the Directors, all the Directors have complied with the required standards as set out in the Code throughout the six months ended 30 June 2024.

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company’s listed securities.



OTHER INFORMATION

Publication of interim results

The electronic version of this report will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.taoheung.com.hk).

Appreciation

The Board would like to thank the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners and associates, bankers and auditors for their support to the Group throughout the period.

By order of the Board
Chung Wai Ping
Chairman and Chief Executive Officer

Hong Kong, 22 August 2024