STRATEGIC FINANCIAL RELATIONS LIMITED
縱橫財經公關顧問有限公司

For immediate release

Tao Heung Announces 2011 Annual Results

* * * * *

Reports Double-digit Revenue and Net Profit Growth
Expands Nationwide Catering Network to 200 Outlets by 2017

Results Highlights

For the year ended 31 December			
	2011	2010	Changes (%)
Revenue (HK$mil)	**3,576.1**	2,937.2	+21.8%
EBITDA (HK$mil)	**527.8**	453.8	+16.3%
Profit attributable to owners of the parent (HK$mil)	**255.0**	219.4	+16.2%
Basic EPS (HK cents)	**25.08**	21.59	+16.2%
Proposed final dividend per share (HK cents)	**6.6**	6.3	+4.8%
Total dividends per share (HK cents)	**12.8**	12.5	+2.4%

(Hong Kong, 22 March 2012) - **Tao Heung Holdings Limited** ("Tao Heung", or together with its subsidiaries the "Group"; stock code: 573), a leader in Chinese culinary trends, announced its annual results for the year ended 31 December 2011.

The Group's total revenue increased by 21.8% to around HK$3,576.1 million (2010: HK$2,937.2 million). Factors that led to the increase included the opening of 10 new shops – seven in Hong Kong and three in Mainland China; strong business growth in Mainland China resulting from a booming economy and increased spending by consumers; and effective promotions in Hong Kong resulting in sustained customer traffic. Gross margin reached 15.6%. EBITDA increased by 16.3% to HK$527.8 million from HK$453.8 million in 2010. Profit attributable to owners of the parent was HK$255.0 million, up 16.2% from HK$219.4 million in 2010.

The Board has recommended the payment of a final dividend of HK6.6 cents per share. With the inclusion of an interim dividend of HK6.2 cents per share already paid, total dividend per share will amount to HK12.8 cents for the financial year, representing a payout ratio of 51.0%.

Mr. Eric Leung, CEO of Tao Heung, said, "Escalating costs combined with inflationary pressure made for a highly challenging year for the Group. Undaunted, the management astutely leveraged strong consumption sentiment in Mainland China via an enhanced restaurant network to sustain growth and improve profitability. To specifically tackle rising costs, we capitalised on our logistics centres, poultry farm and enhanced automated processes, as well as the adoption of still stricter cost control measures to mitigate their impact. Consequently, the Group recorded satisfactory double-digit revenue and profit growth."

Hong Kong Operations

The Hong Kong market reported steady growth during the review year, with revenue of HK$2,710.2 million recorded, representing a year-on-year growth of 13.2%. Tao Heung expanded its restaurant network with seven new outlet openings, raising the total count to 69 outlets as at 31 December 2011. To welcome the 20th anniversary of Tao Heung, some themed marketing campaigns were introduced which proved successful in maintaining customer traffic. Same store sales increased moderately by 2.5%.

Despite the various cost pressure points, the Group's efforts at improving efficiency and controlling costs through associated control measures, including automated processes re-engineering, proved effective, enabling the profit level to be at a similar level with the last reporting year. EBITDA rose slightly to 341.3 million and profit attributable to owner of the parent amounted to HK$179.2 million.

Mainland China Operations

Another year of exceptional growth was achieved by the Mainland China operations. The Group recorded revenue of HK$865.9 million, up by 59.2% over the same period last year. Such an outstanding achievement was driven by growing public affluence, concern towards food safety which stimulated demand for reputable high-end catering services and additional contributions from three new outlets. Same store sales increased by 13.9%. The Group operated 17 restaurants in Mainland China as at 31 December 2011.

Along with a jump in income, EBITDA increased by 56.7% to HK$186.5 million, up from HK$119.0 million in 2010. Profit attributable to owners of the parent climbed by 74.7% to HK$75.8 million. The rise in profitability can directly be credited to the Dongguan Logistics Centre which was able to supply a greater volume of food, having benefited from enhanced efficiency.

Logistics Centres

The Dongguan Logistics Centre began delivering profits to the Group in the first half of 2011. Its monthly output reached 840 tonnes, and is projected to reach 1,000 tonnes in 2012. Having commenced operation in January 2011, the Tai Po Logistics Centre in Hong Kong has been effectively generating synergies with its Dongguan counterpart, helping alleviate rising cost pressure. The Tai Po facility reached an average output of approximately 930 tonnes per month, and is targeted to reach 1,000 tonnes per month in 2012.

Peripheral Business

The peripheral business realised stable growth with revenue up 122.1% to approximately HK$198.8 million, of which HK$70.2 million was attributed to the poultry farm acquired in January 2011. This newest asset delivered a stable and safe supply of high-quality ingredients in the form of pork and poultry. While airline catering, pre-packaged and chilled food have consistently generated steady revenue for the Group, particularly strong sales growth was achieved by the festive food business, with the "made in Hong Kong" mooncakes and *pun choi* being clear standouts.

Prospects

Following two decades of successes, ongoing vertical and horizontal integration will be pivotal for enabling the Group to realise further triumphs as they represent the foundation on which growth is achieved. With regards to horizontal integration, Tao Heung will look past existing geographical boundaries, moving beyond Hong Kong and Guangdong, where the Group has established strongholds, to new markets such as Guangxi, Shanghai, Wuhan and Shenyang, going so far as more northern and eastern regions of the country. Targeting to expand its restaurant network to a total of 100 outlets by 2012, five to six new restaurants are planned for opening in Hong Kong, while the shop count will reach seven to eight in the Mainland China. On a separate note, automated queuing, ordering and self-service auto-payment systems will be introduced in all outlets as a means of raising efficiency and tackling labour and operating costs.

In respect of vertical integration, with the success of its poultry farm in promoting greater cost efficiency and quality control, the Group will look to strengthen its food supply chain still further, thus facilitating the Group's geographical expansion goals in the long term.

The two logistics centres will serve as an important junction linking vertical and horizontal integration efforts. Both the Dongguan and Tai Po facilities have proven invaluable for enabling Tao Heung to contain escalating costs, satisfy ever increasing food processing needs and bolster overall efficiency. The Group will also consider establishing additional logistic centres to complement future development goals.

Mr. Chung Wai Ping, Chairman of Tao Heung concluded, "The coming five years will represent the second phase of Tao Heung's master development plan since its listing. Through our vertical and horizontal integration efforts, we will have the necessary groundwork for realising our goal of creating a nationwide catering network. By 2017, this will include the operation of 200 outlets that offer different kinds of Chinese cuisine and baked goods, thus facilitating our long-term development and further rise in prominence."

- End -

About Tao Heung

Established in 1991, Tao Heung has embraced the principle of "innovation" with the aim of becoming an esteemed and premier Chinese restaurants group. Currently, the Group operates a network of 105 Chinese restaurants and bakery shops in Hong Kong and southern China under 15 brands. These include Tao Heung, Tao Square, Pier 88, Hak Ka Hut, Cheers Restaurant, Chao Inn, Chung's Cuisine, Shanghai Inn, TCT, One Roast, HITEA, HIPOT, Joyous One, Cheers Palace and Tai Cheong Bakery. Tao Heung was listed on the Main Board of The Stock Exchange of Hong Kong Limited in June 2007.

Media Enquiries:
Strategic Financial Relations Limited
Ming Chan Tel: (852) 2864 4892 Email: ming.chan@sprg.com.hk
Cissy Ho Tel: (852) 2114 4903 Email: cissy.ho@sprg.com.hk
Fax: (852) 2527 1196