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## **TAI HING GROUP HOLDINGS LIMITED**

**太興集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 6811)**

### **CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING**

References are made to (i) the prospectus issued by Tai Hing Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 May 2019 (the “**Prospectus**”), and (ii) the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2021 Interim Report.

### **CHANGE IN USE OF PROCEEDS**

The Company successfully listed its shares on the Main Board of the Stock Exchange on 13 June 2019 (the “**Listing**”) and issued a total of 250,000,000 ordinary shares of the Company by way of share offer at the offer price of HK\$3.00 on the Listing. The net proceeds from the share offer in association with the Listing amounted to HK\$694.5 million (the “**Net Proceeds**”). As disclosed in the Prospectus and the 2021 Interim Report, the Group planned to use the Net Proceeds for the purposes of (i) opening new restaurants in Hong Kong and Mainland China (the “**New Restaurants’ Plan**”), (ii) enhancement and expansion of food factories in Hong Kong and Mainland China (the “**Food Factories’ Plan**”); (iii) renovation of existing restaurants in Hong Kong and Mainland China; and (iv) additional working capital and other general corporate purposes. As at the date of this announcement, the Net Proceeds of approximately HK\$388.9 million had been utilised, and the unutilised Net Proceeds amounted to approximately HK\$305.6 million.

The table below sets out the original allocation of the Net Proceeds, the utilisation of the Net Proceeds as at the date of this announcement, the change in the use of the unutilised Net Proceeds and the expected timelines for fully utilising the remaining Net Proceeds:

Use of Net Proceeds	Planned use of Net Proceeds as disclosed in the Prospectus and the 2021 Interim Report <i>HK\$ million</i> (approximately)	Utilised Net Proceeds as at the date of this announcement <i>HK\$ million</i> (approximately)	Unutilised Net Proceeds as at the date of this announcement <i>HK\$ million</i> (approximately)	Change in use of the unutilised Net Proceeds <i>HK\$ million</i> (approximately)	Changed remaining Net Proceeds <i>HK\$ million</i> (approximately)
The New Restaurants' Plan	305.6	(247.3)	58.3	100.6	158.9
The Food Factories' Plan	243.0	(45.5)	197.5	(100.6)	96.9
Renovation of existing restaurants in Hong Kong and Mainland China	76.4	(26.6)	49.8	—	49.8
Additional working capital and other general corporate purposes	69.5	(69.5)	—	—	—
<b>Total</b>	<b>694.5</b>	<b>(388.9)</b>	<b>305.6</b>	<b>—</b>	<b>305.6</b>

*Note:* The expected timelines for fully utilising all the changed remaining Net Proceeds are on or before 31 December 2023, which are determined based on the Group's best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions.

## REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

In the Prospectus, the Group originally planned to use approximately HK\$243.0 million of the Net Proceeds for the Food Factories' Plan, which consisted of acquisition of a new site and purchase of relevant equipment for relocation of the food factory in Hong Kong (the "Acquisition of a New Site"), enhancement of the existing food factory in Hong Kong, as well as expansion of the existing food factory in Mainland China.

Since the Listing, significant effort has been taken by the Group to locate a suitable new site for relocation of the food factory in Hong Kong. However, up to the date of this announcement, the Group has not yet acquired properties that could meet the requirements for the Acquisition of a New Site.

Meanwhile, with the Group's successful multi-brand business strategy, the Group has been implementing the New Restaurants' Plan by continuous development of the Group's brand portfolio and expansion of the restaurant network. Recently, some of the new brands with high growth potential became the Group's revenue contributors and generated profits.

Therefore, the Group intends to re-allocate a portion of the Net Proceeds, which was originally planned for the Acquisition of a New Site, to support the Group's rapid future business growth by focusing on opening new restaurants with its high growth brands and its new brands' development as well as by expanding restaurant network in both Hong Kong and Mainland China. The Group will also explore market opportunities through alliance with business partners for business growth.

On 22 October 2021, the board of directors of the Company (the "Board") has resolved (i) the change in the use of Net Proceeds of approximately HK\$100.6 million reallocating to the New Restaurants' Plan from the Acquisition of a New Site; (ii) the changed remaining amount of approximately HK\$96.9 million from the unutilised Net Proceeds of the Food Factories' Plan will be fully utilised for enhancement and expansion of the existing food factories in Hong Kong and Mainland China; (iii) the expected timelines for fully utilising all the changed remaining Net Proceeds are on or before 31 December 2023. Save for the aforesaid changes, there is no other change in use of the Net Proceeds.

The Board has considered that the development direction of the Group is still in line with the disclosures in the Prospectus in spite of the change in use of the unutilised Net Proceeds as stated above. The Board is not aware that there are material changes in the nature of the businesses of the Group.

The Board is of the view that the above change in the use of the Net Proceeds is fair and reasonable as this would allow the Group to deploy its financial resources more effectively to enhance the profitability of the Group, would not have any material adverse effect on the existing business and operations of the Group, and is therefore in the best interests of the Group and the shareholders as a whole.

The Board will constantly evaluate the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. The Board will also take a cautious approach continually when considering using the proceeds, and closely monitor the changes of the market conditions from time to time.

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

Hong Kong, 22 October 2021

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

Executive Directors

*Mr. Chan Wing On (Chairman), Mr. Yuen Chi Ming, Mr. Lau Hon Kee and Ms. Chan Shuk Fong*

Non-Executive Director

*Mr. Ho Ping Kee*

Independent Non-Executive Directors

*Mr. Mak Ping Leung (alias: Mak Wah Cheung), Mr. Wong Shiu Hoi Peter and Dr. Sat Chui Wan*