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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 2025 (the “**Reporting Year**”), the Group is expected to record a loss attributable to owners of the Company ranging from approximately RMB55 million to RMB60 million for the Reporting Year, as compared to a loss attributable to owners of the Company of approximately RMB19 million for the year ended 31 December 2024.

The Board considers that the increase in losses for the Reporting Year was mainly attributable to the following factors:

- (i) As disclosed in the announcement of the Company dated 8 August 2025, 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 12% as compared to prior year.
- (ii) Provision of impairment losses on property, plant and equipment and right-of-use assets in the range of approximately RMB5 million to RMB10 million resulting from continuous loss making restaurants 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 RMB18 million to RMB20 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 investing in lightly renovated restaurants. The Group has also stabilised cost by several measures including enhanced bulk purchase management and staff cost structure optimisation. 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 do 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 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. The Group's actual financial results for the Reporting Year may be different from what is disclosed in this announcement. Detailed financial results of the Company for the Reporting Year will be published in the annual results announcement by the end of March 2026 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, 30 January 2026

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