



Tai Hing Announces 2019 Interim Results
Revenue up 6.5% year-on-year to HK\$1,639.4 million
Adjusted Profit Attributable to Owners of the Company
Increased 10.0% to HK\$82.9 million

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***Steady Performance from Flagship “Tai Hing” Brand and
Certain Subsidiary Brands Drove Growth Momentum***

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 6.5% to HK\$1,639.4 million in 1H2019 (1H2018: HK\$1,538.8 million)
- Gross profit margin expanded 0.6 percentage point to 71.9% (1H2018: 71.3%).
- Adjusted profit attributable to owners of the Company¹ increased by 10.0% to HK\$82.9 million, adjusted profit margin was 5.1%
- The Board proposed an interim dividend of HK3.24 cents per ordinary share to share the Group’s achievements with shareholders, representing a dividend payout ratio of 64.5%

(Hong Kong, 29 August 2019) – **Tai Hing Group Holdings Limited** (“Tai Hing” or the Group”; stock code: 6811), a multi-brand casual dining restaurant group with roots in Hong Kong and a network of more than 190 restaurants in Hong Kong, Mainland China, Macau, and Taiwan, has today announced its interim results for the six months ended 30 June 2019 (“1H2019” or the “Review Period”).

During the Review Period, the Group’s revenue recorded a year-on-year growth of 6.5% to HK\$1,639.4 million (1H2018: HK\$1,538.8 million). The increase in revenue was mainly attributable to the steady expansion of the Group’s restaurant network in the region, along with the steady performance from its signature “Tai Hing (太興)” brand, coupled with the embrative responses towards some newly introduced brands, such as “Phở Lê (錦麗)”, “Men Wah Bing Teng (敏華冰廳)”, and “Trusty Congee King (靠得住)”.

The Group’s gross profit amounted to HK\$1,179.5 million (1H2018: HK\$1,097.6 million) and the gross profit margin rose modestly to 71.9% (1H2018: 71.3%). Profit attributable to owners of the Company for the six months ended 30 June 2019 was HK\$50.3 million (1H2018: HK\$144.1 million), owing to one-off listing expenses booked in 1H2019, the adoption of HKFRS 16 Leases which became effective in FY2019, as well as the absence of the one-off gain on disposal of non-current assets classified as held for sale recognised in 1H2018. If such factors were excluded, the Group’s adjusted profit attributable to owners of the Company¹ would have increased by 10.0% year-on-year to HK\$82.9 million (1H2018: HK\$75.3 million). Basic earnings per share were HK6.49 cents (1H2018: HK19.21 cents).

¹ Adjusted profit for the period attributable to owners of the Company excluded (i) Listing expenses; (ii) Gain on disposal of non-current assets classified as held for sale recognised in 1H2018; and (iii) Impact on adoption of HKFRS 16 Leases

To share the Group's achievements with Shareholders, the Board has resolved to propose an interim dividend of HK3.24 cents per ordinary share for the six months ended 30 June 2019, representing a dividend payout ratio of 64.5%, which is consistent with the Group's dividend policy of distributing not less than 30% of its net profit for the financial year.

Business review

Currently the Group has 198 restaurants in Hong Kong, Mainland China, Macau, and Taiwan across nine brands. Despite the recent lacklustre economic performance in both Hong Kong and China, the Group was managed to achieve strong performance from some newly introduced brands, such as "Phở Lê", "Men Wah Bing Teng" and "Trusty Congee King", which delivered SSSG of 5.7%, 4.8%, and 4.7% respectively.

Steady performance from flagship brand "Tai Hing" and high growth from certain subsidiary brands, boosting the Group's overall revenue

"Tai Hing", the Group's flagship brand and also the principal revenue contributor, delivered HK\$986.8 million revenue during the Review Period, comprising 62.0% of the Group's total revenue from restaurant operations. During the period, the brand has not only continued its expansion in Hong Kong and China, but also extended its foothold to Taiwan. The Group opened its first "Tai Hing" restaurant in Breeze Taipei Station (微風台北車站), a food hub in Zhongzheng District, Taipei City (台北市中正區) in May 2019. The restaurant has received overwhelmingly favourable response and quickly become one of the most popular restaurants in the district.

The Group's other subsidiary brands have also delivered encouraging results during the Review Period. In particular, "Men Wah Bing Teng" attracted great customer interest and achieved an outstanding seat turnover rate of 17.2, being the highest among the Group's brands. Its revenue rose by 185.1% year-on-year to HK\$113.8 million with satisfactory SSSG of 4.8%. Three new restaurants in Hong Kong were opened during the Review Period. The Group subsequently opened the first restaurant under "Men Wah Bing Teng" brand in Guangzhou in July 2019, marking the fifth brand of the Group to penetrate the Mainland China market.

"Phở Lê" is another solid performer of the Group, with one new restaurant added in Mainland China during the Review Period. In 1H2019, the Group has introduced an upgraded menu, offering a wider range of food options to customers. Consequently, its revenue recorded a year-on-year growth of 84.2% to HK\$67.9 million in 1H2019, with outstanding SSSG of 5.7%.

The market presence of the "Trusty Congee King" brand has likewise been strengthened with two new restaurants opened in Mainland China during the Review Period. Promotional campaigns aimed at raising consumption during dinner hours as well as a more comprehensive menu assisted the brand in achieving satisfactory revenue growth of 24.8% year-on-year to HK\$119.0 million and SSSG of 4.7%.

Another subsidiary brand, "TeaWood (茶木)", has remained popular and continued to perform encouragingly, contributing HK\$274.7 million in revenue in 1H2019 and accounting for 17.3% of the Group's total revenue from restaurant operations. A more sophisticated member of this brand, known as "TeaWood Deluxe", was introduced in February 2019 in K11 in Tsim Sha Tsui, offers premium food combined with a more relaxing ambience that has received favourable response from the public.

Yet another milestone by the Group was the introduction of the "Hot Pot Couple (夫妻沸片)" brand during the Review Period. Offering Taiwanese hotpot cuisine, the first restaurant opened in Mongkok in January 2019.

Prospects

Looking forward, the Group will persist in expansion efforts and this includes exploring opportunities to expand into overseas markets, other than the geographical locations where the Group currently operates, in order to deepen its market penetration. In Mainland China, the Group will focus on bolstering the presence of “Men Wah Bing Teng” in the Greater Bay Area. Regarding the Group’s flagship brand, the Group plans to open its second “Tai Hing” restaurant in Taiwan during the second half of 2019, capitalising on the success of the first restaurant opened at Breeze Taipei Station. The Group will also seek to introduce new brands to the market including an entrant that offers a somewhat more sophisticated type of “cha chaan teng”, which will be welcoming customers in the fourth quarter of this year.

Concurrent with the Group’s expansion efforts will be the adoption of automated food processing machinery at the restaurant level. By leveraging technologies already tried and tested at restaurants in Hong Kong, the Group will bring automated food preparation procedures to Mainland China kitchens, with an aim to ensure consistency, enhance efficiency, and less reliance on skilled labour. The Group will also continue to strive towards the objective of further improving operational efficiency by directing resources towards the research and development of automated food processing machines.

Mr. Chan Wing On, Chairman and Executive Director of Tai Hing, said, “Despite the fractious environment that faced us in the first half of 2019, I am delighted to see that the Group was managed to deliver satisfactory financial performance. We always believe that our multi-brand strategy is crucial to our success and we will continue to expand our presence in the region in order to bolster our leading position in the casual dining market. With the Group marking its 30th anniversary this year, we are determined to drive business growth by collaborating with the online food order platforms in Hong Kong to broaden our business and initiating cross-brand marketing campaigns and promotions to further enhance our corporate image. We are committed to driving sustainable growth of our business and create satisfactory returns to our shareholders in the long-run.”

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About Tai Hing Group Holdings Limited (stock code: 6811)

Tai Hing Group Holdings Limited (“Tai Hing Group”) is a multi-brand casual dining restaurant group with roots in Hong Kong. In addition to its flagship “Tai Hing” brand, the Group has a growing brand portfolio comprising of self-developed brands, and acquired and licensed brands, including “TeaWood”, “Trusty Congee King”, “Men Wah Bing Teng”, “Phở Lê”, “Tokyo Tsukiji”, “Fisher & Farmer”, “Rice Rule” and “Hot Pot Couple”. Currently, it has a network of more than 190 restaurants in Hong Kong, Mainland China, Macau and Taiwan.

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