[For Immediate Release]

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

Tai Hing's 2020 Interim Revenue Was Approximately HK$1,316.9 Million with EBITDA at HK$117.1 million and Profit Attributable to Owners of the Company Was HK$8.4 Million

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High Potential Brands such as "Men Wah Bing Teng" And "Asam Chicken Rice" Successfully Capture the "New Normal" Trend of Takeaways

RESULTS HIGHLIGHTS

- Revenue contracted by 19.7% to HK$1,316.9 million in 1H2020 (1H2019: HK$1,639.4 million)
  - Revenue from major operations in Hong Kong, Macau and Taiwan down 13.2% to HK$1,135.5 million – increased sales from takeaway and delivery services partially offset the reduced dine-in traffic due to the social distancing measures to curb COVID-19
- Gross profit and gross profit margin recorded at HK$928.4 million (1H2019: HK$1,179.5 million) and 70.5% (1H2019: 71.9%) respectively
- Amid the challenging operating environment, the Group's EBITDA was HK$117.1 million, with EBITDA margin at 8.9%
- Profit for the period attributable to owners of the Company amounted to HK$8.4 million in 1H2020
- The Board has resolved to propose an interim dividend of HK1.3 cents per ordinary share for the six months ended 30 June 2020
- "Men Wah Bing Teng" recorded a satisfactory revenue growth and opened 7 stores in total in Hong Kong and Mainland China during 1H2020

(Hong Kong, 28 August 2020) – **Tai Hing Group Holdings Limited** ("Tai Hing" 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, Macau, and Taiwan, has just announced its interim results for the six months ended 30 June 2020 ("1H2020" or the "Review Period").

The outbreak of the novel coronavirus in late 2019 (COVID-19) invariably had a detrimental effect on the Group during 1H2020, affecting its operations in Mainland China, Hong Kong, Macau and Taiwan. Nevertheless, the Group has managed to maintain stable revenue during the Review Period, particularly in Hong Kong, as the significant increase in sales from takeaway and delivery services partially offset the reduced dine-in traffic due to the social distancing measures, and the satisfactory sales growth in Men Wah Bing Teng was also one of the key contributors to its revenue during the Review Period.

In 1H2020, the Group's revenue was HK$1,316.9 million (1H2019: HK$1,639.4 million), down 19.7% as compared with the same period last year. Hong Kong has continued as the principal market of the Group, while Hong Kong, Macau and Taiwan markets collectively contributed HK$1,135.5 million in revenue in 1H2020 (1H2019: HK$1,308.1 million), a year-on-year decrease of 13.2% as compared with 1H2019. As for Mainland China, the market contributed HK$181.4 million in revenue in 1H2020 (1H2019: HK$331.4 million), mainly due to the suspension of operations of most of the Group's restaurants in February and reduced customer traffic resulting from public health measures and lockdowns. The Group's restaurants have gradually reopened in March 2020 with improving operating performance quarter-on-quarter.

The Group's gross profit and gross profit margin were HK$928.4 million (1H2019: HK$1,179.5 million) and 70.5% (1H2019: 71.9%) respectively. Although the Group has actively employed measures to control costs during the Review Period, some overhead costs could not be reduced significantly. With less revenue in 1H2020, profit attributable to the owners of the Company amounted to HK$8.4 million (1H2019: HK$50.3 million). Basic earnings per share were HK0.84 cents (1H2019: HK6.49 cents). To share the Group's achievements with Shareholders, the Board has resolved to propose an interim dividend of HK1.3 cents per ordinary share for the six months ended 30 June 2020.

The Group's financial status remains healthy with sufficient cash and healthy operating cash inflow so as to allow it to weather the current headwinds and further its future development. As at 30 June 2020, the Group had cash and cash equivalents of HK$629.2 million (As at 31 December 2019: HK$711.1 million).

Business review

As at 30 June 2020, the Group has 203 restaurants in Hong Kong, Mainland China, Macau, and Taiwan, under 12 casual dining brands.

The flagship brand "Tai Hing" has continued to be a key revenue contributor of the Group. During the Review Period, revenue totalling HK$692.6 million (1H2019: HK$986.8 million) was generated by the "Tai Hing" brand, accounting for 52.6% of the Group's total revenue. "Tai Hing" is an established name in the mass market, with the majority of its restaurants found in shopping malls or situated in well-populated communities, thus allowing it to satisfy strong household demand, particularly with the rising "work-from-home" trend.

"Men Wah Bing Teng" has outperformed the market during the Review Period, resulting in a significant revenue growth of 85.6% to HK$211.2 million (1H2019: HK$113.8 million). It has become the second-largest revenue contributor to the Group in 1H 2020, accounting for 16.0% (1H2019: 6.9%) of the Group's total revenue during the Review Period. Owing to the observance of an affordable pricing strategy, "Men Wah Bing Teng" is popular among both Hong Kong and Mainland China customers, enabling it to be more resilient facing the weak market sentiment than many of its peers. Consequently, the Group proceeded with the opening of four and three stores in Hong Kong and Mainland China respectively in 1H2020. To maintain its outstanding performance, the Group will further promote "Men Wah Bing Teng" in the Greater Bay Area as well as other potential markets.

"TeaWood" has remained among the top three revenue contributors of the Group, generating HK$204.9 million (1H2019: HK$274.7 million) in revenue, accounting for 15.6% (1H2019: 16.8%) of the Group's total revenue in 1H2020. The Group will continue to respectively adjust the menus of its brand portfolio, implement marketing campaigns and strategies, and enhance mobile application and ordering platforms to satisfy ever-changing consumption patterns.

Having introduced several new brands in the preceding financial year, the Group is delighted to see that "Asam Chicken Rice", which premiered in Central, Hong Kong, has enjoyed a favourable market response; successfully capturing the interest of office workers in the district, particularly their strong demand for takeaway orders. During the Review Period, the Group opened two more "Asam Chicken Rice" restaurants in Hong Kong located principally in core business districts, to cater for the dining needs of the respective locations.

Outside of its catering interests, the Group is also involved in the canned products business. In 1H2020, the Group launched six products, comprising braised pork with preserved vegetables, curry beef brisket, minced beef, meat sauce with mushroom, curry chicken, and spiced pork cubes. Since entering the market in April 2020, the products have received an overwhelmingly favourable response, with the first batch of canned food products manufactured at the Group's factories selling out quickly. The Group will explore more options, covering both food and beverages, as it plans to introduce a second assortment of canned food products to the market in the second half of 2020.

Prospects

Looking ahead, the outbreak of the COVID-19 epidemic is expected to affect the overall catering business in both Hong Kong and Mainland China. However, with a business history of over three decades, the Group is confident that it can break new business ground through new prudent development strategies amidst industry consolidation. The Group has already had well-planned business strategies in place to mitigate the headwinds and further develop its business and drive sales.

In the wake of COVID-19, the “home meal” trend has gathered momentum, driving demand for delivery and takeaway services. In this regard, the Group will also continue co-operating with leading third-party food ordering platforms, both in Hong Kong and Mainland China, to increase its stake in the food delivery business. To further sharpen its competitiveness, the Group will enhance its takeaway food business via different platforms, in order to offer convenience to customers, and promptly adjust its menus and marketing campaigns through customer behaviour analysis. Still another means of capitalising on the “home meal” trend will involve the Group’s canned food and beverage products. The Group will develop an even greater array of appealing products that suit the takeaway and delivery business, thereby effectively tapping this burgeoning segment.

At the same time, the Group will use the opportunity to optimise its restaurant network through consolidation and relevant expansion. After the outbreak of COVID-19, the Group has received more invitations from landlords, with more preferential rental offers, to open stores in core shopping districts and high-traffic residential shopping malls which are attributable to the Group’s multi-brand business model and strong reputation. Tai Hing will carefully consider options based on such factors as population density, local retail and business attractions, demographics, consumption patterns, etc., in order to open suitable brands at the opportune time and location to meet customers’ tastes, all the while generating the best returns to the Group and its shareholders.

As the Group’s multi-brand strategy has been fundamental to its success, it will continue to introduce new brands in both Hong Kong and Mainland China in line with market trends and customers’ needs. In Hong Kong, the Group has just opened a restaurant in Whampoa under the new brand name “White Little” which targets office workers in the district, particularly in meeting their takeaway food needs. In Mainland China, the Group has opened a new restaurant in Shenzhen in early August under the new brand name “Winter Joy”. This restaurant specialises in Taiwanese-style spicy hotpot, hence is set to seize opportunities arising from the highly popular “Hot Pot Culture” in the country. The Group will introduce more new brands to the local market to attract a wider spectrum of food lovers, especially those seeking to broaden their cuisine horizons.

Mr. Chan Wing On, Chairman and Executive Director of Tai Hing, said, “Despite the difficult operating environment that faced us in the first half of 2020, I remain confident in the Group’s long-term growth potential attributable to our solid experience of overcoming all temporary difficulties and setbacks over the past three decades. With our experienced and farsighted management team and a well-established multi-brand strategy, we are confident of maintaining stable business operations amidst the current headwinds, while also breaking new business ground through prudent development strategies.”

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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 "TeaWood", "Trusty Congee King", "Men Wah Bing Teng", "Phở Lệ", "Tokyo Tsukiji", "Fisher & Farmer", "Rice Rule", "Hot Pot Couple", "King Fong Bing Teng", "Asam Chicken Rice", "Daocheng" ,"Winter Joy" and "White Little". Currently, it has a network of more than 200 restaurants in Hong Kong, Mainland China, Macau and Taiwan.

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