

[For immediate release]



**Tao Heung Announces First Annual Results
 After Successful Listing on HKEx**

* * * * *

***Turnover Grew by 33.4%; Net Profit to Equity Holders Surged by 44.2%
 Logistics Centres to Support Growth and Complement Business Diversifications***

Results Highlights

| <i>For the year ended 31 Dec</i> | | | |
|---|----------------|---------|-------------|
| | 2007 | 2006 | Changes (%) |
| Revenue (HK\$mil) | 2,099.7 | 1,574.4 | +33.4% |
| Net profit attributable to equity holders (HK\$mil) | 200.3 | 138.8 | +44.3% |
| Basic EPS (HK cents) | 21.19 | 15.85 | +33.7% |
| Final dividend per share (HK cents) | 5 | N/A | N/A |
| Total dividend per share (HK cents) | 11.21 | N/A | N/A |

(Hong Kong, 10 April 2008) - **Tao Heung Holdings Limited** (“Tao Heung”, or together with its subsidiaries the “Group”; stock code: 573), a leader in Chinese culinary trend, announces its first annual results for the year ended 31 Dec 2007 after its successful listing on the Main Board of the Hong Kong Stock Exchange.

Revenue of approximately HK\$2.1 billion was recorded for the year under review, representing a year-on-year rise of 33.4%. Profit attributable to equity holders rose by 44.3% to approximately HK\$200.3 million due to same store sales growth as well as the opening of additional restaurants during the year. Excluding the gain on property disposal of approximately HK\$32.0 million, listing expenses of approximately HK\$6.3 million and the equity-settled share option expenses of approximately HK\$5.7 million incurred during the year, profit from the Group’s core businesses was approximately HK\$180.3 million, representing an increase of 29.8% as compared to that of the previous year.

Gross margin dropped slightly to 66.0% (2006: 67.5%). This was mainly attributable to the increase in raw material costs and the inclusion of the Group’s Mainland China business, which generated lower gross margin than Hong Kong’s operations, since 1 January 2007.

- more -

Mr. Eric Leung, CEO of Tao Heung, said, “We are pleased to announce that Tao Heung achieved record high for both of its turnover and profit levels during the year. Riding on the rising purchasing power and demand for quality cuisine in Hong Kong and Mainland China, our restaurant network is set to expand further; while our Dongguan Logistics Centre brings cost savings and efficiency in combating the rising food cost.”

Hong Kong Operations

The Group’s operations in Hong Kong generated revenue of approximately HK\$1.8 billion, a year-on-year increase of 16.0%. The rise in performance was partly due to the increase in same store sales of 2.4% as well as the addition of 7 restaurants and kiosk in the territory, raising the total count to 47 as of 31 December 2007, including the opening of its first Hong Kong-style café – One Roast – in Kwai Chung. Though gross margin dropped slightly from 67.9% last year to 67.1%, the management expects margin to improve once its Dongguan Logistics Centre becomes fully operational. Segment profit excluding the gain on property disposal, listing expenses and equity-settled share option expenses was approximately HK\$176.1 million, representing an increase of 22.9%. Operation efficiency was improved as evidenced by the increase of segment net margin for the core business from 9.2% in 2006 to 9.7% in 2007.

Mainland China Restaurant Operations

As at 31 December 2006, the Group had one restaurant in Shenzhen. On 1 January 2007, Tao Heung acquired 100% equity interests in the PRC Group which owned two restaurants in Guangzhou and two in Shenzhen. During the year under review, the Group opened two more restaurants (one in Guangzhou and one in Shenzhen), making up a total of 7 restaurants in Mainland China as at 31 December 2007. Revenue for Mainland China amounted to approximately HK\$287.8 million, 13.7% of the Group’s total revenue. Gross margin of 59.6% was achieved and segment profit was approximately HK\$25.2 million, representing a net margin of 8.7%. With further expansion of the Group’s network and the ability to capitalize on the Dongguan Logistics Centre, the management is confident in bolstering its Mainland China restaurant operations to bring more significant revenue.

Dongguan Logistics Centre

In addition to the existing food processing and logistics centre in Fo Tan, Hong Kong, in September 2007, the Group’s Dongguan Logistics Centre commenced operation. Opening at such an opportune time as food costs continued to escalate, the logistics centre effectively enabled the Group to reduce effects of rising prices through purchasing goods in bulk and directly from the source of origin. The Dongguan Logistics Centre has started to supply processed and semi-processed foods to restaurants in Mainland China during the year, and is expected to start supplying Hong Kong’s restaurant operations in 2008.

Peripheral Businesses

During the year under review, the Group's peripheral businesses recorded substantial growth. The airline catering segment successfully attracted one of the most prominent clients in town – Cathay Pacific Catering Services (HK) Limited. Furthermore, Tao Heung started to provide chilled food to 7-Eleven convenience stores in southern China as well as supplying festive foods for the Chinese New Year and chilled chickens to Park'N Shops and Jusco Stores in Hong Kong.

Outlook

With healthy economies and rising consumption power, particularly in Mainland China, there remains significant growth potential. Tao Heung will continue its multi-branding strategy that tailors to the needs of different customer segments, with 6 additional restaurants to be opened in each of the Hong Kong and Mainland China markets in 2008. Apart from Guangzhou and Shenzhen, the management will also look into other prime cities within the Guangdong province such as Dongguan, Zhongshan and Zhuhai.

With the Dongguan Logistics Centre expected to be fully operational in 2008, the Group's expansion efforts will be further bolstered through greater cost controls and enhanced efficiency. The management will explore new business that is able to generate synergy with the Dongguan Logistics Centre, such as the recently acquired "Tai Cheong" bakery chain (an egg-tart bakery chain) as the facility will be able to mass produce this popular Chinese pastry. More distribution channels and new customers would also be explored.

Mr. Chung Wai Ping, Chairman of Tao Heung, said, "Our successful listing in 2007 has laid a solid foundation for Tao Heung's future expansion. Looking ahead, we will maintain our commitment to providing quality food and services for which customers have grown to trust. We will also endeavor to elevate Tao Heung's position to become one of the most highly respected Chinese restaurant operators in Hong Kong and Mainland China, furthering the success of the Group while seeking to generate greater returns for our stakeholders."

- 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. As at 31 March 2008, the Group operates a network of 56 Chinese restaurants in Hong Kong (48 restaurants) and Southern China (8 restaurants) under 11 brands. These include Tao Heung, Tao Heung Super 88, Hak Ka Hut, Cheers Restaurant, Chao Inn, Chung's Cuisine, Harbour Seafood Restaurant, Shanghai Inn, TCT, Pier 88 and One Roast. 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

| | | |
|---------------|----------------------------------|---|
| Esther Chan | Tel: (852) 2864 4825 | Email: esther.chan@sprg.com.hk |
| Cindy Lung | Tel: (852) 2864 4867 | Email: cindy.lung@sprg.com.hk |
| Ming Chan | Tel: (852) 2864 4892 | Email: ming.chan@sprg.com.hk |
| Christine Hui | Tel: (852) 2864 4862 | Email: christine.hui@sprg.com.hk |
| | Fax: (852) 2804 2789 / 2527 1196 | |