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唐宮(中國)控股有限公司

TANG PALACE (CHINA) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1181)

PROFIT WARNING

This announcement is made by Tang Palace (China) Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, according to a preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the “**Reporting Year**”), the Group is expected to record a loss attributable to owners of the Company ranging from approximately RMB140 million to RMB160 million for the Reporting Year, as compared to a profit attributable to owners of the Company of approximately RMB41 million for the year ended 31 December 2021.

The Board believes that, certain key factors as set out in the announcement of the Company on 12 August 2022, regarding the financial performance for the six months ended 30 June 2022, have continued to impact the performance of the Group in the second half of 2022 leading to the expected loss for the Reporting Year. The expected loss is mainly attributable to the continuous impact to the Group’s business caused by the severe acute respiratory syndrome coronavirus type 2-Omicron variant (the “**Pandemic**”) during the Reporting Year. In order to comply with the prevention measures implemented by the local government (like banning dine-in and restricting the movement of people), the number of business days and customer flow of the Group’s restaurants were reduced substantially, while the Group still need to incur fixed cost like rental expenses and staff cost, thus economy of scale under full capacity could not be achieved.

In order to minimise the impact of the Pandemic on business operations, the Group continues to review the restaurants performance and the management structure, and adjusts business strategies from time to time in response to market conditions. At the same time, it also maintains good communication and interaction with various landlords, suppliers and peers to enhance revenue generation efficiency and strengthen cost control through a multi-pronged approach. In view of the fact that the Chinese government lifted most of the control measures in December 2022, it is expected that economic activities would resume quickly, given the Group’s financial position remains stable, the Board remains positive about the business prospects of the Group.

The Company is in the process of finalising the Group's annual results for the Reporting Year. The information contained in this announcement is only a preliminary assessment made by the Board based on the unaudited consolidated management accounts of the Group available up to the date of this announcement and the latest available information (which have neither been audited nor reviewed by the auditor and the audit committee of the Company), and therefore, is subject to adjustments. Detailed financial results of the Company for the year ended 31 December 2022 will be published in the annual results announcement by the end of March 2023 pursuant to the Listing Rules requirements.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Tang Palace (China) Holdings Limited
Wong Chung Yeung
Executive Director and Company Secretary

Hong Kong, 14 March 2023

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

Executive directors:

Ms. WENG Peihe, Mr. YIP Shu Ming, Mr. CHAN Man Wai, Mr. KU Hok Chiu, Mr. CHEN Zhi Xiong, Mr. WONG Chung Yeung

Independent non-executive directors:

Mr. KWONG Chi Keung, Mr. KWONG Ping Man, Mr. CHEUNG Kin Ting Alfred