[For Immediate Release]

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6811)

# Tai Hing Group Announces 2022 Annual Results

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## *Strict Cost Controls Enable Gross Profit Margin to Buck Market Trend Multi-Brand Development Strategies to Seize Opportunities from Post-Pandemic Upturn*

(Hong Kong, 28 March 2023) – **Tai Hing Group Holdings Limited** ("Tai Hing Group" or the "Group"; stock code: 6811), a multi-brand casual dining restaurant group with roots in Hong Kong and a network of more than 200 restaurants in Hong Kong, Mainland China, and Macau, today announced its annual results for the year ended 31 December 2022 (the "Review Year" or "FY2022").

At the beginning of the Review Year, the fifth wave of COVID-19 outbreak was severe. Both the HKSAR and Mainland China Government radically tightened anti-pandemic measures, and that bore down heavy on the operating environment of the catering industry. The Group was inevitably affected. Its total revenue for FY2022 was HK$2,675.0 million, and loss attributable to owners of the Company was HK$43.2 million (including the impairment losses on property, plant and equipment and right-of-use assets of HK$40.2 million). To cope with the unfavourable business environment and the impact of global inflation, the Group actively optimised internal management and its restaurant network, and promptly adopted effective cost control measures. The multi-pronged approach resulted in a reduction in costs and widening of the gross profit margin by 0.3 percentage points year-on-year to 72.6%, against market trend, evidencing the Group's strong risk-resistance and resilience. Came the second half year, with the pandemic easing in Hong Kong, the HKSAR Government gradually relaxed anti-pandemic measures and consumers' dining out habit resumed which coincided with the advent of the festive season, Hong Kong business revenue began to rebound, particularly in December.

The Group implemented prudent financial management policies and precise cost control measures, enabling it to maintain a healthy financial position with sufficient cash on hand and steady operating cash flows to promote stable business development. As at 31 December 2022, the Group had cash and cash equivalents which amounted to HK$282.6 million and no bank loans. The Group maintains a stable dividend policy and is confident in future business recovery. The Board has resolved to propose a final dividend of HK2.50 cents per share for the year ended 31 December 2022. Together with the interim dividend of HK2.50 cents per share already paid, the proposed total dividend for FY2022 will be HK5.00 cents per share.

***Business Review***

As at 31 December 2022, the Group had a network of 209 restaurants (as at 31 December 2021: 219), among which, 207 restaurants were operated by the Group (as at 31 December 2021: 217) and 2 restaurants were operated by its franchisees (as at 31 December 2021: 2). The Group had 158 restaurants and 50 restaurants in Hong Kong and Mainland China, respectively, and one restaurant in Macau.

"Asam Chicken Rice", a new driving force of the Group, grew against market trend with revenue risen by a marked 33.4% year-on-year to approximately HK$193.7 million, accounting for 7.2% of the Group's total revenue. "Asam Chicken Rice" launches new dishes from time to time. In addition to signature dishes such as Hainanese Chicken Rice and La Salle Noodles, the restaurant also serves a variety of seasonal style dishes and desserts of Asian flavours, which do not only surprise customers, but also help its leadership among Southeast Asian restaurants. Some branches also offer side dishes to appeal to more family customers and boost competitiveness of the restaurant at dinner time to increase overall sales. During Review Year, the Group added five "Asam Chicken Rice" restaurants in core business and residential areas in Hong Kong and added one restaurant in Mainland China to better unleash the brand's growth potential.

"Men Wah Bing Teng", a key brand that the Group is developing, reported revenue of approximately HK$719.8 million during the Review Year, accounting for 26.9% of the Group's total revenue. It is the second major revenue contributor of the Group. "Men Wah Bing Teng" continued to adjust its menu, including adding new side dishes to push up dinner time customer flow, working hard to boost sales of the stores at different time of the day. The teams in Hong Kong and Mainland China continued to combine strengths, develop new products and launch marketing and promotion activities to create synergies. The Group also appointed popular singer Mike Tsang as spokesperson of the brand for both Hong Kong and Mainland China markets. This matched with a series of online and offline marketing and promotion activities which succeeded in stimulating product sales and increasing awareness of the brand in the two markets.

The Taiwanese leisure restaurant brand "TeaWood" recorded approximately HK$272.8 million during the Review Year, making up 10.2% of the Group's total revenue. In the tenth anniversary of the brand, "TeaWood" actively revamped its brand during the Review Year, including renovating some stores turning them into new image stores, introducing new menus and offering own brand products. The Festival Walk and City One branches were changed to adopt a streamlined and light operating model with focus on simple food choices, hoping to give customers refreshing dining experiences.

"Tai Hing", the Group's flagship brand, continued to develop steadily during the Review Year, recording revenue of approximately HK$1,053.2 million, comprising 39.4% of the Group's total revenue, being the most among all brands. During the Review Year, to break out of "Tai Hing" traditional image and inject new vibe into the market, the Group for the first time appointed new-generation idols as spokespersons, who were featured in Tai Hing's milk tea advertisement. At the complement of promotion of Tai Hing canned drinks through various channels, the brand succeeded in capturing the attention of young customers way better than expected.

On the solid foundation of the above-mentioned core brands, the Group has been able to keep expanding other catering landscapes. The Group has broadened the source of income by conceiving novel brand concepts and carefully implementing. During the Review Year, the Group launched a number of new trendy brands, including "Tommy Yummy" and "Tori Yoichi", and started operating the Michelin recommended brand "Sing Kee Seafood Restaurant", aiming to offer consumers more unique mid-range to high-end catering options and expand its customer base, thereby widening its business coverage of target customer groups with different preferences.

In addition, Tai Hing Group has adhered to the “Tai Hing Cares” spirit for many years. Insisting on living that spirit, the Group joins hands with at least 10 social welfare organisations every year to organise volunteer activities to help the underprivileged and show care to the society. Moreover, the Group has switched to using energy-saving equipment in various operations to reduce carbon emissions and improve energy efficiency, taking different actions to support environmental protection and keep pace with the “carbon neutrality” trend. During the Review Year, Tai Hing Group was pleased to receive the “ESG Excellence Award” organised by the Chamber of Hong Kong Listed Companies and to win at “Directors of the Year Awards” (Board Categories) organised by the Hong Kong Institute of Directors, representative of the professional recognition it enjoys.

***Prospects***

Since the second half of 2022, the catering market in Hong Kong has begun to see the light of dawn. With dine-in restrictions gradually being lifted, plus the advent of the year-end festive season, eateries are filled with customers again, and thus the Group is optimistic about the Hong Kong economy recovering. Moreover, the Group has made early plans like taking the initiative to adopt various cost control measures and consolidate internal resources. It is ready to move forward with a more efficient operation that helps it grasp the tremendous opportunities arising from returning to post-pandemic normality.

Hong Kong has officially lifted most entry restrictions. That, along with Mainland China is easing its anti-pandemic policy earlier, suggest that the tourism industry has started to gradually return to normal. In view of this, the Group will soon increase its branches at the Hong Kong International Airport, so as to provide passengers with more diverse dining choices. At the same time, it is carefully looking for shop spaces in various popular tourist spots. It may open new branches, provided that there are suitable locations and rents, to keep expanding its business footprint. Looking at Mainland China, the Group will keep a close watch on its recovery situations post-pandemic and it has already made plans with a focus on the Greater Bay Area. The expanded presence of the Group there and then will complement the existing large network of the Group in Hong Kong, enabling it to consolidate market leadership.

Operating multiple brands has become the Group's core strength and crossover between brands will be the Group's future development strategy. The Group will consolidate the existing foundation of its major brands, such as "Tai Hing", "Men Wah Bing Teng", "TeaWood" and "Asam Chicken Rice", and by different means, such as developing delicious new cuisines and designing distinctive menus, to continue to broaden customer base, and drive other brands by cross-marketing. At the same time, the Group will flexibly integrate resources and adopt a streamlined and light operating model to optimise operational efficiency, give consumers new dining experiences, as well as enhance profitability.

The Group will soon launch its first integrated mobile APP, which will provide one-stop service covering e-gift vouchers, self-pick up, takeaway delivery and pre-ordering, to not only add sales channels and reduce reliance on food delivery platforms but also foster customer loyalty, giving full play to business synergies. In the future, the Group will continue to step up investment in digital technology, including enhancing the maturity and stability of existing intelligent systems, so as to improve operational efficiency for providing customers with yet higher quality dining experiences.

**Mr. Chan Wing On, Chairman and Executive Director of Tai Hing**, said, “In its journey of more than 30 years, Tai Hing Group has transformed from a Hong Kong-style siu mei fast food restaurant to a leader among self-operated casual dining groups in Hong Kong. This is owed very much to its core advantage of operating multiple brands and its excellent internal management. Although the macroeconomy is still affected by uncertainties such as the interest rate hike cycle and geopolitics, we believe the worst time is near over with the passing of the pandemic of the century. Boasting years of operating experience and a visionary management team, the Group is confident of overcoming the challenges ahead and creating greater value for shareholders on the path to recovery."

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**About Tai Hing Group Holdings Limited (stock code: 6811)**

Tai Hing Group Holdings Limited ("Tai Hing Group") is a multi-brand casual dining restaurant group with roots in Hong Kong. In addition to its flagship "Tai Hing" brand, the Group has a growing brand portfolio comprisng of self-developed brands, and acquired and licensed brands, including "Men Wah Bing Teng", "TeaWood", "Asam Chicken Rice", "Trusty Congee King", "Phở Lê", "Dao Cheng", "Dimpot", "Dumpling Station", "King Fong Bing Teng ", "Tommy Yummy", "Tori Yoichi ", and "Sing Kee Seafood Restaurant". Currently, it has a network of more than 200 restaurants in Hong Kong, Mainland China, and Macau.

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