

[For Immediate Release]



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

Tai Hing Announces 2022 Interim Results

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Continues to Optimise Internal Management and Restaurant Network and Implement Strict Cost Control Measures Strategic Marketing Layout Supports Post-pandemic Recovery

(Hong Kong, 26 August 2022) – **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 interim results for the six months ended 30 June 2022 (“1H2022” or the “Review Period”).

During the Review Period, as the COVID-19 pandemic was raging, both governments in Mainland China and Hong Kong implemented the strictest pandemic prevention measures to curb the spread of the pandemic. Such strict pandemic prevention restrictions led to an increasingly tough business environment, the catering industry was the first to bear the brunt, and the Group was inevitably affected. The Group recorded total revenue of HK\$1,218 million. The Group has forged ahead and endeavoured to optimise internal operations and its restaurant network while stringently controlling costs, such that the total amount of three major costs (staff, material and rental) decreased year-on-year in 1H2022. Gross profit margin increased to a stable level of 72.3% increased by 50 basis points, compared with 71.8% in 1H2021. However, the Group was still inevitably affected by the pandemic. During the Review Period, loss attributable to the owners of the Company amounted to HK\$52.49 million. The Mainland China and Hong Kong governments began to gradually relax the pandemic prevention restrictions at the end of the second quarter in response to the easing of the pandemic. Moreover, the HKSAR Government disbursed the first round of HK\$5,000 in electronic consumption vouchers and introduced subsidies, such as the Anti-epidemic Fund, to stimulate local consumption sentiment. As a result of these measures, the catering industry market gradually stabilised. Meanwhile, the Group will continue to strive to strengthen the resilience of its business model to prepare for post-pandemic recovery.

In addition, the Group maintains a healthy financial position with sufficient cash and steady operating cash flows, which has helped to weather ongoing adversity and drive stable business growth. As at 30 June 2022, the Group had cash and cash equivalents of HK\$312 million. The Board has declared the payment of an interim dividend of HK2.50 cents per share for the six months ended 30 June 2022.

Business Review

As at 30 June 2022, the Group had a network of 205 restaurants spanning across Hong Kong, Mainland China, and Macau, mainly running with casual dining brands.

As the Group's second-largest revenue contributor, the "Men Wah Bing Teng" brand recorded revenue of approximately HK\$325 million during the Review Period, accounting for 26.7% of the Group's total revenue in 1H2022. To celebrate the third anniversary of the "Men Wah Bing Teng" brand entering the Mainland China market, a series of marketing and promotion activities will be unveiled, including appointing the first brand ambassador, and promoting new products by arranging fan gatherings to further enhance brand awareness and product sales. In order to maintain the favourable momentum of the brand, "Men Wah Bing Teng" in Hong Kong and Mainland will continue to work together to develop new products, and will implement marketing strategies to create synergies and strengthen competitive advantages. The Group has also adjusted its menu, including adding new dishes, to boost customer flow and revenue during dinner hours, thereby optimising the operating capacity of the stores at different times.

During the Review Period, "Tai Hing", the Group's flagship brand, recorded a revenue of approximately HK\$513 million, accounting for 42.1% of the Group's total revenue. It remained as the Group's largest revenue source. In the last financial year, it cooperated with high-profile celebrities to promote the brand, generating satisfactory market response. In the second half of the year, the Group will continue to invest in online and offline advertising, including inviting brand ambassadors and rising music stars in Hong Kong to work on the "Tai Hing Milk Tea" advertisement series in order to consolidate the image of the brand and raise awareness.

The Group's other ancillary brands also performed stably during the Review Period. Among them, the "Asam Chicken Rice" brand is one of the Group's new growth drivers, with revenue amounting to approximately HK\$79.2 million, significantly increasing by 38% year-to-year. It provides universal menu options and streamlines its manpower, which gives rise to an operation model of strong competitive advantage and huge development potential. There are 14 and 1 branches in Hong Kong and Mainland China, respectively, which are located principally in the core business and residential districts to satisfy the dining needs of consumers in those locations currently. "Asam Chicken Rice" will also introduce new seasonal dishes and durian desserts to appeal to customers.

In addition, the revenue of "TeaWood" reached about HK\$117 million, accounting for 9.6% of the Group's total revenue. In order to ensure that it can cater for the youth demographic and stand out in the market, the Group is re-shaping its brand image and positioning in an expedited progress. In June 2022, "TeaWood" stores with new concept featuring new tea store makeover in Kowloon Bay and Whampoa, Hong Kong have been put into service.

The Group has adopted a multi-brand strategy targeting the casual dining business and introduced several new trendy brands in the second quarter of this year, including "Tommy Yummy", "Peppercorn" and "Tori Yoichi", which offer medium to high-end dining experiences to expand customer base. By adopting the two-pronged approach of operating and launching new concept brands and developing core catering business, the Group will be able to realise more diversified development in the future. It will also strive to nurture these brands to ensure that they can unleash their full potential and create a new landscape for the catering market in Mainland China and Hong Kong.

Prospects

The Group believes that the multi-brand business model will continue to be the key to future business development. Therefore, the Group will continue to uphold this strategic approach and strengthen the development of existing core brands while introducing new trendy brands, hoping to satisfy the preferences of different customers, expand its customer base and inject new vigour into the catering market. It is noteworthy that the Group plans to operate a Michelin recommended brand, "Sing Kee Seafood Restaurant", in Central in the second half of this year to provide customers with a more diversified dining experience.

To cope with the ever-changing and highly competitive catering market in Mainland China, the Group will re-examine the market and operating requirements of provinces and cities and continue to actively integrate and optimise its store network. In the short term, the Group's Mainland China business will focus on the adjacent Greater Bay Area market. The Group expects that Mainland China's catering industry will gradually return to normal after the lockdown measures are lifted, and it is optimistic about the post-pandemic recovery in its business.

The Group will also step up its investment in digital technologies, including enhancing the maturity and stability of existing IT systems and expanding the application of automated operations to more departments to improve operational efficiency and the customer dining experience. It is worth mentioning that to keep in pace with the "new normal" in consumption, the Group will soon launch its first integrated mobile APP in the second half of this year. The platform will provide customers with one-stop convenient services, including pre-order, self pick up and food delivery service, the purchase of packaged products as well as e-vouchers. The Group will also publish promotion information and offers via the APP on a regular basis, in order to increase interactions with customers and foster customer loyalty to its brands.

Mr. Chan Wing On, Chairman and Executive Director of Tai Hing, said, "2022 marks the 33rd anniversary of Tai Hing. Looking back by taking advantage of the multi-brand business model, the Group continued to expand its business network not only to different districts in Hong Kong, but also to major cities and districts in Mainland China and Macau. In spite of the uncertainties brought to the business environment due to the COVID-19 pandemic, the Group remains cautiously optimistic about the prospects in the second half of this year. The Group will plan ahead and will step up marketing efforts to seize the post-pandemic market recovery momentum and will also focus on enhancing internal operational efficiency, optimising the restaurant network and dining experience and raising brand value. Drawing on its solid business foundation, the Group is confident of navigating market challenges and creating higher value for shareholders as the market conditions improves."

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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 comprising of self-developed brands, and acquired and licensed brands, including "Men Wah Bing Teng", "TeaWood", "Asam Chicken Rice", "Trusty Congee King", "Phở Lệ", "Dao Cheng", "Dimpot", "Dumpling Station", "King Fong Bing Teng", "Peppercorn", "Tommy Yummy", and "Tori Yoichi". Currently, it has a network of more than 200 restaurants in Hong Kong, Mainland China, and Macau.

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