**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 2026

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 2026 (the "**Period**"), together with comparative figures for the six months ended 30 June 2025 as follows:

**HIGHLIGHTS**

| | For the six months ended 30 June | | Change in |
|---|---|---|---|
| | **2026** | 2025 | % |
| **Revenue** *(RMB'000)* | **421,541** | 464,928 | –9.3% |
| **Gross profit** *(RMB'000)* [1] | **282,593** | 312,462 | –9.6% |
| **Gross profit margin** | **67.0%** | 67.2% | –0.2% |
| **Loss for the Period attributable to owners of the Company** *(RMB'000)* | **(7,376)** | (18,159) | |
| **Basic loss per share** *(RMB cents)* | **(0.69)** | (1.69) | |
| **Interim dividend per share** *(HK cents)* | **—** | — | |
| **Number of restaurants (self-owned)** | **32** | 29 | |
| **Number of restaurants (takeaway satellite stores)** | **1** | 6 | |
| **Number of restaurants (joint ventures)** | **13** | 13 | |

(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 2026*

| | Notes | Six months ended 30 June 2026 RMB'000 (unaudited) | 2025 RMB'000 (unaudited) |
|---|---|---|---|
| Revenue | 4 | **421,541** | 464,928 |
| Other income | 4 | **9,865** | 13,427 |
| Cost of inventories consumed | | **(138,948)** | (152,466) |
| Staff costs | | **(170,296)** | (200,214) |
| Depreciation of items of property, plant and equipment | | **(12,754)** | (15,307) |
| Depreciation of right-of-use assets | | **(29,764)** | (24,060) |
| Utilities and consumables | | **(24,685)** | (23,985) |
| Rental and related expenses | | **(9,366)** | (16,824) |
| Other expenses | 5 | **(49,072)** | (49,283) |
| Finance costs | | **(4,589)** | (4,770) |
| Change in fair value of a financial asset at fair value through profit or loss | | **—** | (9,015) |
| Share of profits/(losses) of joint ventures | | **1,483** | (337) |
| LOSS BEFORE TAX | 5 | **(6,585)** | (17,906) |
| Income tax (expense)/credit | 6 | **(792)** | 495 |
| LOSS FOR THE PERIOD | | **(7,377)** | (17,411) |
| Attributable to: | | | |
| Owners of the Company | | **(7,376)** | (18,159) |
| Non-controlling interests | | **(1)** | 748 |
| | | **(7,377)** | (17,411) |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 8 | | |
| Basic and diluted (RMB cents) | | **(0.69)** | (1.69) |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2026*

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| LOSS FOR THE PERIOD | **(7,377)** | (17,411) |
| OTHER COMPREHENSIVE LOSS | | |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | **(815)** | (299) |
| OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX | **(815)** | (299) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | **(8,192)** | (17,710) |
| Attributable to: | | |
| Owners of the Company | **(8,191)** | (18,458) |
| Non-controlling interests | **(1)** | 748 |
| | **(8,192)** | (17,710) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2026*

| | Notes | As at 30 June 2026 RMB'000 (unaudited) | As at 31 December 2025 RMB'000 (audited) |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **50,274** | 60,148 |
| Right-of-use assets | | **177,818** | 188,848 |
| Investments in joint ventures | | **20,176** | 21,765 |
| Financial asset at fair value through other comprehensive income | | **12,197** | 12,197 |
| Prepayments and deposits | *9* | **16,710** | 17,580 |
| Deferred tax assets | | **11,416** | 10,507 |
| Total non-current assets | | **288,591** | 311,045 |
| **CURRENT ASSETS** | | | |
| Inventories | | **19,394** | 23,204 |
| Trade and other receivables and prepayments | *9* | **28,556** | 28,301 |
| Due from joint ventures | | **1,141** | 1,141 |
| Tax recoverable | | **424** | 898 |
| Financial asset at fair value through profit or loss | | **—** | — |
| Restricted cash | | **—** | 12,659 |
| Restricted time deposits | | **125,002** | 125,002 |
| Cash and cash equivalents | | **182,831** | 170,009 |
| Total current assets | | **357,348** | 361,214 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | *10* | **321,265** | 330,263 |
| Due to related companies | | **88** | 124 |
| Lease liabilities | | **62,091** | 57,345 |
| Tax payable | | **86** | — |
| Total current liabilities | | **383,530** | 387,732 |

| | As at 30 June 2026 *RMB'000* (unaudited) | As at 31 December 2025 *RMB'000* (audited) |
|---|---|---|
| **NET CURRENT LIABILITIES** | **(26,182)** | (26,518) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | **262,409** | 284,527 |
| **NON-CURRENT LIABILITIES** | | |
| Lease liabilities | **143,055** | 157,681 |
| Deferred tax liabilities | **2,032** | 1,332 |
| Total non-current liabilities | **145,087** | 159,013 |
| **NET ASSETS** | **117,322** | 125,514 |
| **EQUITY** | | |
| **Equity attributable to owners of the Company** | | |
| Issued capital | **45,821** | 45,821 |
| Reserves | **73,007** | 81,198 |
| | **118,828** | 127,019 |
| Non-controlling interests | **(1,506)** | (1,505) |
| Total equity | **117,322** | 125,514 |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*As at 30 June 2026*

### 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, food productions and sales of food products.

### 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 2025.

The Group has prepared the unaudited condensed consolidated interim financial statements on a going concern basis. The Group recorded net current liabilities of RMB26.2 million as at 30 June 2026. Included therein were contract liabilities of RMB250.5 million which will be settled through catering services to be provided by the Group. In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance when assessing whether the Group will have sufficient financial resources to continue as a going concern and meet its liabilities as and when they fall due in the foreseeable future.

The management has prepared a cash flow forecast for the Group which covers a period of twelve months from the end of the reporting period. Taking into account the positive cash flows from operations and the ability of management to adjust the pace of its operational expansion, the Directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due. Therefore, there are no material uncertainties that may cast significant doubt over the going concern assumption and the Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to operate for the foreseeable future.

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 2025, 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 HKFRS 9 and HKFRS 7 | *Amendments to the Classification and Measurement of Financial Instruments* |
| Amendments to HKFRS 9 and HKFRS 7 | *Contracts Referencing Nature-dependent Electricity* |
| *Annual Improvements to HKFRS Accounting Standards — Volume 11* | Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 |

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 | | | | | | | | | |
| | **2026** | 2025 | **2026** | 2025 | **2026** | 2025 | **2026** | 2025 | **2026** | 2025 |
| | ***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 | **119,593** | 125,344 | **131,491** | 158,126 | **120,147** | 127,717 | **50,310** | 53,741 | **421,541** | 464,928 |
| Inter-segment sales | **—** | — | **34,846** | 43,773 | **—** | — | **—** | — | **34,846** | 43,773 |
| | **119,593** | 125,344 | **166,337** | 201,899 | **120,147** | 127,717 | **50,310** | 53,741 | **456,387** | 508,701 |
| Reconciliation: | | | | | | | | | | |
| Elimination of inter-segment sales | | | | | | | | | **(34,846)** | (43,773) |
| Revenue | | | | | | | | | **421,541** | 464,928 |
| **Segment results** | **7,640** | 6,718 | **2,661** | 909 | **3,166** | 7,218 | **2,932** | (92) | **16,399** | 14,753 |
| Reconciliation: | | | | | | | | | | |
| Interest income | | | | | | | | | **135** | 207 |
| Share of profits/(losses) of joint ventures | | | | | | | | | **1,483** | (337) |
| Change in fair value of a financial asset at fair value through profit or loss | | | | | | | | | **—** | (9,015) |
| Unallocated expenses | | | | | | | | | **(24,602)** | (23,514) |
| Loss before tax | | | | | | | | | **(6,585)** | (17,906) |

## 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, food productions and sales of food products.

**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

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

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| **Revenue from contracts with customers** | | |
| Restaurant operations | **419,100** | 462,004 |
| Sales of food products | **2,441** | 2,924 |
| | **421,541** | 464,928 |

**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 | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| **Revenue from contracts with customers** | | |
| External customers | **421,541** | 464,928 |
| Inter-segment sales | **34,846** | 43,773 |
| | **456,387** | 508,701 |
| Inter-segment adjustments and eliminations | **(34,846)** | (43,773) |
| Total revenue from contracts with customers | **421,541** | 464,928 |

## 4. REVENUE AND OTHER INCOME *(Continued)*

**Revenue from contracts with customers** *(Continued)*

### *(i)* ***Disaggregated revenue information*** *(Continued)*

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 | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: | | |
| Restaurant operations | **127,034** | 151,091 |

### *(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.

*Sales of food products*

The performance obligation is satisfied when the food products have been delivered 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 | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Other income** | | |
| Bank interest income | **2,004** | 2,144 |
| Commission income# | **6,920** | 7,842 |
| Government grants* | **479** | 296 |
| Others | **462** | 3,145 |
| | **9,865** | 13,427 |

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

* Government grants represent the incentive subsidies received from the Chinese Mainland 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 BEFORE TAX

The Group's loss before tax has been arrived at after charging:

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Directors' remuneration | **3,582** | 3,911 |
| Other staff costs | **141,017** | 167,662 |
| Pension scheme contributions | **25,697** | 28,641 |
| Total staff costs | **170,296** | 200,214 |
| Depreciation of items of property, plant and equipment | **12,754** | 15,307 |
| Depreciation of right-of-use assets | **29,764** | 24,060 |
| Impairment of property, plant and equipment# | **252** | 2,912 |
| Impairment of right-of-use assets# | **420** | — |
| Provision of impairment of investment in a joint venture# | **3,073** | — |
| Advertisement and promotion expenses# | **10,754** | 11,772 |
| Restaurants operating expenses and charges# | **21,602** | 21,076 |
| Sanitation and maintenance expenses# | **8,745** | 9,197 |
| Travelling, carriage and freight# | **2,520** | 2,975 |
| Change in fair value of a financial asset at fair value through profit or loss | **—** | 9,015 |

# 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 the Chinese Mainland are subject to income tax at the rate of 25% (six months ended 30 June 2025: 25%).

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Current — PRC | | |
| Charge for the period | **947** | 1,004 |
| Underprovision/(overprovision) in prior periods | **54** | (1,225) |
| Current — Hong Kong | | |
| Charge for the period | **—** | — |
| Deferred | **(209)** | (274) |
| | **792** | (495) |

## 7. DIVIDEND

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Interim dividend — Nil (six months ended 30 June 2025: Nil) | **—** | — |

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 2026.

## 8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount for the Period is based on the loss for the Period of RMB7,376,000 (six months ended 30 June 2025: loss of RMB18,159,000) attributable to ordinary equity holders of the Company and the weighted average number of 1,076,027,500 Shares (six months ended 30 June 2025: 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 2025. Accordingly, there was no diluted earnings per share amounts for the Period and six months ended 30 June 2025.

## 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 2026** | As at 31 December 2025 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Trade receivables | **7,175** | 8,013 |
| Prepayments | **17,939** | 17,890 |
| Deposits and other receivables | **20,152** | 19,978 |
| | **45,266** | 45,881 |
| Less: Prepayments and deposits classified as non-current assets | **(16,710)** | (17,580) |
| | **28,556** | 28,301 |

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.

## 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 2026** ***RMB'000*** **(unaudited)** | As at 31 December 2025 *RMB'000* (audited) |
|---|---|---|
| Trade receivables: | | |
| Within 30 days | **6,853** | 7,729 |
| 31 to 60 days | **197** | 92 |
| 61 to 90 days | **57** | 4 |
| Over 90 days | **68** | 188 |
| | **7,175** | 8,013 |

## 10. TRADE AND OTHER PAYABLES

| | **As at 30 June 2026** ***RMB'000*** **(unaudited)** | As at 31 December 2025 *RMB'000* (audited) |
|---|---|---|
| Trade payables | **30,124** | 36,472 |
| Other payables and accruals | **11,639** | 10,856 |
| Salary and welfare payables | **29,047** | 29,936 |
| Contract liabilities | **250,455** | 252,999 |
| | **321,265** | 330,263 |

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 2026** ***RMB'000*** **(unaudited)** | As at 31 December 2025 *RMB'000* (audited) |
|---|---|---|
| Trade payables: | | |
| Within 30 days | **22,665** | 31,462 |
| 31 to 60 days | **2,088** | 1,233 |
| 61 to 90 days | **741** | 230 |
| 91 to 180 days | **1,128** | 291 |
| Over 180 days | **3,502** | 3,256 |
| | **30,124** | 36,472 |

## MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY REVIEW

In the first half of 2026, the economies of the Chinese Mainland and Hong Kong continue to record moderate growth, although the recovery in consumer demand remained relatively weak. The food and beverage industry also experienced slower growth and increasing structural differentiation. In the Chinese Mainland, the restaurant market has gradually shifted from expansion driven by scale to a competitive model centred on quality, efficiency and differentiation, with market segmentation becoming increasingly pronounced. According to data from the National Bureau of Statistics, national catering revenue reached RMB2,825.5 billion in the first half of 2026, representing a year-on-year increase of 2.8%, compared with 4.3% in the corresponding period of 2025. Monthly growth remained above 2% from January through April before moderating, with growth reaching only 1.2% in June. This indicates that consumption was more strongly supported by public holidays, tourism and specific consumption occasions.

Hong Kong's restaurant market showed modest improvement, supported by the event economy, local consumption and visitor demand, although the overall recovery remained weak. According to data from the Census and Statistics Department of the Hong Kong Government, total restaurant receipts increased by 1.1% year on year in the first quarter of 2026, while the growth rate slowed to 0.4% in the second quarter. For the first half of the year as a whole, total receipts rose by 0.8% year on year, but declined by 0.1% in volume terms. This suggests that, despite a slight increase in nominal revenue, underlying consumer demand remained under pressure.

## BUSINESS REVIEW

For the six months ended 30 June 2026 (the "**Period**"), the Group recorded total revenue of RMB421.5 million, representing a decrease of 9.3% compared with the corresponding period in 2025. Despite the decline in overall revenue, the Group proactively adjusted its strategies to stabilise its business operations. The Group's operations are primarily focused on the Chinese Mainland market. In response to the highly competitive industry environment, increasingly segmented market and growing popularity of single-product focused restaurants, as well as customers' rising expectations for quality and value for money, the Group undertook a substantial restructuring of its menu during the Period to sharpen its sales focus of core products and enhance operational efficiency. The redesigned menu features two dedicated core categories, namely the "Four Must-Try Dishes" and the "Ten Signature Dishes", showcasing dishes that best represent the brand and enjoy strongest customer recognition, while reintroducing classic favourites to rekindle loyal customers' enthusiasm. This reinforces the brand's distinctive characteristics and preserve its culinary heritage. To address different consumption occasions, the Group also developed differentiated dish recommendations and sales strategies for the main dining area and VIP rooms. Dishes recommended in the main dining area focus on broad appeal, value for money and family dining appeal, for ease of selection, while those recommended in the VIP rooms place greater emphasis on value perception, an exclusive dining experience and banquet requirements. Following the launch of the new menu, the Group successfully increased the dine-in sales contribution of its core dishes within a relatively short period, with their contribution of sales gradually increasing to over 25%. The Group will continue to review and adjust its sales targets as appropriate.

In addition to sharpening the Group's sales focus, the menu restructuring has improved customers' ordering efficiency through clearer menu categorisation and more targeted recommendations. This helps drive the sales of signature dishes. At the same time, centralised procurement and greater utilisation of common ingredients enable the Group to benefit from bulk purchasing and enhanced bargaining power, reduce inventory levels and food wastage, improve consistency of product quality, and enhance overall operational efficiency and profitability. As a result of these initiatives, although the Group's total revenue declined during the Period, its gross profit margin remained stable at 67.0%.

The Group places significant emphasis on the marketing of festive dining and small-scale banquets, viewing them as important tools for increasing average spending per customer, stimulating family and social consumption, and showcasing the brand experience. Since last year, the Group has strategically enhanced its thematic marketing initiatives, centered around the "Tang Palace Banquet" concept, which establishes an overarching banquet theme throughout the year and covers festive gatherings, family reunions and various types of small-scale banquets. This initiative is intended to strengthen the Group's brand positioning and broaden the occasions for customer consumption. At the same time, the Group has continued to enhance the management mechanisms of its dedicated banquet team and strengthen frontline staff training, including a particular focus on developing "Banquet Specialists" to enhance the standards of banquet planning, process management and personalised service. During the Period, the Group also introduced a dedicated banquet promotion programme. Through a range of membership benefits and rebate offers, the programme encourages customers to make advance reservations, thereby securing demand for holiday dining, banquet, and especially birthday banquet occasions. During the Period, banquet sales accounted for more than 30% of the Group's total sales, with all regions recording continued growth as compared with the corresponding period in 2025. It has played an important role in stabilising dine-in spending of VIP rooms.

In response to weak demand in the food and beverage market, the Group has adopted a more prudent approach to business expansion. Since the second half of 2025, the Group opened new restaurants at renowned international hotels in Shanghai and Suzhou. The new restaurants utilised the hotels' existing fittings and equipment, thereby requiring lower level of capital investment. They also leveraged the hotels' brand recognition, geographical locations and established customer bases, enabling the Group to expand its business more efficiently. Since their openings, the two new restaurants' revenue performance reached expectation, validating the feasibility and development potential of this model. Accordingly, in the first half of 2026, the Group formally entered into a strategic cooperation framework agreement with a renowned international hotel group, and opened a new restaurant in Shanghai in the first quarter with the objective of "building an integrated food, beverage, hospitality and tourism ecosystem". Pursuant to the agreement, the Group will establish restaurants across the hotel group's strategically located hotel network, thereby expanding its food and beverage business footprint. The Group expects to open another restaurant under this model in Northern China in the second half of 2026, further strengthening its regional presence while maintaining control over capital investment and expansion risks.

**Hong Kong operations**

Hong Kong residents' visits to the Chinese Mainland for consumption have gradually evolved from a novel experience into a regular lifestyle choice, particularly during long weekends and extended holidays. This trend has continued to affect customer traffic and consumption appetite in Hong Kong's local food and beverage industry. In response to the competitive advantages of the food and beverage sector of the Chinese Mainland, particularly in terms of value for money, product innovation and variety, the Hong Kong operations have proactively adjusted their menu structure by drawing on the Group's experience in the Chinese Mainland market. The revised menu places greater emphasis on core dishes under the categories of "Classics", "Signature Dishes" and "Must-Try Dishes", thereby enhancing product recognition and sharpening the sales focus. At the same time, the Group has strengthened its personalised birthday-themed services and continued to launch a wide range of promotional initiatives, including flash limited-time offers, cash vouchers and exclusive festive programmes, to enhance customer incentives and drive restaurant visits. The Group has also enhanced its online and social media marketing efforts to reach target customer segments more precisely, highlight its brand characteristics, product quality and dining experience, and respond to outbound consumption and market competition through differentiation. These initiatives are intended to gradually stabilise the customer base and business performance of the Hong Kong operations.

## PROSPECT

The Group expects that the food and beverage market to remain challenging in the second half of 2026. Factors including consumer demand, operating costs and market competition may continue to place pressure on business performance. Accordingly, the Group will continue to adopt a prudent and flexible operating strategy, actively seeking quality and sustainable growth opportunities while maintaining control over investment risks.

In terms of business expansion, the Group will continue to adopt the asset-light model as its principal expansion strategy. Priority will be given to establishing partnerships with hotels or other business partners that possess strong brand recognition, quality customer bases and established operating facilities. This approach is expected to reduce upfront capital investment, shorten the restaurant opening and investment payback cycles, and enhance the opening efficiency and profitability potential of new restaurants. At the same time, the Group is actively exploring new business models and developing new brands with growth potential and market differentiation. The Group expects to introduce a new brand into its restaurant network in the second half of 2026, further enriching its brand portfolio, expanding its consumption occasions and broadening its revenue sources.

In terms of operational management, the Group will continue to implement cost reduction and efficiency enhancement initiatives. These will include optimising menu structures, centralising procurement, increasing the utilisation of common ingredients, strengthening inventory and wastage management, and improving workforce allocation and operating procedures, thereby enhancing resource utilisation and cost efficiency.

On the basis of prudent control over capital expenditure and operating risks, the Group will continue to enhance the profitability and brand competitiveness of its existing businesses, while preparing for an improvement in market conditions and future business growth.

## FINANCIAL REVIEW

As at 30 June 2026, the Group was operating 32 self-owned restaurants, 1 self-owned takeaway satellite store 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 2026 | 2025 | Percentage of revenue contributed to the Group as at 30 June 2026 | 2025 |
|---|---|---|---|---|
| Tang's Cuisine | **1** | 1 | **3.4%** | 3.0% |
| Tang Palace* | **27** | 24 | **86.5%** | 85.1% |
| Takeaway satellite stores | **1** | 6 | **0.3%** | 0.1% |
| Social Place | **3** | 3 | **7.6%** | 9.8% |
| Soup Delice | **1** | 1 | **1.6%** | 1.3% |

* *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 9.3% to approximately RMB421.5 million, while the overall gross profit margin slightly decreased to 67.0% (2025: 67.2%).

During the Period, the Group had no share award scheme expense (2025: Nil). The Group's percentage of revenue on staff costs was 40.4% (2025: 43.1%). In addition, percentage of revenue on depreciation of items of property, plant and equipment decreased to 3.0% (2025: 3.3%) and utility and consumables expenses was 5.9% (2025: 5.2%). 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 increased to 7.1% (2025: 5.2%), percentage of revenue on finance costs slightly increased to 1.1% (2025: 1.0%) and percentage of revenue on rental and related expenses was 2.2% (2025: 3.6%).

During the Period, provision of impairment losses on property, plant and equipment and right-of use assets in the aggregate amount of approximately RMB0.7 million (2025: approximately RMB2.9 million) were recognised as a result of continuous loss-making restaurants based on impairment assessment performed by management in accordance with prudent and appropriate accounting principles. In addition, provision of impairment of investments in a joint venture of approximately RMB3.1 million (2025: Nil) was recognised.

During the Period, income tax expense was approximately RMB0.8 million, which included underprovision of income tax expense in prior periods for approximately RMB0.1 million and income tax charges for the Period of approximately RMB0.9 million, net off with deferred tax credit of approximately RMB0.2 million (2025: income tax credit of approximately RMB0.5 million).

The loss attributable to owners of the Company for the Period amounted to approximately RMB7.4 million (2025: loss attributable to owners of the Company approximately RMB18.2 million).

**Cash flow**

Cash and cash equivalents increased by approximately RMB12.8 million from approximately RMB170.0 million as at 31 December 2025 to approximately RMB182.8 million as at 30 June 2026. Net cash of approximately RMB43.9 million was generated from operating activities during the Period. Net cash used in investing activities amounted to approximately RMB1.2 million during the Period, mainly due to the purchase of property, plant and equipment of approximately RMB3.2 million, offset by interest received of approximately RMB2.0 million. Net cash used in financing activities amounted to approximately RMB29.0 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, in aggregate, of approximately RMB182.8 million as at 30 June 2026 (31 December 2025: approximately RMB170.0 million). As at 30 June 2026, the Group's total assets and net assets were approximately RMB645.9 million (31 December 2025: approximately RMB672.3 million) and approximately RMB117.3 million (31 December 2025: approximately RMB125.5 million), respectively. The Group's net current liabilities were approximately RMB26.2 million (31 December 2025: approximately RMB26.5 million). Considering the Group's internally generated funds, the Group has sufficient resources to settle its current liabilities as they become due.

As at 30 June 2026, the Group had no bank borrowings (31 December 2025: Nil). The gearing ratio (calculated as bank borrowings divided by total equity) was nil as at 30 June 2026 (31 December 2025: Nil).

As at 30 June 2026, the current ratio (calculated as current assets divided by current liabilities) was 0.9 (31 December 2025: 0.9). 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 Chinese Mainland 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 2026, the Group had over 2,300 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 RMB1.2 million as at 30 June 2026 (31 December 2025: RMB1.2 million).

## CHARGES ON GROUP'S ASSETS

As at 30 June 2026, the Group had restricted time deposits in the amounts of RMB125.0 million (31 December 2025: RMB125.0 million). Save as disclosed, the Group did not pledge any assets (31 December 2025: Nil).

## CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any material contingent liabilities.

## LITIGATION

As disclosed in the Company's announcements dated 6 October 2025, 22 January 2026 and 17 April 2026, Shenzhen Well Excellent Tang Palace F&B Co., Ltd. (深圳維華盛世唐宮飲食有限公司) ("**Well Excellent**"), a wholly owned subsidiary of the Company and Shenzhen Well Excellent Tang Palace F&B Co., Ltd. Caide store (深圳維華盛世唐宮飲食有限公司彩德店), a branch office of Well Excellent (collectively, as the defendants) which engages in restaurant operation at 5th floor of Olive Building, East Caitian Road, Futian District, Shenzhen (深圳市福田區彩田路東側橄欖大廈5層) (the "**Property**") under lease agreement with Shenzhen Hui Min Commercial Management Co., Ltd. (深圳市惠民商業管理有限公司) as lessor, received a writ of summons dated 30 September 2025 and issued by the Futian District People's Court of Shenzhen Municipality (深圳市福田區人民法院) (the "**Futian Court**") in relation to the Property. Shenzhen Sen Wang Property Management Co., Ltd. (深圳市森望物業管理有限公司) (as plaintiff or alleged landlord of the Property) claimed for, among others, return of the Property, and a sum of RMB12.7 million, being the outstanding rental and other costs (the "**Litigation**"). The first hearing date was held on 9 December 2025. The Company received a copy of the civil judgment dated 19 January 2026 (the "**Judgement**") from the Futian Court. According to the Judgement, Futian Court has dismissed the claim filed by the plaintiff, Shenzhen Sen Wang Property Management Co., Ltd. (深圳市森望物業管理有限公司). The plaintiff made an appeal against the Judgment to Shenzhen Intermediate People's Court (深圳中級人民法院). The Company received a copy of the civil judgment dated 16 April 2026 (the "**Appeal Ruling**") from Shenzhen Intermediate People's Court (深圳市中級人民法院) (the "**Shenzhen Intermediate Court**") in relation to the Litigation. According to the Appeal Ruling, Shenzhen Intermediate Court has dismissed the appeal filed by the plaintiff, Shenzhen Sen Wang Property Management Co., Ltd. (深圳市森望物業管理有限公司) and upheld the original ruling of the Futian Court. In April 2026, the previously restricted cash balance of RMB12.7 million has been released and is no longer restricted.

## 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 2026, 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 applicable 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 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 2026 (six months ended 30 June 2025: 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, 26 August 2026

*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* |