

IPO FACT SHEET
Tai Hing Group Holdings Limited (6811)
ISSUE STATISTICS

Offer Size:	HK\$700m - HK\$950m
Placement Tranche:	250m
Price:	HK\$2.80 - HK\$3.80
Board lot:	1,000
Entry fee:	HK\$3,838.29
Historical PE	9.18x – 12.46x
Net tangible asset per share:	HK\$1.02 - HK\$1.26
Market Cap (post-IPO):	HK\$2,800m- HK\$3,800m
Open:	30 May 2019
Close:	12.00 noon on 4 June 2019
Trading:	13 Jun 2019
Sponsor:	BOCOM International (Asia) Limited

Year ended 31 Dec	(HKD'000)	yoy % chg
Revenue		
2017	2,771,277	10.3%
2018	3,126,053	12.8%
Profit for the year		
2017	209,633	6.5%
2018	304,934	45.5%

BACKGROUND

- They are a multi-brand casual dining restaurant group originated in Hong Kong.
- In addition to their flagship “Tai Hing” brand, they have successfully grown their brand portfolio (through in-house development, acquisitions and licensing), which now also comprises “TeaWood”, “Trusty Congee King”, “Men Wah Bing Teng”, “Tokyo Tsukiji”, “Fisher & Farmer”, “Rice Rule” and “Hot Pot Couple”.
- As at the Latest Practicable Date, they had 191 restaurants (comprising 184 restaurants operated by them and 7 restaurants operated by their franchisees) in their restaurant network, with 126 restaurants in Hong Kong, 63 restaurants in Mainland China, one restaurant in Macau and one restaurant in Taiwan.
- According to the Frost & Sullivan Report, they ranked: (i) first in terms of revenue in the self-operated casual dining restaurant market in Hong Kong with a market share of 4.0%; (ii) first in terms of the number of self-operated restaurants in the Taiwanese casual dining market in Hong Kong; and (iii) second in terms of revenue in the self-operated casual dining restaurant market in Mainland China with a market share of 0.1%, each in 2017.
- Consistency in dining experience across all of their restaurants is vital to their presentation of a single unified corporate image to consumers. They operate a food factory in Fo Tan, Hong Kong and one in Dongguan, Mainland China. They adopt standardised operation processes for different brands and use their patented automated food processing machines in their restaurants as well as Food Factories.

BUSINESS STRATEGIES

- Continuous development of their brand portfolio and expansion of their restaurant network.
- Uplifting of their existing restaurants in Hong Kong and Mainland China.
- Enhancement and expansion of their Hong Kong Food Factory and expansion of their Mainland China Food Factory.
- Enhancement and enrichment of their brand image, awareness and recognition for their future business growth.

COMPETITIVE STRENGTHS

- They are a leading market player in the Hong Kong and Mainland China catering service industry with strong brand recognition.

- Strong capability and track record in developing brands and growing their brand portfolio to capture a broad spectrum of customers.
- Highly standardised operation, automated production and food preparation processes and efficient management system as a systematic platform to sustain future growth.
- Well-positioned to capture the growth in the Mainland China catering service market to support future growth.
- Leadership under experienced and passionate restaurateurs and professional management team.

KEY RISKS

- Their success depends significantly on the market recognition of their brands, and any damage to their brands, whether in their existing markets or new markets, could materially and adversely impact their business and results of operations.
- They have in recent years experienced rapid expansion, leading to increased risks and uncertainties, and their management system may not be effective enough to address such risks and uncertainties.
- Their operations are susceptible to increase in purchase cost for food ingredients, which could adversely affect their margins and results of operations.
- If their suppliers do not deliver food and other supplies at competitive prices or in a timely manner, they may experience supply shortages and increased food costs.
- As at the Latest Practicable Date, they leased all of the properties on which their restaurants operate, and they are exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

DIVIDEND POLICY

- They currently aim to pay a total dividend in respect of each financial year of not less than 30% of their distributable profits for that financial year.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
For the opening of new restaurants.	337.5	44.0%
For the renovation of their existing restaurants in Hong Kong and Mainland China.	84.4	11.0%
For the enhancement and expansion of their Hong Kong Food Factory and expansion of their Mainland China Food Factory.	268.5	35.0%
As general working capital of their Group.	76.7	10.0%
Total:	767.1	100.0%

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