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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 six months ended 30 June 2025 (the “**Period**”), the Group is expected to record a loss attributable to owners of the Company ranging from approximately RMB15 million to RMB20 million for the Period, as compared to a profit attributable to owners of the Company of approximately RMB3.4 million for the six months ended 30 June 2024.

The Board considers that the expected turnaround from profit to loss for the Period was mainly attributable to the following factors:

- (i) The Chinese Government recently issued a set of regulations and restrictions to promote frugality, curb waste and implement strict alcohol ban for civil servants casting a negative impact on certain customer groups’ expenditure. Additionally, the continuous prudent consumption trends in Mainland China and Hong Kong have led to a decline in both average spending per customer and dine-in traffic. As a result, the Group’s revenue decreased by approximately 11% as compared to prior period.
- (ii) Provision of impairment losses on property, plant and equipment in the range of approximately RMB2 million to RMB5 million resulting from continuous loss making restaurant based on impairment assessment performed by management in accordance with prudent and appropriate accounting principles.

- (iii) Fair value loss of a financial asset at fair value through profit or loss in the range of approximately RMB7 million to RMB10 million as a result of increasing credit risk based on the valuation report prepared by an independent external valuer in accordance with the applicable accounting standards.

To adapt to the evolving market landscape, the Group has rolled out a series of measures in various operation regions. These include (i) shifting focus to family gatherings and festive-themed dining experiences, (ii) introducing online deals and discount coupons to boost customer engagement, and (iii) expanding through a new satellite takeaway store model. The Group has also stabilised cost by several measures including enhanced bulk purchase management, staff cost structure optimisation and rent reduction through negotiation with landlords. The Board is confident that through its excellent management team, a series of operational adjustments, and effective cost control measures, the Group can achieve favorable outcomes for its sustainable development.

The aforesaid impairment losses and fair value loss are non-cash in nature and does not have material adverse impact on the present and future cash flow and daily operation of the Group.

The Company is in the process of finalising the Group's interim results for the Period. 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 six months ended 30 June 2025 will be published in the interim results announcement by the end of August 2025 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
Weng Peihe
Chairman

Hong Kong, 8 August 2025

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

Independent non-executive directors:

Mr. KWONG Chi Keung, Mr. KWONG Ping Man, Mr. CHAN Kin Shun