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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the "Board") of Tai Hing Group Holdings Limited (the "Company") is pleased to announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022 as set out below:

FINANCIAL HIGHLIGHTS

- The Group's revenue increased by approximately 20.1% to HK$3,212.0 million in 2023 (2022: HK$2,675.2 million) through continuous optimisation of restaurant network and refurbishing the stores, enhancing operational efficiency by making good use of digital technology. In addition, the border between Hong Kong and Chinese Mainland has been fully reopened, which increased the number of visitor arrivals to Hong Kong and boosted the consumption sentiment of local residents.

- With the Group's on-going strict control over costs, profit attributable to owners of the Company for the year was HK$93.8 million (2022: loss attributable to owners of the Company of HK$43.2 million), achieving a successful turnaround.

- The Group adopted prudent financial management policies to ensure stable cash flows and healthy cash position, and recorded cash and cash equivalents of HK$328.1 million as at 31 December 2023 with no bank borrowings.

- Although the external economic environment is still full of challenges, the Board is confident in the future development of the Group and maintains a stable dividend distribution policy. The Board proposed a final dividend of HK3.50 cents per share (2022: HK2.50 cents per share).

- Approaching the 35th anniversary of the Group and the 5th anniversary of its listing, in addition to proposing a final dividend, the Board proposed a special dividend of HK3.50 cents per share as well, to reward all shareholders for their continued support. Together with the interim dividend of HK3.40 cents per share already paid, the proposed total dividend for the year ended 31 December 2023 will be HK10.40 cents per share (2022: HK5.00 cents per share).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
REVENUE	5	**3,211,993**	2,675,166
Cost of materials consumed		**(842,637)**	(732,817)
Gross profit		**2,369,356**	1,942,349
Other income and gains	5	**18,554**	66,953
Staff costs		**(1,133,596)**	(949,299)
Depreciation and amortisation		**(130,696)**	(144,430)
Amortisation of right-of-use assets, rental and related expenses, net		**(487,258)**	(435,856)
Other operating expenses		**(463,246)**	(453,519)
Impairment losses on property, plant and equipment and right-of-use assets, net		**(27,137)**	(40,214)
Finance costs	6	**(30,019)**	(29,444)
PROFIT/(LOSS) BEFORE TAX	7	**115,958**	(43,460)
Income tax credit/(expense)	8	**(22,108)**	386
PROFIT/(LOSS) FOR THE YEAR		**93,850**	(43,074)
Profit/(loss) for the year attributable to:			
Owners of the Company		**93,836**	(43,153)
Non-controlling interests		**14**	79
		93,850	(43,074)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic	10	**HK9.33 cents**	(HK4.30 cents)
– Diluted	10	**HK9.33 cents**	(HK4.30 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**93,850**	(43,074)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(5,056)**	(23,741)
Reclassification adjustment for foreign operations deregistered during the year	**(89)**	–
Other comprehensive loss for the year	**(5,145)**	(23,741)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**88,705**	(66,815)
Attributable to:		
Owners of the Company	**88,721**	(66,403)
Non-controlling interests	**(16)**	(412)
	88,705	(66,815)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment and right-of-use assets		**1,801,136**	1,759,675
Investment properties		**27,507**	35,424
Intangible assets		**200**	200
Prepayments, deposits and other receivables		**156,546**	130,349
Deferred tax assets		**30,065**	35,305
Total non-current assets		**2,015,454**	1,960,953
CURRENT ASSETS			
Inventories		**87,040**	89,237
Trade receivables	*11*	**38,246**	27,660
Prepayments, deposits and other receivables		**111,901**	149,383
Tax recoverable		**836**	625
Cash and cash equivalents		**328,147**	282,590
		566,170	549,495
Non-current assets classified as held for sale		**–**	2,209
Total current assets		**566,170**	551,704
CURRENT LIABILITIES			
Trade payables	*12*	**83,107**	99,138
Other payables and accruals		**253,624**	237,749
Contract liabilities		**63,678**	57,283
Lease liabilities		**382,928**	364,967
Tax payable		**17,007**	15,583
Total current liabilities		**800,344**	774,720
NET CURRENT LIABILITIES		**(234,174)**	(223,016)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,781,280**	1,737,937

	Note	2023 HK$'000	2022 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities		**753,921**	743,455
Other payables and accruals		**38,618**	33,255
Deferred tax liabilities		**4,189**	6,061
Total non-current liabilities		**796,728**	782,771
Net assets		**984,552**	955,166
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*13*	**10,054**	10,054
Reserves		**973,282**	943,880
		983,336	953,934
Non-controlling interests		**1,216**	1,232
Total equity		**984,552**	955,166

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 11 December 2017. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 13/F, Chinachem Exchange Square, 1 Hoi Wan Street, Quarry Bay, Hong Kong.

The Company is an investment holding company. During the year, the Group was engaged in the operation and management of restaurants and sale of food products.

In the opinion of the directors of the Company (the "Directors"), Chun Fat Company Limited, a company incorporated in the British Virgin Islands (the "BVI") on 30 November 2017, is the immediate and ultimate holding company of the Company.

On 13 June 2019, the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION

As at 31 December 2023, the Group had net current liabilities of HK$234,174,000 which included current portion of lease liabilities of HK$382,928,000 and contract liabilities of HK$63,678,000. The Directors believe that the Group has sufficient cash flows from operations to meet its liabilities as and when they fall due. Therefore, the consolidated financial statements are prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect to these adjustments has not been reflected in the consolidated financial statements.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets at 1 January 2022.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on geographical areas and has two reportable operating segments as follows:

(i) the Hong Kong and Macau segment is engaged in the operation of restaurants, and sale of food products in Hong Kong and Macau; and

(ii) the Chinese Mainland segment is engaged in the operation of restaurants, and sale of food products in Chinese Mainland.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is measured consistently with the Group's profit/loss before tax.

Segment assets exclude deferred tax assets, tax recoverable, intangible assets and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Geographical information

For the years ended 31 December 2023 and 2022

	Hong Kong and Macau		Chinese Mainland		Total	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to external customers*	**2,723,043**	2,193,952	**488,950**	481,214	**3,211,993**	2,675,166
Intersegment sales	**–**	–	**88,624**	64,961	**88,624**	64,961
Total segment revenue	**2,723,043**	2,193,952	**577,574**	546,175	**3,300,617**	2,740,127
Reconciliation:						
Elimination of intersegment sales					**(88,624)**	(64,961)
					3,211,993	2,675,166
Segment results	**152,226**	63,563	**(35,341)**	(106,505)	**116,885**	(42,942)
Reconciliation:						
Elimination of intersegment results					**(927)**	(518)
Profit/(loss) before tax					**115,958**	(43,460)

As at 31 December 2023 and 2022

	Hong Kong and Macau		Chinese Mainland		Total	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,810,972**	1,639,755	**411,404**	554,182	**2,222,376**	2,193,937
Reconciliation:						
Corporate and other unallocated assets					**359,248**	318,720
Total assets					**2,581,624**	2,512,657
Segment liabilities	**1,340,264**	1,192,185	**235,612**	343,662	**1,575,876**	1,535,847
Reconciliation:						
Corporate and other unallocated liabilities					**21,196**	21,644
Total liabilities					**1,597,072**	1,557,491

* The revenue information above is based on the locations of the customers.

Information about major customers

There was no revenue from customers individually contributing over 10% to the total revenue of the Group.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers		
(i) Disaggregated revenue information		
Types of goods or services		
Revenue from restaurant operations	**3,148,252**	2,598,962
Revenue from the sale of food products	**63,741**	76,204
Total revenue from contracts with customers	**3,211,993**	2,675,166
Geographical markets		
Hong Kong and Macau	**2,723,043**	2,193,952
Chinese Mainland	**488,950**	481,214
Total revenue from contracts with customers	**3,211,993**	2,675,166
Timing of revenue recognition		
At a point in time	**3,211,993**	2,675,166

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Revenue recognised that was included in the contract liabilities at the beginning of the year		
– Restaurant operations	**56,379**	47,833

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Restaurant operations

The performance obligation is satisfied when the catering services have been provided to customers. The Group's trading terms with its customers are mainly on cash, credit card and electronic settlement. The credit period is generally less than one month.

Sale of food products

The performance obligation is satisfied upon delivery and acceptance of the products by the customers. The Group's trading terms with its customers are mainly on cash, credit card, electronic settlement and on credit. The credit period is generally one to two months.

	Year ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Other income and gains		
Bank interest income	**5,906**	2,282
Rental income	**1,529**	1,640
Royalty income	**1,159**	570
Subsidies received from utility companies for purchases of items of property, plant and equipment	**2,776**	2,893
Fair value gain on investment properties, net	**–**	326
Government grants*	**1,379**	51,949
Gain on deregistration of subsidiaries	**89**	–
Others	**5,716**	7,293
Total other income and gains	**18,554**	66,953

* Government grants during the years ended 31 December 2023 and 2022 included COVID-19 relief subsidies received. As at the end of the reporting periods, there were no unfulfilled conditions or other contingencies attaching to the subsidies and government grants that had been recognised by the Group.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Interest on lease liabilities	**30,019**	29,444

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Cost of materials consumed	**842,637**	732,817
Depreciation of items of property, plant and equipment	**130,696**	144,430
Amortisation of right-of-use assets*	**402,559**	386,490
Lease payments not included in the measurement of lease liabilities*	**10,783**	26,380
Covid-19-related rent concessions from lessors*	**–**	(17,058)
Contingent rents*	**12,657**	7,484
Gain on lease modification and termination*	**(19,700)**	(20,048)
Auditor's remuneration	**3,500**	3,660
Employee benefit expenses (including directors' and chief executive's remuneration):		
Salaries, allowances and benefits in kind	**1,066,020**	934,526
Employment support scheme subsidies***	**–**	(58,137)
Equity-settled share option expenses	**–**	805
Pension scheme contributions*****	**67,576**	72,105
Total	**1,133,596**	949,299
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**86**	100
Foreign exchange differences, net**	**1,875**	785
Impairment of items of property, plant and equipment, net	**5,607**	10,288
Impairment of right-of-use assets, net	**21,530**	29,926
Loss on disposal of items of property, plant and equipment and right-of-use assets****	**11,520**	25,079
Fair value loss/(gain) on investment properties, net	**2,523**	(326)
Utilities expenses****	**135,928**	116,156
Packing and consumables****	**32,454**	32,641
Cleaning expenses****	**33,881**	30,449
Transportation and logistics expense****	**36,042**	35,454

* These are included in "Amortisation of right-of-use assets, rental and related expenses, net" in profit or loss.

** Foreign exchange differences, net are included in "Other operating expenses" in profit or loss during the year ended 31 December 2023 and 2022.

*** In the prior year, Employment support scheme subsidies from Hong Kong Special Administrative Region Government ("HKSAR Government") were included in "Staff costs" in profit or loss.

**** These items are included in "Other operating expenses" in profit or loss.

***** There are no forfeited contributions that may be used by the Group (as the employer) to reduce the existing level of contributions.

8. INCOME TAX

Pursuant to the rules and regulation of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%). The PRC tax and Macau tax have been provided at the rates of 25% (2022: 25%) and 12% (2022: 12%), respectively, on the estimated profits arising in the Chinese Mainland and Macau during the year.

	Year ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**18,434**	7,341
Underprovision/(overprovision) in prior years	**67**	(4,176)
Current – Elsewhere	**251**	646
Deferred	**3,356**	(4,197)
Total tax charge/(credit) for the year	**22,108**	(386)

9. DIVIDENDS

	Year ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Interim dividend – HK3.40 cents (2022: HK2.50 cents) per ordinary share	**34,184**	25,135
Proposed final dividend – HK3.50 cents (2022: HK2.50 cents) per ordinary share	**35,189**	25,135
Proposed special dividend – HK3.50 cents (2022: Nil) per ordinary share	**35,189**	–
	104,562	50,270

The proposed final dividend and special dividend for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amount for the year ended 31 December 2023 is based on the profit for the year attributable to owners of the Company of HK$93,836,000 (2022: loss for the year attributable to owners of the Company of HK$43,153,000) and the weighted average number of ordinary shares in issue of 1,005,399,000 (2022: 1,004,446,000) during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2023.

No adjustment was made to the basic loss per share amounts presented for the year ended 31 December 2022 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

11. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**38,246**	27,660

The Group's trading terms with its customers are mainly on cash, credit card and electronic settlement. The credit period is generally a few days to two months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**32,265**	21,780
1 to 2 months	**5,209**	3,771
2 to 3 months	**513**	900
Over 3 months	**259**	1,209
Total	**38,246**	27,660

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**69,713**	73,300
1 to 2 months	**8,386**	12,227
2 to 3 months	**990**	2,411
Over 3 months	**4,018**	11,200
Total	**83,107**	99,138

13. ISSUED CAPITAL

	Number of shares	Share capital *HK$'000*
Authorised:		
Ordinary shares of HK0.01 each as at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	10,000,000,000	100,000
Issued and fully paid:		
As at 1 January 2022	1,003,596,000	10,036
Share options exercised *(note)*	1,803,000	18
As at 31 December 2022, 1 January 2023 and 31 December 2023	1,005,399,000	10,054

Note: In the prior year, the subscription rights attaching to 1,803,000 share options were exercised at the subscription price of HK$0.45 per share, resulting in the issue of 1,803,000 shares for a total cash consideration, before expenses, of approximately HK$811,000. An amount of HK$3,952,000 was transferred from the share option reserve to share premium upon the exercise of the share options.

14. SHARE OPTION SCHEMES

(a) Pre-IPO share option scheme

The Company operates a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Pre-IPO Share Option Scheme include senior management and employees of the Group. The Pre-IPO Share Option Scheme was approved and conditionally adopted by the Shareholders of the Company (the "Shareholders") on 22 May 2019 and, unless otherwise cancelled or amended, will remain in force for 10 years from the effective date of the Pre-IPO Share Option Scheme.

There was no outstanding share options under the Pre-IPO Share Option Scheme as at 31 December 2023 and 2022.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

(b) Post-IPO share option scheme

The Company operates a post-IPO share option scheme (the "Post-IPO Share Option Scheme") for the purpose of motivating eligible persons to optimise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain ongoing relationships with such eligible persons whose contributions are expected to be/will be beneficial to the Group. The Post-IPO Share Option Scheme was approved and conditionally adopted by the Shareholders on 22 May 2019 (the "Adoption Date") and, unless otherwise cancelled or amended, will remain in force for 10 years commencing on the effective date of the Post-IPO Share Option Scheme.

Since the Adoption Date and up to 31 December 2023, no share options of the Company were granted, exercised, cancelled or lapsed under the Post-IPO Share Option Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The Board of Directors of Tai Hing Group Holdings Limited, together with its subsidiaries ("Tai Hing Group" or the "Group"), announces the annual results of the Group for the year ended 31 December 2023 (the "Review Year" or "FY2023").

Since the beginning of 2023, the border between Hong Kong and Chinese Mainland has been fully reopened. In order to stimulate the post-pandemic economic recovery, the HKSAR Government made an effort to launch a series of large-scale promotional activities, which increased visitor arrivals to Hong Kong and boosted the consumption sentiment of local residents, thus fostering a gradual improvement in the overall business environment of Hong Kong. However, rising energy prices, fierce market competition and changes in consumer consumption patterns undoubtedly pose various challenges to the catering industry.

In the complex and changing business environment, the Group has been methodically controlling operating costs and optimising its restaurant networks to prepare for challenges. At the same time, the Group made good use of digital technology, such as the launch of the first integrated mobile application of the "Tai Hing FanFanStore", to enhance operational efficiency and internal management and to achieve steady performance growth. The Group also actively refurbished its stores and improved customer dining experience, which successfully boosted sales. During the Review Year, the Group's revenue increased by approximately 20.1% to HK$3,212.0 million (FY2022: HK$2,675.2 million), which is close to the turnover level in 2019, fully demonstrating the Group's operational resilience. Gross profit was HK$2,369.4 million (FY2022: HK$1,942.3 million) and gross profit margin was 73.8% (FY2022: 72.6%), reflecting the Group's effective measures to optimise the product structure and supply chain management. As a result of the Group's stringent cost control and improvement in the quality of its business operations, the Group achieved a turnaround from loss to profit during the Review Year. Profit attributable to owners of the Company was HK$93.8 million for FY2023 (FY2022: loss attributable to owners of the Company of HK$43.2 million). Basic earnings per share was HK9.33 cents for FY2023 (FY2022: basic loss per share of HK4.30 cents).

The Group maintained a healthy financial position with sufficient cash and steady operating cash flows. As at 31 December 2023, the Group had no bank borrowings and had cash and cash equivalents of HK$328.1 million (as at 31 December 2022: HK$282.6 million).

The Group maintains a stable dividend policy and is confident about its future business development. The Board has resolved to propose a final dividend of HK3.50 cents per share for the year ended 31 December 2023. Approaching the 35th anniversary of the Group and the 5th anniversary of its listing, in addition to proposing a final dividend, the Board proposed a special dividend of HK3.50 cents per share as well, to reward all shareholders for their continued support. Together with the interim dividend of HK3.40 cents per share already paid, the proposed total dividend for FY2023 will be HK10.40 cents per share.

Other Income and Gains

Other income and gains consist mainly of bank interest income, subsidies received from utility companies for the purchase of equipment and rental income. During the Review Year, other income and gains decreased to HK$18.6 million (FY2022: HK$67.0 million), which was mainly due to the significant reduction in government grants related to COVID-19.

Operating Costs

Cost of Materials Consumed

During the Review Year, the cost of materials consumed amounted to HK$842.6 million (FY2022: HK$732.8 million) and, as expressed as a percentage of revenue, decreased to 26.2% (FY2022: 27.4%). The Group focused on raw material procurement and relied on its factories in Chinese Mainland and Hong Kong for processing and production, which achieved multiple benefits in terms of quality improvement, cost reduction and the reduction of plastic usage. In addition, the Group adopted a centralised procurement approach to facilitate joint procurement and price negotiation in Hong Kong, Macau and Chinese Mainland, which strengthened the Group's bargaining power while enabling better monitoring of the overall inventory to ensure the proper use of food ingredients and thus reasonable control of purchasing costs.

Staff Costs

During the Review Year, the Group placed great emphasis on the optimisation of human resource management in order to improve the efficiency and quality of employees' performance while providing solid support for business development. The Group introduced automated equipment to effectively reduce dependence on manpower and improve production efficiency. In addition, the Group offered more employee training programmes to improve the professional skills of its employees and the service they provide, enabling them to better perform their duties and enhance their overall work efficiency. The Group also implemented various incentive measures and organised external training in order to enhance the sense of belonging and team cohesion of employees, reduce employee turnover and recruitment costs, and improve store performance. In order to better deploy and utilise resources, the Group upgraded its manpower scheduling system to achieve more rational and efficient allocation of human resources. Staff costs amounted to HK$1,133.6 million in FY2023 (FY2022: HK$949.3 million). Excluding the subsidies received under the "Employment Support Scheme" amounted to HK$58.1 million last year, staff costs as a percentage of revenue decreased to 35.3% from 37.7% last year.

Amortisation of Right-of-Use Assets, Rental and Related Expenses

During the Review Year, the Group's amortisation of right-of-use assets, rental and related expenses amounted to HK$487.3 million (FY2022: HK$435.9 million). Excluding the one-off rent concession of approximately HK$17.1 million last year, the ratio of lease-related expenses to revenue decreased to 15.2% from 16.9% last year. In order to precisely manage the lease arrangements and optimise the locations of the restaurant network, the Group set up an in-house team to conduct in-depth internal analysis to rent stores in prime locations at more appropriate prices.

Other Operating Expenses

In addition to the aforementioned costs, the Group's other operating expenses for the Review Year amounted to HK$463.2 million (FY2022: HK$453.5 million). Along with the increase in revenue, branch operating costs such as electronic payment handling charges, utilities and consumables also increased with the increase in business volume. However, as there was decrease in loss on disposal of items of property, plant and equipment and right-of-use assets by HK$13.6 million as compared with the corresponding period of last year, the overall other operating expenses as a percentage of revenue decreased to 14.4% from 17.0% last year.

Impairment Losses on Property, Plant and Equipment and Right-of-Use Assets

As the business environment in Hong Kong remained challenging and the competition of the catering industry in Chinese Mainland was relatively intense, impairment provision was made on assets of certain underperformed restaurants by the Group. On the other hand, with improving performance of certain restaurants following the return to normalcy, the Group reversed impairment provisions for assets of the respective restaurants, resulting in the impairment losses on property, plant and equipment and right-of-use assets down from HK$40.2 million last year to HK$27.1 million.

Industry and Geographical Analysis

With the reopening of the borders with Chinese Mainland and other countries, Hong Kong has seen an improvement in its economy. In order to stimulate local consumption and the development of the tourism industry, the HKSAR Government launched a series of promotional measures. According to the preliminary statistics of the Hong Kong Tourism Board (the "HKTB"), the total number of visitor arrivals to Hong Kong for the whole year of 2023 was approximately 34 million[1], of which tourists from Chinese Mainland accounted for a considerable proportion. In addition to the growth of the tourism industry, private consumption expenditure in Hong Kong also increased. According to the Census and Statistics Department, private consumption expenditure for the whole year of 2023 increased by 7.3%[2] year-on-year, demonstrating the gradual stabilisation and recovery of Hong Kong's economy. In line with this trend, the Group, in collaboration with the HKTB, distributed various food and beverage vouchers to customers and launched two campaigns for bill discounts in July and October in 2023 to encourage customer spending at its restaurants. During the Review Year, the proportion of the Group's dine-in customers increased to 79.1% from 68.0% in 2022, and same-store sales increased by 15.3%, driving overall revenue growth.

In addition, as Chinese Mainland enters the post-pandemic era, its catering market is gradually recovering. During this period, consumers' consumption behaviour and habits have changed significantly, which is both an opportunity and a challenge for the industry. The Group will continue to focus on the Greater Bay Area market and develop it as the Group's core business region in Chinese Mainland, and enhance operational efficiency by optimising its restaurant networks to seize the opportunities arising from the diversified market in the Chinese Mainland and maximise the efficiency of its brands and branches.

1 Hong Kong Tourism Board
https://www.discoverhongkong.com/content/dam/dhk/intl/corporate/newsroom/press-release/hktb/2024/01-2023-Full-Year-Arrivals-E.pdf

2 Census and Statistics Department
https://www.censtatd.gov.hk/en/web_table.html?id=310-30001

Business Segment Analysis

Tai Hing Group is a multi-brand casual dining restaurant group with roots and presence in Hong Kong for 34 years. In addition to its flagship "Tai Hing (太興)" brand, the Group has acquired and being licensed a number of brands including "Trusty Congee King (靠得住)", "Phở Lê (錦麗)", "Men Wah Bing Teng (敏華冰廳)", "Sing Kee Seafood Restaurant (星記海鮮飯店)", self-created and launched "TeaWood (茶木)", "Dao Cheng (稻埕飯店)", "Asam Chicken Rice (亞參雞飯)", "Dimpot (點煲)", "Dumpling Station (餃子駅)", "Tommy Yummy", "Tori Yoichi (鳥世一)" and "Bingle Bingle", catering to the diverse needs of diners.

As at 31 December 2023, the Group had a network of 211 restaurants (as at 31 December 2022: 209 restaurants), of which 166 were located in Hong Kong and Macau, and 45 were in Chinese Mainland. A total of 24 restaurants were located in the Greater Bay Area.

As the Group's flagship brand, "Tai Hing" has maintained its status as the Group's largest revenue contributor. Its revenue increased by 14.5% year-on-year to HK$1,206.3 million (FY2022: HK$1,053.2 million), accounting for 37.6% (FY2022: 39.4%) of total revenue of the Group, maintaining a steady growth based on its sound operations. During the Review Year, the Group actively rebranded "Tai Hing" and renovated the restaurants to offer customers a more modern and comfortable dining environment and experience. In addition, "Tai Hing" is committed to improving its product quality while intensifying its efforts to promote its products under the theme "King of the Roast (燒味天王)" to enhance its brand image.

Revenue from the "Men Wah Bing Teng" brand, the Group's second-largest revenue contributor, increased by 21.0% year-on-year to HK$893.0 million (FY2022: HK$738.3 million), accounting for 27.8% (FY2022: 27.6%) of total revenue of the Group. With joint efforts from Hong Kong and Chinese Mainland, "Men Wah Bing Teng" has been developing new products, formulating strategies and launching marketing and promotional activities to maximise the brand's competitive advantage with the combined strengths. In July 2023, "Men Wah Bing Teng" opened a store in the restricted area of Hong Kong International Airport, which has attracted tourists and airport staff with Hong Kong Bing Sutt food, and improved the brand's awareness abroad. In addition, "Men Wah Bing Teng" continued to expand and refresh its menu, offering side dishes at dinner time to increase customer flow and enhance the operating capacity of the stores at different times of the day.

During the Review Year, revenue from "TeaWood" increased by 26.7% year-on-year to HK$345.7 million (FY2022: HK$272.8 million), accounting for 10.8% (FY2022: 10.2%) of the Group's total revenue. With "TeaWood" entering its 10th anniversary last year, the Group successively revamped its branches. Nearly half of the stores have been revitalised with a brand-new image, and the brand maintained its leading position as the Taiwanese restaurant with the largest number of branches in Hong Kong during the Review Year. With the geographical expansion of branches, "TeaWood" has successfully attracted young family customers and white-collar workers, and is gradually transforming from a leisure restaurant to a local and stylish restaurant. During the Review Year, "Tea Wood" teamed up with EatMushRoom, a popular Taiwanese illustrator, to organise the "TeaWood Night Market (茶木夜市)" activity, which launched a new range of Taiwanese products and attracted many customers to visit for delicacies, further enhancing the awareness and turnover of "TeaWood".

The Group's Southeast Asian gourmet brand "Asam Chicken Rice" continued to be one of the Group's main growth drivers, with its revenue increasing by 27.5% year-on-year to HK$247.0 million (FY2022: HK$193.7 million). "Asam Chicken Rice" is known for its cosy environment and authentic food, and is well received by a wide customer base. During the Review Year, "Asam Chicken Rice" launched a new range of seafood dishes to reinforce its speciality as a Sing Ma restaurant and focused on regional marketing and promotion to attract more family customers.

During the Review Year, the Group's other brands also performed well. Among them, "Phở Lê", with its revenue increasing by 35.0% year-on-year to HK$116.2 million (FY2022: HK$86.1 million), its Vietnam's flagship restaurant, was included in the "MICHELIN Guide 2023 – Hanoi & Ho Chi Minh City" as a recommended restaurant, further enhancing the brand's awareness and reputation. "Trusty Congee King", with its revenue increasing by 28.8% year-on-year to HK$147.3 million (FY2022: HK$114.3 million), launched Hakka dishes for dinner during the year, which successfully generated revenue at the stores, while "Sing Kee Seafood Restaurant" continued to maintain its high-quality and excellent service, offering superb classic Cantonese cuisine with a Hong Kong twist, and achieved satisfactory profits. Notably, the Group's new stylish dining brands "Tommy Yummy" opened its second branch during the year to further unleash its brand potential.

Sustainable Development

In keeping with its "Tai Hing Care" spirit, Tai Hing Group has always made positive contributions to the sustainable development of society. In terms of environmental protection, the Group has responded positively to the government's call and took the initiative to reduce the use of plastics by adopting environmentally friendly takeaway containers and tableware, and used eco-materials for external packaging to minimise disposal. In addition, the Group cooperates with no less than 10 social welfare organisations this year to help the social vulnerable groups, and has gradually expanded its service coverage and influence in the community. The Group is also devoted to fostering happy work culture in workplace, aiming to enable employees to unleash their potential to the full extent and achieve mutual growth with the Group through incentives and trainings. During the Review Year, the Group received a number of ESG accomplishments, including three major awards in the "Smart Energy Award Programme" organised by CLP Power, they are the "Sustainable Vision Award", "Renewable Energy Contribution Award" and "Joint Energy Saving Award", also the Bronze award in Service Category, BOC Corporate Low-carbon Environmental Leadership Awards 2023 & Eco Challenger sponsored by Bank of China and organised by Federation of Hong Kong, recognizing the Group's endeavors in the journey of sustainability.

PROSPECTS

The Group has kept pace with market development trends by continuously optimising and consolidating the Group's operating model and restaurant network to better meet customer needs, improve operational efficiency and further consolidate its market position. As the tourism industry gradually recovers, the Group will continue to consider the establishment of new stores at airports, borders and tourist spots in order to capitalise on the expansion opportunities and maintain the momentum.

In order to maintain its leading position and sustain growth in a highly competitive market, the Group has implemented its multi-brand strategy to strengthen the position of its existing brands while giving them new momentum. "Men Wah Bing Teng" will launch themed products according to different seasons, while "TeaWood" will launch a series of healthy food products with promotional themes such as "environmental protection" and "health" to enhance its brand image. For "Asam Chicken Rice", it will focus on rebranding the famous Hainanese chicken rice and plans to introduce seasonal menus and dishes with different price points to attract more target customers. "Phở Lê" will use energetic and playful elements as themes to regularly introduce new products, and offer breakfast or open earlier in response to market conditions in commercial districts. In addition, the Group is taking the initiative to unleash the potential of new brands and expand its customer base. In Chinese Mainland, the Group will proactively explore market trends and consumer needs in the Greater Bay Area, strengthen and integrate the impact of each brand.

The Group is aware of the key role of digital transformation in the survival and development of enterprises. The Group will continue to increase the application of and investment in digitalisation and automation in order to ease cost burdens and advance the improvement of operational efficiency. The Group will launch a number of themed promotions and different types of e-vouchers and enhance the in-app features for its first integrated mobile application "Tai Hing FanFanStore", in an effort to develop it into a comprehensive and diversified food and beverage service platform. This will enable us to reach existing members and target customers in a cost-effective manner, encourage customers to increase their frequency of consumption and reduce their dependence on third-party takeaway platforms, as well as gaining understanding of customers' consumption characteristics and needs so as to formulate more targeted marketing strategies and product development proposals to enhance the Group's profitability. In terms of internal operations, the Group will continue to research and bring in trending technology for higher productivity and precision, thereby optimising the overall operational procedures and fostering the innovation development of the Group.

In terms of marketing, the Group will continue to promote collaboration among the Group's various brands, such as "Tai Hing", "Men Wah Bing Teng", "TeaWood" and "Asam Chicken Rice" in order to leverage the existing brand recognition to introduce new brands and to attract more potential customers through synergies. Meanwhile, the Group will cooperate with other sales channels, renowned companies and brands by organising joint events, to bring freshness to customers and attract new customer groups in various ways. In Chinese Mainland, the Group targeted its consumer base and strengthened the promotion of its brands on popular social media channels, including Douyin and Xiaohongshu. Going forward, the Group will continue to rapidly consolidate and utilise the Group's resources based on market trends to maximise its multi-brand effect.

In the ever-changing business environment, changes in consumers' consumption patterns and habits have brought new opportunities and challenges to the catering industry. The Group will continue to forge ahead and strive to consolidate its position in the market. In addition, the Group will plan for its future development in a pragmatic manner with a focus on sustainable development and long-term profitability in order to create better value for its shareholders.

FINAL AND SPECIAL DIVIDENDS

The Board has proposed the payment of a final dividend of HK3.50 cents per share (2022: HK2.50 cents) and a special dividend of HK3.50 cents per share (2022: Nil) for the year ended 31 December 2023 payable to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Friday, 24 May 2024, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "Annual General Meeting"). Subject to the proposed final and special dividends being approved by the Shareholders, the dividend warrants of the proposed final and special dividend are expected to be despatched to the Shareholders on or before Friday, 7 June 2024.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the eligibility of the Shareholders to attend and vote at the Annual General Meeting or any adjournment of such meeting:

    The Annual General Meeting is scheduled to be held on Friday, 17 May 2024. For determining the eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 13 May 2024 to Friday, 17 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer forms duly accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 10 May 2024.

(2) For determining the entitlement of the Shareholders to the proposed final and special dividends:

    For determining the entitlement to the proposed final and special dividends for the year ended 31 December 2023, the register of members of the Company will be closed from Thursday, 23 May 2024 to Friday, 24 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final and special dividends for the year ended 31 December 2023, all transfer forms duly accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 22 May 2024.

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE, EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES AND OTHERS

Liquidity and Financial Resources

The principal sources of funds for the Group are through a combination of internally generated cash flows and proceeds received from listing of shares of the Company on the Stock Exchange on 13 June 2019 ("Listing"). As at 31 December 2023, the Group's cash and cash equivalents were approximately HK$328.1 million (2022: approximately HK$282.6 million), representing an increase of approximately 16.1%, which would mainly be used for the purposes of opening new restaurants, enhancement and expansion of food factories in Hong Kong and Chinese Mainland, and renovation of existing restaurants during the year. The majority of the bank deposits and cash were denominated in Hong Kong dollars and Renminbi. The additional funds raised from Listing would be used for implementing the future expansion plan.

As at 31 December 2023, the Group's total current assets and current liabilities were approximately HK$566.2 million (2022: approximately HK$551.7 million) and approximately HK$800.3 million (2022: approximately HK$774.7 million), respectively, while the current ratio of the Group (calculated by dividing total current assets by total current liabilities at the end of respective periods) was approximately 0.7 times (2022: approximately 0.7 times). After excluding current portion of lease liabilities and contract liabilities, the adjusted net current assets were approximately HK$212.4 million as at 31 December 2023 (31 December 2022: HK$199.2 million), while the adjusted current ratio (calculated by dividing total current assets by total current liabilities excluding current portion of lease liabilities and contract liabilities at the end of respective periods) was approximately 1.6 times (31 December 2022: approximately 1.6 times).

The Group did not have any interest-bearing bank borrowings as at 31 December 2023 (2022: Nil). During the year ended 31 December 2023, there were no financial instruments used for hedging purposes.

As at 31 December 2023, the gearing ratio of the Group was 55.9% (2022: 56.8%). The gearing ratio is calculated by dividing net debt by capital plus net debt. Net debt includes contract liabilities, lease liabilities, trade payables, other payables and accruals, less cash and cash equivalents. Capital represents the equity attributable to owners of the Company.

Foreign Currency Risk

The Group's revenue and costs are mostly denominated in Hong Kong dollars and Renminbi. The change in value of the Renminbi against the Hong Kong dollars may fluctuate and is affected by changes in China's political and economic conditions. The appreciation or devaluation of the Renminbi against Hong Kong dollars may affect the Group's results. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. The Group will continue to closely monitor the foreign currency exposure and take appropriate measures to minimize the risk when necessary.

Capital Expenditure and Commitment

During the Review Year, the Group's capital expenditure (excluding right-of-use assets) was HK$142.8 million (FY2022: HK$152.3 million). As at 31 December 2023, the Group's outstanding capital commitments were HK$10.4 million (31 December 2022: HK$10.8 million). The outstanding capital commitments consist of leasehold improvements and plant and machinery which are contracted, but not provided for, and will be fulfilled by the operating cash flow generated from ordinary business of the Group.

Contingent Liabilities

As at 31 December 2023, the Group had contingent liabilities of approximately HK$54.0 million (2022: approximately HK$56.4 million) in respect of bank guarantees given in favour of the landlords in lieu of rental deposits.

CHARGE ON GROUP ASSETS

As at 31 December 2023, the Group had certain property, plant and equipment and right-of-use assets with an aggregate net carrying value of approximately HK$218.1 million (31 December 2022: HK$229.6 million) were pledged to secure the bank facilities granted to the Group.

MATERIAL ACQUISITIONS AND DISPOSAL

Save as disclosed herein, for the year ended 31 December 2023, the Group did not have any other material acquisitions and disposals of subsidiaries, associates, joint ventures, significant investments nor capital commitment. Apart from those disclosed herein, there was no plan for other material investments or additions of capital assets at the date of this announcement.

HUMAN RESOURCES

The Group had approximately 6,300 employees as at 31 December 2023 (31 December 2022: approximately 6,000). The emolument policy of the employees of the Group is set up by the senior management of the Group on the basis of their merit, qualifications and competence. The emoluments of the Directors and senior management of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and prevailing market conditions.

SHARE OPTION SCHEMES

The Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme of the Company (the "Share Option Schemes") were approved and conditionally adopted pursuant to the resolutions passed by the Shareholders on 22 May 2019 for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group.

The principal terms of the Share Option Schemes are set out in "Appendix V (Statutory and General Information – D. Share Option Schemes)" to the Prospectus. During the year ended 31 December 2023, no share options were exercised, cancelled or lapsed. There was no outstanding share option of the Company under the Pre-IPO Share Option Scheme as at 31 December 2023. No share options were granted under the Post-IPO Share Option Scheme from the date of Listing and up to 31 December 2023.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this announcement.

AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed with the management regarding matters on risk management and internal control system and financial reporting, including review of the consolidated financial statements for the year ended 31 December 2023.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Ernst & Young on this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2023.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all Directors, they have confirmed their compliance with the required standard set out in the Model Code throughout the year ended 31 December 2023.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.taihing.com). The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposes to amend the existing second amended and restated articles of association (the "Articles") of the Company (the "Proposed Amendments") for the purposes of, among others, (i) bringing the Articles up to date and in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect on 31 December 2023; and (ii) incorporating other house-keeping amendments to the existing Articles including to update, modernise or clarify provisions of the Articles where it is considered desirable.

The Proposed Amendments are subject to the approval of the Shareholders by way of special resolution at the Annual General Meeting, and will become effective upon the approval by the Shareholders at the Annual General Meeting.

A circular of the Annual General Meeting containing, among other matters, details of the Proposed Amendments, together with a notice of the Annual General Meeting will be despatched to the Shareholders in due course.

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

Hong Kong, 20 March 2024

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

Executive Directors
Mr. Chan Wing On (Chairman), Mr. Yuen Chi Ming 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