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## 唐宮(中國)控股有限公司

TANG PALACE (CHINA) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1181)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “**Board**”) of Tang Palace (China) Holdings Limited (the “**Company**”) hereby announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 (the “**Year**”), together with comparative figures for the year ended 31 December 2023 as follows:

HIGHLIGHTS	For the year ended		Change in %
	31 December 2024	2023	
Revenue (RMB'000)	<b>1,021,063</b>	1,122,911	(9.1)%
Gross profit (RMB'000) <sup>(1)</sup>	<b>674,423</b>	744,219	(9.4)%
Gross profit margin	<b>66.1%</b>	66.3%	(0.2)%
(Loss)/profit for the year attributable to owners of the Company (RMB'000)	<b>(18,924)</b>	41,692	(145.4)%
Net (loss)/profit margin <sup>(2)</sup>	<b>(1.9)%</b>	3.8%	
Basic (loss)/earnings per share (RMB cents)	<b>(1.76)</b>	3.87	(145.5)%
Dividend per ordinary share			
— Interim special dividend (HK cents)	—	2.50	
— Proposed final dividend (HK cents)	<b>1.00</b>	1.50	
Number of restaurants (self-owned)	<b>32</b>	35	
Number of restaurants (joint ventures)	<b>17</b>	16	

(1) Gross profit is calculated by revenue minus cost of inventories consumed.

(2) Net (loss)/profit margin represents the percentage of (loss)/profit on the Group's revenue for the year.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	3	1,021,063	1,122,911
Other income	3	23,298	33,167
Cost of inventories consumed		(346,640)	(378,692)
Staff costs		(422,729)	(437,306)
Depreciation of items of property, plant and equipment		(29,574)	(33,862)
Depreciation of right-of-use assets		(52,491)	(52,231)
Utilities and consumables		(52,575)	(55,741)
Rental and related expenses		(31,250)	(33,412)
Other expenses		(103,721)	(104,299)
Finance costs	5	(10,230)	(10,774)
Change in fair value of a financial asset at fair value through profit or loss		(5,517)	2,065
Share of losses of joint ventures		(1,137)	(3,572)
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	<b>(11,503)</b>	48,254
Income tax expense	7	(7,401)	(5,990)
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(18,904)</b>	<b>42,264</b>
Attributable to:			
Owners of the Company		(18,924)	41,692
Non-controlling interests		20	572
		<b>(18,904)</b>	<b>42,264</b>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	9		
Basic and diluted ( <i>RMB cents</i> )		<b>(1.76)</b>	<b>3.87</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<u><b>(18,904)</b></u>	<u>42,264</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u><b>1,636</b></u>	<u>175</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Financial asset at fair value through other comprehensive income:		
Changes in fair value	<b>(2,441)</b>	1,596
Income tax effect	<u><b>610</b></u>	<u>(399)</u>
	<u><b>(1,831)</b></u>	<u>1,197</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX</b>	<u><b>(195)</b></u>	<u>1,372</u>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	<u><u><b>(19,099)</b></u></u>	<u><u>43,636</u></u>
Attributable to:		
Owners of the Company	<b>(19,119)</b>	43,064
Non-controlling interests	<u><b>20</b></u>	<u>572</u>
	<u><u><b>(19,099)</b></u></u>	<u><u>43,636</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2024*

	<i>Notes</i>	<b>2024</b>	2023
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>82,554</b>	79,754
Right-of-use assets		<b>187,056</b>	205,855
Investments in joint ventures		<b>18,869</b>	17,906
Financial asset at fair value through other comprehensive income		<b>21,833</b>	24,274
Financial asset at fair value through profit or loss		—	26,209
Prepayments and deposits	<i>10</i>	<b>21,037</b>	41,400
Deferred tax assets		<b>17,190</b>	20,062
Total non-current assets		<b><u>348,539</u></b>	<u>415,460</u>
<b>CURRENT ASSETS</b>			
Inventories		<b>28,130</b>	27,070
Trade and other receivables and prepayments	<i>10</i>	<b>34,856</b>	39,920
Due from joint ventures		<b>1,187</b>	1,649
Tax recoverable		<b>161</b>	264
Financial asset at fair value through profit or loss		<b>19,274</b>	—
Cash and cash equivalents		<b>328,281</b>	321,374
Total current assets		<b><u>411,889</u></b>	<u>390,277</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>11</i>	<b>340,843</b>	331,458
Due to related companies		<b>118</b>	658
Lease liabilities		<b>47,429</b>	55,439
Tax payable		<b>500</b>	600
Total current liabilities		<b><u>388,890</u></b>	<u>388,155</u>
<b>NET CURRENT ASSETS</b>		<b><u>22,999</u></b>	<u>2,122</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>371,538</u></b>	<u>417,582</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>162,488</b>	171,640
Deferred tax liabilities		<b>3,838</b>	4,991
Total non-current liabilities		<b><u>166,326</u></b>	<u>176,631</u>
<b>NET ASSETS</b>		<b><u>205,212</u></b>	<u>240,951</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	<i>12</i>	<b>45,821</b>	45,821
Reserves		<b>159,864</b>	193,763
		<b>205,685</b>	239,584
Non-controlling interests		<b>(473)</b>	1,367
Total equity		<b><u>205,212</u></b>	<u>240,951</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability, and its shares (the “**Shares**”) are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business is located at Unit 3, 10th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong.

During the year, the Group was principally engaged in restaurant operations and food productions.

### 2.1 BASIS OF PREPARATION

The 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**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. The financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024. 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.

## 2.1 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 parent of the Group 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 the related assets (including goodwill), liabilities, any non-controlling interest and exchange fluctuation reserve; and recognises the fair value of any investment retained and 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.

## 2.2 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 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the 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.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (*Continued*)

- (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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

## 3. REVENUE AND OTHER INCOME

An analysis of the Group's revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Restaurant operations	<u>1,021,063</u>	<u>1,122,911</u>
<b>Revenue from contracts with customers</b>		
<i>(i) Disaggregated revenue information</i>		
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Type of goods or services</b>		
Revenue from Chinese restaurant operations and total revenue from contracts with customers	<u>1,021,063</u>	<u>1,122,911</u>
<b>Geographical markets</b>		
Northern China	263,873	275,293
Eastern China	352,037	391,659
Southern China	282,163	316,056
Western China	<u>122,990</u>	<u>139,903</u>
Total revenue from contracts with customers	<u>1,021,063</u>	<u>1,122,911</u>
<b>Timing of revenue recognition</b>		
At a point in time	<u>1,021,063</u>	<u>1,122,911</u>

### 3. REVENUE AND OTHER INCOME (Continued)

#### Revenue from contracts with customers (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 settlement and in connection with settlement through payment platforms. The credit period is generally less than one month.

An analysis of the Group's other income is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Other income</b>		
Bank interest income	2,199	3,461
Commission income <sup>#</sup>	17,338	18,784
Government grants <sup>*</sup>	1,495	8,756
Others	<u>2,266</u>	<u>2,166</u>
	<u><u>23,298</u></u>	<u><u>33,167</u></u>

<sup>#</sup> Commission income represents commission received or receivable in respect of sales of tea related products.

<sup>\*</sup> Government grants represent the incentive subsidies received from the Mainland China for the business activities carried out by the Group. There are no specific conditions attached to the grants. There are no unfulfilled condition or contingencies relating to these grants.



#### 4. OPERATING SEGMENT INFORMATION

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

- (i) the Southern China region;
- (ii) the Eastern China region;
- (iii) the Northern China region; and
- (iv) the Western China region.

Management monitors the results of its 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 certain interest income, share of losses of joint ventures, change in fair value of a financial asset at fair value through profit or loss, unallocated expenses and finance costs (other than interest on lease liabilities) are excluded from such measurement.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

##### **Information about major customers**

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

#### 4. OPERATING SEGMENT INFORMATION *(Continued)*

Segment information about the business is presented below:

	Northern China		Eastern China		Southern China		Western China		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue</b>										
Sales to external customers	263,873	275,293	352,037	391,659	282,163	316,056	122,990	139,903	1,021,063	1,122,911
Inter-segment sales	—	—	76,253	87,098	—	—	—	—	76,253	87,098
	<u>263,873</u>	<u>275,293</u>	<u>428,290</u>	<u>478,757</u>	<u>282,163</u>	<u>316,056</u>	<u>122,990</u>	<u>139,903</u>	<u>1,097,316</u>	<u>1,210,009</u>
<i>Reconciliation:</i>										
Elimination of inter-segment sales									(76,253)	(87,098)
Revenue									<u>1,021,063</u>	<u>1,122,911</u>
<b>Segment results</b>	24,142	38,097	(4,888)	27,610	30,241	29,704	561	7,082	50,056	102,493
<i>Reconciliation:</i>										
Interest income									349	360
Share of losses of joint ventures									(1,137)	(3,572)
Change in fair value of a financial asset at fair value through profit or loss									(5,517)	2,065
Unallocated expenses									(55,254)	(52,929)
Finance costs (other than interest on lease liabilities)									—	(163)
(Loss)/profit before tax									<u>(11,503)</u>	<u>48,254</u>
<b>Other segment information:</b>										
Depreciation of items of property, plant and equipment	5,456	4,154	12,019	11,445	6,387	11,680	5,712	6,583	29,574	33,862
Depreciation of right-of-use assets	17,881	17,051	19,033	21,738	13,089	10,922	2,488	2,520	52,491	52,231
Impairment of property, plant and equipment	—	—	450	—	—	—	1,743	3,314	2,193	3,314
Impairment of right-of-use assets	—	—	2,357	—	—	—	2,297	—	4,654	—
Amortisation of intangible assets	—	—	—	—	—	211	—	—	—	211
Capital expenditure*	<u>12,342</u>	<u>9,821</u>	<u>11,963</u>	<u>17,307</u>	<u>9,744</u>	<u>3,439</u>	<u>1,107</u>	<u>4,985</u>	<u>35,156</u>	<u>35,552</u>

\* Capital expenditure represents additions to property, plant and equipment and intangible assets.

For management purposes, segment revenue and segment results are the two key indicators provided to the Group's chief operating decision maker to make decisions about the resource allocation and to assess performance. No segment asset and liability information is presented as, in the opinion of the directors, such information is not a key indicator provided to the Group's chief operating decision maker.

The Group's revenue arises from restaurant operations and food productions.

#### **Geographical information**

All of the Group's operations are located in the People's Republic of China (the "PRC"), including Hong Kong. The Group's revenue from external customers and all of its non-current assets are located in the PRC, including Hong Kong.

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank loans	—	163
Interest on lease liabilities	<u>10,230</u>	<u>10,611</u>
	<u><b>10,230</b></u>	<u>10,774</u>

## 6. (LOSS)/PROFIT BEFORE TAX

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

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Directors' remuneration	<b>12,152</b>	8,681
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	<b>355,922</b>	379,940
Pension scheme contributions (defined contribution schemes)^	<u>54,655</u>	<u>48,685</u>
Total staff costs	<u><b>422,729</b></u>	<u>437,306</u>
Depreciation of items of property, plant and equipment	<b>29,574</b>	33,862
Depreciation of right-of-use assets	<b>52,491</b>	52,231
Amortisation of intangible assets#	—	211
Loss on disposal of items of property, plant and equipment#	<b>630</b>	249
Impairment of property, plant and equipment#	<b>2,193</b>	3,314
Impairment of right-of-use assets#	<b>4,654</b>	—
Impairment of an investment in a joint venture#	<b>816</b>	1,573
Impairment of an amount due from a joint venture#	<b>727</b>	461
Foreign exchange differences, net#	<b>1,062</b>	584
Change in fair value of a financial asset at fair value through profit or loss	<u><b>5,517</b></u>	<u>(2,065)</u>

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

# Items are included in "Other expenses" in the consolidated statement of profit or loss.

## 7. INCOME TAX

The Company's subsidiaries in Mainland China are subject to income tax at the rate of 25% (2023: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current — PRC		
Charge for the year	3,091	5,657
Underprovision in prior years	170	99
Current — Hong Kong		
Charge for the year	—	23
PRC withholding tax on dividend income	1,811	1,575
Deferred	<u>2,329</u>	<u>(1,364)</u>
Total tax charge for the year	<u><u>7,401</u></u>	<u><u>5,990</u></u>

## 8. DIVIDENDS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interim special dividend — Nil (2023: HK2.50 cents) per ordinary share	—	24,211
Proposed final dividend — HK1.00 cent (2023: HK1.50 cents) per ordinary share	<u>10,115</u>	<u>14,688</u>
	<u><u>10,115</u></u>	<u><u>38,899</u></u>

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

**9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY**

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,074,721,981 (2023: 1,076,027,500) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculations of basic and diluted (loss)/earnings per share are based on:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>(Loss)/earnings</b>		
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic and diluted (loss)/earnings per share calculations	<u>(18,924)</u>	<u>41,692</u>
	<b>Number of shares</b>	
	<b>2024</b>	2023
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted (loss)/earnings per share calculations	<u>1,074,721,981</u>	<u>1,076,027,500</u>

**10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS**

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	9,417	13,270
Prepayments	24,979	25,301
Deposits and other receivables	<u>21,497</u>	<u>42,749</u>
	<b>55,893</b>	81,320
Less: Prepayments and deposits classified as non-current assets	<u>(21,037)</u>	<u>(41,400)</u>
	<u><b>34,856</b></u>	<u>39,920</u>

The Group's trading terms with its customers are mainly credit card settlement and in connection with bills settled through payment platforms with credit period generally less than 30 days. 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. 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.

## 10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 30 days	9,155	11,794
31 to 60 days	131	342
61 to 90 days	91	116
Over 90 days	<u>40</u>	<u>1,018</u>
	<u><u>9,417</u></u>	<u><u>13,270</u></u>

## 11. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	44,761	52,255
Other payables and accruals	15,339	17,250
Salary and welfare payables	28,021	25,702
Contract liabilities	<u>252,722</u>	<u>236,251</u>
	<u><u>340,843</u></u>	<u><u>331,458</u></u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 30 days	36,456	41,581
31 to 60 days	2,506	2,988
61 to 90 days	795	1,356
91 to 180 days	987	2,482
Over 180 days	<u>4,017</u>	<u>3,848</u>
	<u><u>44,761</u></u>	<u><u>52,255</u></u>

The trade and other payables are non-interest-bearing and are normally settled on terms of 30 days to 90 days.

## 12. ISSUED CAPITAL

	As at 31 December 2024		As at 31 December 2023	
	<i>HK\$'000</i>	<i>RMB'000 equivalent</i>	<i>HK\$'000</i>	<i>RMB'000 equivalent</i>
Authorised: 4,000,000,000 ordinary shares of HK\$0.05 each	<u>200,000</u>		<u>200,000</u>	
Issued and fully paid: 1,076,027,500 ordinary shares of HK\$0.05 each	<u>53,801</u>	<u>45,821</u>	<u>53,801</u>	<u>45,821</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

In 2024, mainland China's economy achieved an annual growth rate of 5%, aligning with overall official expectations. Driven by the national encouragement of new productive forces, especially for industries with high technology manufacturers and electric vehicles, progress was made for industrial upgrades, and exports also increased compared to the previous year. However, the overall consumption remained weak due to uncertain market expectations for economic prospects and a continuing downturn in the real estate market. The Consumer Price Index (CPI) for the entire year only rose slightly by 0.2%. However, due to insufficient consumer confidence, the recovery in the consumption market did not materialize quickly. The total retail sales of consumer goods nationwide grew by 3.5% for the entire year, a significant decline compared to the 5.5% at the beginning of the year and 7.2% for the entire year of 2023. The catering industry was particularly hard hit by the downgrade in consumer spending, with national catering revenue growth declining from double-digit increases in January 2024 and February 2024 to an average of 5.3% for the entire year. Meanwhile, after showing signs of improvement in the first quarter, Hong Kong's economy retreated due to increasing external uncertainties, with an annual GDP growth of 2.5%.

### BUSINESS REVIEW

In 2024, the economies of mainland China and Hong Kong continue to face multiple challenges. In the first half of the year, natural disasters in various regions of China, the ongoing funding crisis in real estate, and global political instability have led to slow economic recovery and weak overall consumption. After the Lunar New Year holiday in 2024, the consumer market has noticeably declined, and expectations regarding increased export tariffs from China have contributed to a decline in consumption. On the other hand, since 2023, a trend of outbound travel and changing consumption patterns of visitors to Hong Kong, led to a significant downturn in Hong Kong's consumer market. Consequently, the number of customers and per capita spending in the Group's restaurants in both mainland China and Hong Kong have been greatly affected. In response to the challenging economic environment and low consumer sentiment, the Group's business strategy for the year focused on enhancing marketing promotions to stabilize operations and customer flow, as well as strengthening online publicity. Despite the impact of various external conditions, the Group has consistently launched multi-faceted and multi-channel promotional activities. As a result, the overall revenue reached RMB1,021.1 million for the year ended 31 December 2024 (the "Year") (2023: RMB1,122.9 million). Furthermore, despite significant pressures on operating costs, the Group has managed to stabilize its cost structure through lean management, and thus gross profit margin decreased slightly to 66.1% for the Year (2023: 66.3%).



## **Thematic marketing creates proactive consumption**

In recent years, the Group's business in mainland China has primarily focused on holiday and commemorative themes. With government policies encouraging domestic or local tourism, various local governments have implemented strategies to develop tourist cities by enhancing or optimizing public facilities to create convenient travel conditions. As a result, traditional major holidays such as the Lunar New Year and National Day have strong consumption atmospheres that help boost dining consumption. The Group has therefore strengthened its promotional activities throughout the Year centered around holidays, encouraging proactive customer spending. This included introducing more holiday-themed products and set menus, especially during the second half of the Year which were filled with different festivals, with a focus on "value for money" as the goal. In addition to traditional holidays like Mother's Day, Father's Day, and Dragon Boat Festival, special attention was also given to other commemorative celebrations such as birthdays, Senior's birthday banquet, Teacher's Day and wedding anniversary, ensuring that themed activities occurred every month. On the other hand, apart from set menus, the Group enhanced its service by offering free decorations, host, ceremonial atmosphere and complementary souvenirs etc. Holiday-themed activities not only helped in stabilizing the Group's revenue but also helped to maintain customer loyalty and stabilize foot traffic. In Hong Kong, the Group partnered with a popular travel platform KKday this year to launch child friendly dim sum cooking classes, which received an enthusiastic response. Moving forward, further promotion on similar customer interactive events will be explored.

## **Online promotion maintains exposure**

In the first half of 2024, the Group revamped its online promotion strategy. In the past, regions took the lead in collaborating with different platforms based on their needs. This approach has now been replaced by unified planning across the Group. Leveraging the Group's supply chain advantages, "value for money" bulk purchase packages have been introduced online. By collaborating with professional media agencies, the Group continuously optimized its online promotion strategies. For instance, promotional buzz was enhanced through influencer store visit videos and regular live streaming, which boosted online product sales. Moreover, the Group has improved brand image and page traffic through optimizing official page designs. Additionally, activities such as "bookmark and check-in" rewards and exclusive cash voucher promotions have been launched on various platforms to boost exposure. On the other hand, outdoor live-streaming activities have been planned on private domain platforms. For the first time, outdoor live sales were conducted at the original production site of fruit souvenir products. This innovative promotional model brought a sense of freshness to customers and effectively attracted more customer visits and ongoing attention to official updates, achieving notable results. In addition to using online platforms to attract more dine-in customers, the Group has also expanded its delivery business through professional online platforms. By optimizing products to match consumption scenarios, introducing exclusive products for delivery sales, and continuously improving operational efficiency to enhance customer experience, the Group achieved a milestone of surpassing 1 million online delivery transactions in 2024.

## **Membership optimization to strengthen the customer base**

Both mainland China and Hong Kong managed their own independent membership systems. The Group focused on maintaining member engagement and encouraging repeat purchases as the top strategy in 2024. As at 31 December 2024, the Group had a total of over 1.5 million members across both regions and consistently introduced various special membership offers to strengthen the customer base. In mainland China, the emphasis was on regularly launching themed exclusive offers for members and recharge bonus activities to boost loyalty and repeated sales, such as birthday, membership upgrade, and holiday giveaways. At the same time, the integration of the private domain membership system with public online platforms has been completed, allowing customers to directly register as members through platforms like Dianping and Douyin (TikTok). Members can also enjoy exclusive benefits, significantly expanding membership registration channels and greatly improving the membership experience. In Hong Kong, the focus is on regularly updating the food options available for points redemption, as well as proactively offering birthday discounts and member appreciation events to attract customers to the stores.

## **Joint Venture Businesses**

The brands developed under joint venture experienced stable business in 2024. In the first quarter of 2024, a hot pot restaurant opened in Hong Kong, collaborating with a well-known Beijing-style dining group in mainland China, achieved strong revenue. The Group believes there is potential for expansion and is actively preparing to open a second store in Hong Kong. Additionally, it plans to collaborate with a Singaporean dining group to explore opportunities for opening its first overseas branch in Singapore, aiming to further expand the brand influence and market coverage.

## **PROSPECT**

Facing economic uncertainties in 2025, the Group recognizes the need to improve operational efficiency, with digitalization playing an essential role in the enhancement. Currently, it is actively preparing to further personalize and refine systems for reservations, ordering, delivery, and membership from the front lines, as well as optimizing management through operational reports and leveraging big data combined with artificial intelligence (AI) technology to drive innovative management. In 2024, the Group reviewed and adjusted its business expansion efforts. In 2025, it will resume store opening plans and launch new business units with innovative models. At the same time, the Group maintains a cautiously optimistic attitude towards the anticipated economic risks in 2025, adopting a consistent prudent approach to manage costs and continuously enhancing operational efficiency. This will ensure healthy and stable future development for the Group while providing solid conditions for business expansion.

## FINANCIAL REVIEW

As at 31 December 2024, the Group was operating 32 restaurants and 17 other restaurants under joint ventures. The table below illustrates the number of restaurants by major brands, together with the average spending per customer and percentage of revenue to the Group:

Brand	No. of restaurants as at 31 December		Average spending per customer as at 31 December		Percentage of revenue contributed to the Group as at 31 December	
	2024	2023	2024	2023	2024	2023
			RMB	RMB		
Tang's Cuisine	1	2	421.2	471.6	2.7%	3.8%
Tang Palace*	25	26	229.6	253.7	82.9%	79.3%
Social Place	5	5	195.8	182.1	12.1%	13.1%
Canton Tea Room	—	1	111.1	115.7	0.3%	1.8%
Soup Delice	1	1	89.9	90.7	1.3%	1.3%

\* including Tang Palace Seafood Restaurant, Tang Palace and Tang Palace He Yuan

As mentioned above, the Group's overall revenue for the Year decreased by 9.1% to approximately RMB1,021.1 million, and the overall gross profit margin decreased slightly to 66.1% (2023: 66.3%).

During the Year, the Group's share award scheme expense calculated at market price amounted to approximately RMB1.4 million (2023: approximately RMB0.5 million). By excluding this expense item, the Group's percentage of revenue on staff costs was 41.3% (2023: 38.9%). In addition, percentage of revenue on depreciation of items of property, plant and equipment was 2.9% (2023: 3.0%) and utility and consumables expenses was 5.1% (2023: 5.0%). Rental and related expenses were categorised as depreciation of right-of-use assets and finance costs according to HKFRS 16. During the Year, percentage of revenue on depreciation of right-of-use assets was 5.1% (2023: 4.7%), percentage of revenue on finance costs was 1.0% (2023: 1.0%) and percentage of revenue on rental and related expenses was 3.1% (2023: 3.0%).

During the Year, income tax expense was approximately RMB7.4 million (2023: approximately RMB6.0 million), which included withholding tax on dividend income of approximately RMB1.8 million (2023: approximately RMB1.6 million) and deferred tax expense of approximately RMB2.3 million (2023: deferred tax credit of approximately RMB1.4 million). During the Year, provision of impairment losses on property, plant and equipment and right-of-use assets of approximately RMB6.8 million (2023: approximately RMB3.3 million) was recognized as a result of continuous loss making restaurants based on impairment assessment performed by management in accordance with prudent and appropriate accounting principles. The Group recognized fair value loss of a financial asset at fair value through profit or loss of approximately RMB5.5 million based on the

valuation report prepared by an independent external valuer for the Year (2023: gain of approximately RMB2.1 million). As a result of the foregoing, there was a turnaround from profit to loss for the Year. The loss attributable to owners of the Company for the Year amounted to approximately RMB18.9 million (2023: profit attributable to owners of the Company amounted to approximately RMB41.7 million).

### **Cash flow**

Cash and cash equivalents increased by approximately RMB6.9 million from approximately RMB321.4 million as at 31 December 2023 to approximately RMB328.3 million as at 31 December 2024. Net cash of approximately RMB110.1 million was generated from operating activities during the Year. Net cash used in investing activities amounted to approximately RMB33.8 million during the Year, mainly due to the purchase of property, plant and equipment of approximately RMB35.2 million and advance of a loan/capital injection to joint ventures of approximately RMB2.9 million, offset by interest received of approximately RMB4.3 million. Net cash used in financing activities amounted to approximately RMB70.0 million for the Year.

### **Liquidity and Financial Resources**

The Group's funding and treasury activities are managed and controlled by the senior management. The Group maintained cash and cash equivalents of approximately RMB328.3 million as at 31 December 2024 (31 December 2023: approximately RMB321.4 million). As at 31 December 2024, the Group's total assets, net current assets and net assets were approximately RMB760.4 million (31 December 2023: approximately RMB805.7 million), approximately RMB23.0 million (31 December 2023: approximately RMB2.1 million) and approximately RMB205.2 million (31 December 2023: approximately RMB241.0 million), respectively.

As at 31 December 2024, the Group had no bank borrowings (31 December 2023: Nil). The gearing ratio (calculated as bank borrowings divided by total equity) was nil as at 31 December 2024 (31 December 2023: Nil).

As at 31 December 2024, the current ratio (calculated as current assets divided by current liabilities) was 1.1 (31 December 2023: 1.0).

The directors are of the opinion that the Group has sufficient working capital for the Group's operations and expansion in the near future.

### **Foreign Currency Exposure**

The business operations of the Group's subsidiaries were conducted mainly in the Mainland China with revenue and expenses of the Group's subsidiaries denominated mainly in RMB. The Group's cash and bank deposits were denominated mainly in RMB, with some denominated in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars against RMB as the functional currency may have a financial impact to the Group.

As at 31 December 2024, the directors considered the Group's foreign exchange risk to be insignificant. During the Year, the Group did not use any financial instruments for hedging purposes.

## **OTHER INFORMATION**

### **Number and Remuneration of Employees**

As at 31 December 2024, the Group had around 2,600 employees in Hong Kong and the PRC (31 December 2023: around 3,000). Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis, which is in line with industry practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes, share awards and performance related bonus.

### **Capital Commitment**

The Group's capital commitment was approximately RMB0.5 million and RMB5.9 million as at 31 December 2024 and 31 December 2023, respectively.

### **Charges on Group Assets**

As at 31 December 2024, the Group had neither a banking facility nor pledge of assets (31 December 2023: Nil).

### **Contingent Liabilities**

As at 31 December 2024, the Group did not have any material contingent liabilities (31 December 2023: Nil).

### **Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures**

During the Year, there was no material acquisition or disposal of subsidiaries, associates and joint ventures of the Company.

### **Purchase, Sale or Redemption of Listed Securities of the Company**

During the Year, the trustee of the share award scheme of the Company (adopted on 1 April 2021), pursuant to the terms of the trust deed of the aforesaid scheme, purchased on the Stock Exchange a total of 5,000,000 Shares with a total consideration of approximately RMB1.8 million equivalent.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Year. As at 31 December 2024, the Company did not hold any treasury shares.

## **Compliance with Corporate Governance Code**

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

The Company has complied with all the code provisions as set out in Appendix C1 (Corporate Governance Code) to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) throughout the Year.

## **Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”)**

The Company has adopted its own code for securities transactions by directors on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry of all of the directors and all of the directors confirmed that they have complied with the required standards set out in the Model Code during the Year.

## **Scope of Work of Ernst & Young**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit of loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Company’s auditors, Ernst & Young (“**EY**”), to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by EY in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by EY on the preliminary announcement.

## **Audit Committee**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference (as amended or supplemented) in compliance with the Corporate Governance Code. The Audit Committee comprises all the three independent non-executive directors, namely Mr. KWONG Ping Man, Mr. KWONG Chi Keung and Mr. CHAN Kin Shun.

The Audit Committee has reviewed the Company’s consolidated financial statements for the Year.

## **ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting will be held on 6 June 2025 (the “**AGM**”). A formal notice of the AGM will be published and dispatched to shareholders of the Company (the “**Shareholders**”) as required by the Listing Rules in due course.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HK1.00 cent per ordinary share (2023: HK1.50 cents), payable to Shareholders whose names appear on the register of members of the Company on 20 June 2025. The above proposed dividend has already taken into account the Group's sufficiency in its working capital and business development requirements.

Subject to the approval of the Shareholders at the forthcoming AGM to held on 6 June 2025, the final dividend is expected to be paid on 25 July 2025.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from 2 June 2025 to 6 June 2025 (both days inclusive), during which period no transfer of share(s) will be effected. In order to be eligible to attend and vote at the AGM, all transfers documents, accompanied by the relevant share certificates, must be lodged with Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 30 May 2025.

The proposed final dividend is subject to the passing of an ordinary resolution by the Shareholders at the AGM. For the purpose of determining the entitlement of the Shareholders to the final dividend for the year ended 31 December 2024 (if approved), the register of members of the Company will be closed on 20 June 2025, during which no transfer of share(s) will be effected. To be entitled to the final dividend for the year ended 31 December 2024 (if approved), all transfers documents, accompanied by the relevant share certificates, must be lodged with Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 19 June 2025.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.tanggong.cn](http://www.tanggong.cn)).

The Group's annual report, containing the information required by the Listing Rules, will be issued to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

## APPRECIATION

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

By Order of the Board  
**Tang Palace (China) Holdings Limited**  
**WENG Peihe**  
*Chairman*

Hong Kong, 26 March 2025

*As at the date of this announcement, the Board comprises the following directors:*

*Executive directors:*

*Ms. WENG Peihe, Mr. YIP Shu Ming,  
Mr. CHAN Man Wai, Mr. KU Hok Chiu,  
Mr. CHEN Zhi Xiong*

*Independent non-executive directors:*

*Mr. KWONG Chi Keung, Mr. KWONG Ping Man,  
Mr. CHAN Kin Shun*