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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)

PROFIT WARNING

This announcement is made by Tai Hing Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that based on the assessment of the latest information currently available to the Board and its preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the “**Year**”), the Group is expected to record a loss attributable to the Shareholders in the range of approximately HK\$40 million to HK\$50 million for the Year, as compared to profit attributable to the Shareholders of approximately HK\$100 million for the year ended 31 December 2021.

Based on the information currently available, the Board is of the view that the expected loss attributable to the Shareholders for the Year was mainly due to the following:

- (1) The outbreak of the fifth wave of the novel coronavirus (the “**Pandemic**”) in Hong Kong during the Year, the HKSAR Government’s implementation of dine-in restrictions on evening dining from late-January to mid-April 2022, stricter social distancing policies and the decrease of customer flow from the Mainland China had a negative impact on the Group’s operations and business. Temporary suspension of business of some restaurants due to the Pandemic (including infections of frontline staff) and the weak market sentiment led to a drop in the Group’s revenue;
- (2) Due to the raging Pandemic in the Mainland China in the Year, government authorities in some regions such as Shenzhen, Guangzhou, Shanghai and Beijing implemented a series of measures to curb the Pandemic, including city lockdown, closed-loop management, travel restrictions and dine-in restrictions, and thus the operation and performance of the Group’s restaurants in these regions were adversely affected. However, certain fixed operating costs such as rental expenses and employees’ remuneration in respect of these restaurants were still incurred; and

(3) Provision for impairment of property, plant and equipment and right-of-use assets was made for the Year.

During the Year, the Group closely monitored the market condition, adjusted its business strategy from time to time, and implemented various constructive cost-control measures to maintain business stability. Such measures included but were not limited to, adopting a more cautious approach when choosing new store location, negotiating with landlords and vendors for the most favorable terms in relation to contracts, exercising reasonable control on food costs and optimising organizational structure. Also, the Group strived to sharpen the competitive edge by continuously strengthening multi-brands image, enhancing product offering and boosting takeaway food business.

In view of the “zero-COVID control measures” being dismantled in December 2022 by the PRC government authorities and the overall consumption sentiment (including retail and food and beverage industries in Hong Kong) being under the recovery pace in the second half of the Year, the Board has confidence that the Group’s business will rebound in the future.

The Company is still in the process of preparing and finalising the Group’s annual results for the Year. All information contained in this announcement are only based on a preliminary review of the information currently available and the unaudited consolidated management accounts of the Group for the Year, which have not been confirmed or reviewed by the Company’s auditors or the audit committee of the Company, and are subject to adjustments. Shareholders and potential investors are advised to read carefully the Company’s annual results announcement for the Year, which is expected to be published by the end of March 2023.

Shareholders and potential investors are reminded not to place undue reliance on such information and to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 10 March 2023

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