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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the “**Board**”) of Tang Palace (China) Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025 (the “**Period**”), together with comparative figures for the six months ended 30 June 2024 as follows:

HIGHLIGHTS

	For the six months ended		Change in %
	30 June 2025	2024	
Revenue (RMB'000)	464,928	527,309	-11.8%
Gross profit (RMB'000) ⁽¹⁾	312,462	349,196	-10.5%
Gross profit margin	67.2%	66.2%	+1.0%
(Loss)/profit for the Period attributable to owners of the Company (RMB'000)	(18,159)	3,379	
Basic (loss)/earnings per share (RMB cents)	(1.69)	0.31	
Interim dividend/Interim special dividend per share (HK cents)	—	—	
Number of restaurants (self-owned)	29	33	
Number of restaurants (takeaway satellite stores)	6	—	
Number of restaurants (joint ventures)	13	17	

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	4	464,928	527,309
Other income	4	13,427	11,799
Cost of inventories consumed		(152,466)	(178,113)
Staff costs		(200,214)	(216,109)
Depreciation of items of property, plant and equipment		(15,307)	(17,357)
Depreciation of right-of-use assets		(24,060)	(27,325)
Utilities and consumables		(23,985)	(25,948)
Rental and related expenses		(16,824)	(14,016)
Other expenses	5	(49,283)	(46,064)
Finance costs		(4,770)	(5,503)
Change in fair value of a financial asset at fair value through profit or loss		(9,015)	—
Share of (losses)/profits of joint ventures		(337)	205
(LOSS)/PROFIT BEFORE TAX	5	(17,906)	8,878
Income tax credit/(expense)	6	495	(5,230)
(LOSS)/PROFIT FOR THE PERIOD		<u>(17,411)</u>	<u>3,648</u>
Attributable to:			
Owners of the Company		(18,159)	3,379
Non-controlling interests		<u>748</u>	<u>269</u>
		<u>(17,411)</u>	<u>3,648</u>
(LOSS)/EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE COMPANY	8		
Basic and diluted (RMB cents)		<u>(1.69)</u>	<u>0.31</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2025*

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
(LOSS)/PROFIT FOR THE PERIOD	<u>(17,411)</u>	<u>3,648</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(299)</u>	<u>242</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	<u>(299)</u>	<u>242</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(17,710)</u>	<u>3,890</u>
Attributable to:		
Owners of the Company	<u>(18,458)</u>	<u>3,621</u>
Non-controlling interests	<u>748</u>	<u>269</u>
	<u>(17,710)</u>	<u>3,890</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025	As at 31 December 2024
	Notes	RMB'000 (unaudited)	RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		65,446	82,554
Right-of-use assets		168,292	187,056
Investments in joint ventures		17,877	18,869
Financial asset at fair value through other comprehensive income		21,833	21,833
Prepayments and deposits	9	19,213	21,037
Deferred tax assets		17,148	17,190
Total non-current assets		309,809	348,539
CURRENT ASSETS			
Inventories		22,406	28,130
Trade and other receivables and prepayments	9	26,891	34,856
Due from joint ventures		1,187	1,187
Tax recoverable		354	161
Financial asset at fair value through profit or loss		10,063	19,274
Cash and cash equivalents		337,549	328,281
Total current assets		398,450	411,889
CURRENT LIABILITIES			
Trade and other payables	10	328,180	340,843
Due to related companies		118	118
Lease liabilities		57,942	47,429
Tax payable		117	500
Total current liabilities		386,357	388,890

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
NET CURRENT ASSETS	<u>12,093</u>	<u>22,999</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>321,902</u>	<u>371,538</u>
NON-CURRENT LIABILITIES		
Lease liabilities	131,402	162,488
Deferred tax liabilities	<u>3,838</u>	<u>3,838</u>
Total non-current liabilities	<u>135,240</u>	<u>166,326</u>
NET ASSETS	<u><u>186,662</u></u>	<u><u>205,212</u></u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	45,821	45,821
Reserves	<u>141,406</u>	<u>159,864</u>
	187,227	205,685
Non-controlling interests	<u>(565)</u>	<u>(473)</u>
Total equity	<u><u>186,662</u></u>	<u><u>205,212</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025

1. CORPORATE INFORMATION

Tang Palace (China) Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located in 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 Period, the Company and its subsidiaries (collectively, the “**Group**”) were principally engaged in restaurant operations and food productions.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The unaudited condensed consolidated 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 2024.

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those of the Group as set out in the Group’s annual financial statements for the year ended 31 December 2024, except for the adoption of the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time for the current period’s financial information.

Amendments to HKAS 21	<i>The effects of changes in foreign exchange rates</i>
	<i>— Lack of Exchangeability</i>

The application of the amendments to HKFRS Accounting Standards in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on geographical areas and has four reportable operating segments in Northern, Eastern, Southern and Western regions of China.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted operating 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/profits 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

During the Period, there was no revenue from customers individually contributing over 10% to the total revenue of the Group.

Segment information about the business is presented below:

	Northern region		Eastern region		Southern region		Western region		Total	
					For the six months ended 30 June					
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue:										
Sales to external customers	125,344	133,431	158,126	189,242	127,717	140,598	53,741	64,038	464,928	527,309
Inter-segment sales	—	—	43,773	37,418	—	—	—	—	43,773	37,418
	125,344	133,431	201,899	226,660	127,717	140,598	53,741	64,038	508,701	564,727
Reconciliation:										
Elimination of inter-segment sales									(43,773)	(37,418)
Revenue									<u>464,928</u>	<u>527,309</u>
Segment results	6,718	14,178	909	3,739	7,218	18,400	(92)	4,362	14,753	40,679
Reconciliation:										
Interest income									207	121
Share of (losses)/profits of joint ventures									(337)	205
Change in fair value of a financial asset at fair value through profit or loss									(9,015)	—
Unallocated expenses									(23,514)	(32,127)
(Loss)/profit before tax									<u>(17,906)</u>	<u>8,878</u>

3. OPERATING SEGMENT INFORMATION *(Continued)*

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 assets and liabilities 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 is generated from restaurants operations and food productions.

Geographical information

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

4. REVENUE AND OTHER INCOME

Revenue from contracts with customers

(i) Disaggregated revenue information

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers		
External customers	464,928	527,309
Inter-segment sales	43,773	37,418
	508,701	564,727
Inter-segment adjustments and eliminations	(43,773)	(37,418)
Total revenue from contracts with customers	464,928	527,309

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Restaurant operations	151,091	149,419

4. 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.

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	2,144	1,215
Commission income [#]	7,842	8,781
Government grants [*]	296	752
Others	3,145	1,051
	13,427	11,799

[#] Commission income represents commission received or receivable in respect of sales of tea related products.

^{*} 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.

5. (LOSS)/PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Directors' remuneration	3,911	8,211
Other staff costs	167,662	184,160
Pension scheme contributions	28,641	23,738
	<u>200,214</u>	<u>216,109</u>
Total staff costs		
Depreciation of items of property, plant and equipment	15,307	17,357
Depreciation of right-of-use assets	24,060	27,325
Impairment of property, plant and equipment [#]	2,912	423
Advertisement and promotion expenses [#]	11,772	9,304
Restaurants operating expenses and charges [#]	21,076	20,959
Sanitation and maintenance expenses [#]	9,197	9,924
Travelling, carriage and freight [#]	2,975	3,406
Change in fair value of a financial asset at fair value through profit or loss	9,015	—
	<u>9,015</u>	<u>—</u>

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

6. INCOME TAX

Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. The Company's subsidiaries in Mainland China are subject to income tax at the rate of 25% (six months ended 30 June 2024: 25%).

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current — PRC		
Charge for the period	1,004	2,867
(Overprovision)/underprovision in prior periods	(1,225)	189
Current — Hong Kong		
Charge for the period	—	—
PRC withholding tax on dividend income	—	1,505
Deferred	(274)	669
	<u>(495)</u>	<u>5,230</u>

7. DIVIDEND

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interim dividend — Nil		
(six months ended 30 June 2024: Nil)	<u>—</u>	<u>—</u>

After considering the Group's operating and development capital needs, the Board has resolved not to declare any interim dividend for the six months ended 30 June 2025.

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

The calculation of the basic (loss)/earnings per share amount for the Period is based on the loss for the Period of RMB18,159,000 (six months ended 30 June 2024: profit of RMB3,379,000) attributable to ordinary equity holders of the Company and the weighted average number of 1,076,027,500 Shares (six months ended 30 June 2024: 1,076,027,500 Shares) in issue.

The Group had no potentially dilutive Shares in issue during the Period and six months ended 30 June 2024. Accordingly, there was no diluted earnings per share amounts for the Period and six months ended 30 June 2024.

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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 30 days.

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Trade receivables	6,912	9,417
Prepayments	18,890	24,979
Deposits and other receivables	<u>20,302</u>	<u>21,497</u>
	46,104	55,893
Less: Prepayments and deposits classified as non-current assets	<u>(19,213)</u>	<u>(21,037)</u>
	<u>26,891</u>	<u>34,856</u>

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

The 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:

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Trade receivables:		
Within 30 days	6,662	9,155
31 to 60 days	125	131
61 to 90 days	22	91
Over 90 days	103	40
	<u>6,912</u>	<u>9,417</u>

10. TRADE AND OTHER PAYABLES

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Trade payables	37,208	44,761
Other payables and accruals	10,904	15,339
Salary and welfare payables	29,878	28,021
Contract liabilities	250,190	252,722
	<u>328,180</u>	<u>340,843</u>

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

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Trade payables:		
Within 30 days	29,112	36,456
31 to 60 days	2,337	2,506
61 to 90 days	530	795
91 to 180 days	1,189	987
Over 180 days	4,040	4,017
	<u>37,208</u>	<u>44,761</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2025, the global economy faced significant impact due to the implementation of tariffs initiated by the new U.S. administration, coupled with increased instability in international affairs. This led to heightened tensions in international trade relations, subdued economic confidence, and slow economic recovery. According to the International Monetary Fund (IMF) forecasts, although the global economy showed some resilience against tariffs in 2025, it continued to weaken and remained vulnerable, with global growth expected to slow down compared to the previous year. While the governments of Mainland China and Hong Kong actively implemented various stimulus measures to maintain steady economic growth, insufficient market confidence affected consumer sentiment, resulting in downward pressure on consumption in both markets. Competition in the catering market also intensified, with an oversupply and operational pressures. According to catering media 紅餐網(canyin88.com), nearly 3 million restaurants in Mainland China were closed in 2024. Meanwhile, media reports from Hong Kong indicated dozens of restaurant closures in the first half of 2025.

BUSINESS REVIEW

In the first half of 2025, the Group's restaurants in Mainland China and Hong Kong were affected by weak consumer sentiment, with customers generally maintaining cautious spending behavior. In Mainland China, structural changes in consumption patterns were influenced by recent international trade uncertainties and the continued slowdown in the real estate market. Recently, the Chinese government introduced various regulations promoting thrift and curbing waste, including strict alcohol bans for civil servants, which further negatively impacted the consumer market. The Hong Kong catering market also faced huge challenges. Government data indicated a decline in the number of food establishments and only marginal growth in total revenue in the first half of 2025, with significant decline in Chinese restaurants. Market conditions reflect a shift in consumption behavior towards value-for-money and essential dining. As the Group mainly operates Chinese cuisines, it was affected by these downward market trends, with declines in average customer spending and dine-in traffic, leading to an 11.8% decrease in overall revenue as compared to the same period last year, recording RMB464.9 million for the six months ended 30 June 2025. Despite intense market competition and high rental and labor costs, the Group upheld effective supply chain management, successfully raising the gross profit margin to 67.2% during the Period (2024: 66.2%).

The Group's main operations are concentrated in Mainland China, where competition is particularly fierce due to structural changes in the consumer market. The Group's strategy during the Period primarily focused on stabilizing dine-in revenue, maintaining online exposure, and expanding takeaway business. In the first half of 2025, the revenue of the Group's self-operated business in Hong Kong region also declined when compared to the same period last year, due to a branch closure upon lease expiration, coupled with a persistently weak local consumer market. During the Period, the Hong Kong operation focused on strengthening local promotional offers to encourage repeat patronage and stabilize the business.

Refinement of Dine-in Themes to Stabilize Business

In recent years, consumers have shown a growing preference for restaurants with distinctive and prominent themes. The Group has always held a competitive advantage through personalized services. Based on this, the key strategy for the Period is to further strengthen and highlight the Group's unique market positioning. With "Tang Palace Banquets" as the core focus, and centered around festivals and social gatherings, we aim to develop our restaurants into experiential venues that offer memorable celebration dining experiences. From booking and communication with customers, electronic invitations, scene decoration, surprises during the meal, to small gifts after dining, the Group enhances customer experience while following up post-meal and offering accompanying guest discounts to encourage repeat consumption and attract new customers. To realize the "Tang Palace Banquet" concept, the Group set goals to increase banquet revenue proportion for each store, with over half of the stores achieving a banquet revenue ratio exceeding 20%. Seafood cuisine is another competitive advantage of the Group. Aligned with current consumption patterns, the Group enriched the seafood variety on the menu and incorporated "value for money" seafood items. Bulk purchase helped maintain a controllable gross margin. The Group believes that establishing a distinctive seafood-themed offering will support business growth, with strategies and targets set for increasing seafood sales ratio for the first half of the year and plans to promote widely in the second half.

Focusing on Platform Traffic Conversion and Expanding New Takeaway Business Models

The Mainland China takeaway market has developed remarkably, expanding in scale and evolving into a distinct business model focused on quality improvement, market segmentation, and traffic management. This is closely related to the Group's core business but has unique consumption and operational characteristics. During the Period, the Group optimized its overall market positioning, rebranding as a high-quality online takeaway operator. This included launching more online-exclusive combo meals tailored to the preferences of takeaway customers. The Group continued in-depth cooperation with platforms by regularly analyzing and tracking platform traffic conversion factors.

Takeaway business segmentation became a core growth factor. In 2025, the Group started new initiatives, cooperating with takeaway platforms for the first time by using their powerful AI data analytics to discover new business opportunities. Takeaway satellite stores were opened in locations which are supported by nearby branches without additional investment, thereby expanding revenue streams. As at 30 June 2025, six takeaway satellite stores were opened in Beijing, Shanghai and Chengdu, with plans to open more stores and expand into other regions in the second half of the year.

OUTLOOK

The Group expects a challenging operating environment in the restaurant market in the second half of 2025. Facing economic uncertainties and changing consumer behavior, it will pursue a prudent and stable development strategy to ensure overall business stability. Meanwhile, the Group will actively explore growth opportunities and strive to seize chances in adversity.

To further expand the market, the Group has confirmed plans to open new branches in Shanghai and Shenzhen in the third and fourth quarters of 2025, respectively, continuing to strengthen regional presence. Besides, the Group is also vigorously promoting the development of takeaway satellite stores, a smoothly operating and profitable model since its introduction. Five new takeaway satellite stores were opened since July 2025, with expansion plans underway across regions to accelerate this business segment's coverage.

Separately, the Group's specialty soup and dim sum store in Shanghai has shown stable business performance and positive market response, demonstrating the model's potential for sustainable development. In light of this, the Group plans to open a second specialty soup and dim sum store in Beijing within the year to further test the model's cross-regional replicability and lay the foundation for future scalable expansion.

The Group believes that through prudent decision-making and proactive innovation, it will navigate challenges steadily and continue to explore new growth drivers.

FINANCIAL REVIEW

As at 30 June 2025, the Group was operating 29 self-owned restaurants, 6 self-owned takeaway satellite stores and invested in 13 other restaurants under joint ventures. The table below illustrates the number of self-owned restaurants by major brands, together with the percentage of revenue to the Group:

Brand	No. of restaurants as at 30 June		Percentage of revenue contributed to the Group as at 30 June	
	2025	2024	2025	2024
Tang's Cuisine	1	1	3.0%	4.0%
Tang Palace*	24	26	85.1%	81.6%
Takeaway satellite stores	6	—	0.1%	—
Social Place	3	5	9.8%	11.8%
Soup Delice	1	1	1.3%	1.2%

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

As mentioned above, the Group's overall revenue for the Period decreased by 11.8% to approximately RMB464.9 million, while the overall gross profit margin slightly increased to 67.2% (2024: 66.2%).

During the Period, the Group had no share award scheme expense (2024: RMB1.8 million). By excluding this expense item, the Group's percentage of revenue on staff costs was 43.1% (2024: 40.6%). In addition, percentage of revenue on depreciation of items of property, plant and equipment remained 3.3% (2024: 3.3%) and utility and consumables expenses was 5.2% (2024: 4.9%). Rental and related expenses were categorised as depreciation of right-of-use assets and finance costs according to HKFRS 16. During the Period, percentage of revenue on depreciation of right-of-use assets remained 5.2% (2024: 5.2%), percentage of revenue on finance costs remained 1.0% (2024: 1.0%) and percentage of revenue on rental and related expenses was 3.6% (2024: 2.7%).

During the Period, provision of impairment losses on property, plant and equipment of approximately RMB2.9 million (2024: approximately RMB0.4 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 RMB9.0 million as a result of increasing credit risk based on the valuation report prepared by an independent external valuer in accordance with the applicable accounting standards for the Period (2024: Nil).

During the Period, income tax credit was approximately RMB0.5 million, which included overprovision of income tax expense in prior periods for approximately RMB1.2 million net off with income tax charged for the Period of approximately RMB1.0 million and deferred tax credit of approximately RMB0.3 million (2024: income tax expense of approximately RMB5.2 million).

As a result of the foregoing, there was a turnaround from profit to loss for the Period. The loss attributable to owners of the Company for the Period amounted to approximately RMB18.2 million (2024: profit attributable to owners of the Company approximately RMB3.4 million).

Cash flow

Cash and cash equivalents increased by approximately RMB9.3 million from approximately RMB328.3 million as at 31 December 2024 to approximately RMB337.5 million as at 30 June 2025. Net cash of approximately RMB33.1 million was generated from operating activities during the Period. Net cash generated from investing activities amounted to approximately RMB1.7 million during the Period, mainly due to interest received of approximately RMB2.1 million and dividend received from joint ventures of approximately RMB0.7 million, offset by purchase of property, plant and equipment of approximately RMB1.1 million. Net cash used in financing activities amounted to approximately RMB25.4 million for the Period.

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 RMB337.5 million as at 30 June 2025 (31 December 2024: approximately RMB328.3 million). As at 30 June 2025, the Group's total assets, net current assets and net assets were approximately RMB708.3 million (31 December 2024: approximately RMB760.4 million), approximately RMB12.1 million (31 December 2024: approximately RMB23.0 million) and approximately RMB186.7 million (31 December 2024: approximately RMB205.2 million), respectively.

As at 30 June 2025, the Group had no bank borrowings (31 December 2024: Nil). The gearing ratio (calculated as bank borrowings divided by total equity) was nil as at 30 June 2025 (31 December 2024: Nil).

As at 30 June 2025, the current ratio (calculated as current assets divided by current liabilities) was 1.0 (31 December 2024: 1.1). 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 Mainland China with revenues 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.

During the Period, the Group did not use financial instruments for hedging purposes. The Group continues to manage and monitor these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

OTHER INFORMATION

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2025, the Group had over 2,400 employees. The Group recognises the importance of human resources to its success, and therefore qualified and experienced personnel are recruited for operation and expansion of restaurants. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and 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 RMB0.6 million as at 30 June 2025 (31 December 2024: RMB0.5 million).

CHARGES ON GROUP'S ASSETS

As at 30 June 2025 and 31 December 2024, the Group did not have any charges on its assets.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

During the Period, there was no material acquisition or disposal of subsidiaries, associated companies or joint ventures of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 Period. As at 30 June 2025, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE CODE

The Board is of the opinion that the Company has complied with all applicable code provisions as set out in the corporate governance code contained in Appendix C1 to the Listing Rules throughout the Period.

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 enquiries of all directors and all of the directors confirmed that they have complied with the required standards set out in the Model Code during the Period.

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Kwong Ping Man as chairman as well as Mr. Kwong Chi Keung and Mr. Chan Kin Shun, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed the auditing, risk management and internal control, as well as financial reporting matters including the review of the unaudited condensed consolidated interim results and interim report of the Group for the Period.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for six months ended 30 June 2025 (six months ended 30 June 2024: nil).

APPRECIATION

The Board would like to thank the management of the Group and all of 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
Tang Palace (China) Holdings Limited
Weng Peihe
Chairman

Hong Kong, 27 August 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