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TAO HEUNG HOLDINGS LIMITED

稻香控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 573)

CLARIFICATION ANNOUNCEMENT

The announcement is made at the request of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Directors**”) of Tao Heung Holdings Limited (the “**Company**”) together with its subsidiaries, the “**Group**”) has noted that there have been continuous false rumours spreading across social media in recent months concerning the alleged use of “hormone injected chickens” and “pungent edible oil” by the Group.

The Board wishes to clarify as follows:

1. The Group has absolutely never used “hormone injected chickens” and “pungent edible oil” for food preparation. The food provided by the Group is in strict compliance with all standards related to food safety in Hong Kong and also complies with rules and regulatory requirements governing food safety.
2. The Group has always paid attention to food safety, thus we implement strict supervision across all stages of food preparation starting from the sourcing of food ingredients. To effectively control the quality of chicken, we have set up our own poultry farm in Mainland China, where one-stop management of fodder production, raising, slaughtering and delivery is firmly in place. Hormones injection for accelerating growth is absolutely not used as the rumours alleged or at all. All chickens have been inspected before export, and all procedures are in strict compliance with the import and export legislation and regulations of both Hong Kong and Mainland China. All chickens for export to Hong Kong have been issued with a Veterinary (Health) Certificate by the Entry-exit Inspection and Quarantine of the People’s Republic of China and Import license by Food and Environmental Hygiene Department.

3. All edible oil used by the Group's shops and outlets in Hong Kong is sourced from reputable oil suppliers, including Lam Soon Products Supply (Hong Kong) Company Limited, Hop Hing Oils & Fats (Hong Kong) Limited and Dah Chong Hong Limited. The Group requires all oil suppliers to implement comprehensive and stringent food safety management measures and to submit product safety test certification on a regular basis. The Group also operates our own professional laboratory for conducting regular oil sampling tests aimed at continuous maintenance of oil quality.

Also, the Group has taken the follow-up actions as follows:–

1. It has been the Group's promotion programme of rewarding customers' for their unwavering support by launching the HK\$1 chicken signature promotion in March or April every year in the past. The Group believes that someone has intentionally made malicious allegations against the Group at this point of time for the purpose of spreading rumours to mislead the public with a view to causing damage to the Group's business. The Group takes this matter with the utmost seriousness, has reported it to the police, and reserves the right to take legal action against any and all parties making and spreading such rumours. Any party making such malicious allegations against the Group, or sending and transmitting false information with a view to causing adverse effect to the Group will be identified and identification details presented to the police and may be subject to legal action.
2. The Group currently operates 141 restaurants and bakeries in Hong Kong and Mainland China which have gained strong popular support from consumers across both regions. The Group has assigned food quality and safety as core values. Our food processing and logistics centres also have our own laboratory facilities to reinforce strict controls on food safety, further reassuring that all of our products are safe for consumers.

This announcement is made by the order of the Board of the Company. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

By order of the Board
Tao Heung Holdings Limited
Chung Wai Ping
Chairman

Hong Kong, 25 February 2014

As at the date of this announcement, the executive directors of the Company are Mr. CHUNG Wai Ping, Mr. WONG Ka Wing, Mr. CHUNG Ming Fat, Mr. LEUNG Yiu Chun, Ms. WONG Fun Ching and Mr. HO Yuen Wah, the non-executive directors of the Company are Mr. FONG Siu Kwong and Mr. CHAN Yue Kwong, Michael and the independent non-executive directors of the Company are Mr. LI Tze Leung, Professor CHAN Chi Fai, Andrew, Mr. MAK Hing Keung, Thomas and Mr. NG Yat Cheung.

* *For identification purpose only*