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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6811)**

## SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the annual report of Tai Hing Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2019 (the "**Annual Report**"). Unless the context requires otherwise, capitalised terms used herein this supplemental announcement shall have the same meanings as those defined in the Annual Report.

The board of directors of the Company (the "**Board**") would like to provide additional information in relation to the use of net proceeds from the share offer in association with the Listing and "the other operating expenses, net" of the Group (the "**Other Expenses**") for the year ended 31 December 2019.

### BREAKDOWN AND PURPOSE OF USE OF NET PROCEEDS

Reference is made to the paragraphs headed "Use of Net Proceeds from Listing" of the Annual Report on the detailed usage of the net proceeds from the share offer in association with the Listing amounted to HK$694.5 million.

Set out below is a breakdown of the planned use and actual use of the net proceeds from the Listing Date up to 31 December 2019:

| **Purpose of net proceeds as disclosed in the Prospectus** | **Planned use of net proceeds as disclosed in the Prospectus** *(HK$ million)* | **Actual use of net proceeds from the Listing Date to 31 December 2019** *(HK$ million)* | **Unused net proceeds as at 31 December 2019** *(HK$ million)* | **Expected timeline for utilization of the unused net proceeds** |
|---|---|---|---|---|
| Opening new restaurants in Hong Kong and Mainland China | 305.6 | 71.4 | 234.2 | On or before 31 December 2022 |
| Enhancement and expansion of food factories in Hong Kong and Mainland China | 243.0 | 31.6 | 211.4 | On or before 31 December 2023 |
| Renovation of existing restaurants in Hong Kong and Mainland China | 76.4 | 18.3 | 58.1 | On or before 31 December 2022 |
| Additional working capital and other general corporate purposes | 69.5 | 69.5 | 0.0 | |
| **Total** | **694.5** | **190.8** | **503.7** | |

## UNUSED NET PROCEEDS

By gradually implementing its business strategy of continuously developing of the brand portfolio, the Group has been expanding its restaurant network and renovating the existing restaurants in Hong Kong and Mainland China, while the net proceeds from the Listing allocated for such purpose has been utilised accordingly. In light of the persistently uncertain business environment and the outbreak of the novel coronavirus ("**COVID-19**") pandemic, barring any unforeseen situations beyond the Group's control, it is expected that the unused net proceeds of approximately HK$234.2 million for the opening of new restaurants and approximately HK$58.1 million for the renovation of existing restaurants in Hong Kong and Mainland China as at 31 December 2019 to be fully utilised on or before 31 December 2022.

As of the date of this announcement, the Directors are not aware of any material change to the planned use of the net proceeds as disclosed in the Prospectus. Further announcement will be made by the Company in relation to the use of the remaining proceeds as and when appropriate.

## OTHER EXPENSES

Reference is made to the Annual Report, the Company recorded Other Expenses of HK$416.4 million for the year ended 31 December 2019. Set out below is the breakdown of the Other Expenses for the years indicated:

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Utilities expenses | **120,171** | 124,297 |
| Packing and consumables | **47,433** | 47,876 |
| Cleaning expenses | **35,968** | 35,712 |
| Advertising and promotion | **32,601** | 29,018 |
| Transportation and logistics | **29,939** | 30,427 |
| Repair and maintenance | **24,123** | 24,285 |
| Office expenses | **20,974** | 20,395 |
| Impairment of items of property, plant and equipment and right-of-use assets *(Note 1)* | **29,563** | 2,070 |
| Bank charges | **13,479** | 21,310 |
| Insurance | **8,311** | 8,010 |
| Licence & membership and entertainment | **3,323** | 4,025 |
| Legal and professional fee | **6,832** | 7,000 |
| Loss on disposal of items of property, plant and equipment *(Note 1)* | **8,466** | 6,612 |
| Others *(Note 2)* | **35,217** | 36,333 |
| Total | **416,400** | 397,370 |

*Notes*

1. *As disclosed in Note 6 to the Financial Statements in the Annual Report.*
2. *Others mainly include pre-operating expenses of restaurants, recruitment expenses, donations and other miscellaneous expenses, which individually not material to the Group.*

The information contained in this supplemental announcement does not affect other information contained in the Annual Report and save as disclosed above, all other information in the Annual Report remains unchanged.

By Order of the Board
**Tai Hing Group Holdings Limited**
**Chan Wing On**
*Chairman*

Hong Kong, 19 August 2020

As at the date of this announcement, the Board comprises: –

*Executive Directors*
*Mr. Chan Wing On (Chairman), Mr. Yuen Chi Ming, Mr. Lau Hon Kee and Ms. Chan Shuk Fong*

*Non-Executive Director*
*Mr. Ho Ping Kee*

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