HOP HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 47)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

RESULTS

The Board of Directors (the "Board") of Hop Hing Group Holdings Limited (the "Company") herein present their unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013, together with the comparative amounts.

These interim financial results have not been audited, but have been reviewed by the Company's audit committee and the Company's auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited For the six months ended 30 June 2013 HK$'000	2012 HK$'000 (Re-presented)
CONTINUING OPERATIONS			
TURNOVER	5	**1,000,907**	956,500
Direct cost of stocks sold		**(387,136)**	(384,363)
Other income and gains, net	5	**4,699**	2,935
Selling and distribution expenses		**(479,632)**	(399,614)
General and administrative expenses		**(71,589)**	(64,952)
PROFIT FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	6	**67,249**	110,506
Finance costs	7	**(1,113)**	(1,484)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**66,136**	109,022
Income tax expense	8	**(13,881)**	(35,500)
Profit for the period from continuing operations		**52,255**	73,522
DISCONTINUED OPERATION			
Profit/(loss) for the period from a discontinued operation	9	**(51,696)**	355
PROFIT FOR THE PERIOD		**559**	73,877
PROFIT ATTRIBUTABLE TO:			
Equity holders of the Company		**559**	59,516
Non-controlling interests		**–**	14,361
		559	73,877

	Notes	Unaudited For the six months ended 30 June **2013** ***HK$'000***	 2012 *HK$'000* (Re-presented)
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	11		
Basic			
– For profit for the period		**HK0.01 cent**	HK11.47 cents
– For profit for the period from continuing operations		**HK0.53 cent**	HK11.41 cents
Diluted			
– For profit for the period		**HK0.01 cent**	HK 0.60 cent
– For profit for the period from continuing operations		**HK0.53 cent**	HK 0.59 cent

Details of dividends paid in the period are disclosed in note 10.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**559**	73,877
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) that have been reclassified or may be subsequently reclassified to income statement:		
Release of exchange fluctuation reserve upon disposal of subsidiaries	**(33,137)**	(2,039)
Release of exchange fluctuation reserve upon de-registration of a subsidiary	**–**	(133)
Exchange differences on translation of foreign operations	**5,812**	–
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD	**(27,325)**	(2,172)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	**(26,766)**	71,705
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:		
Equity holders of the Company	**(26,766)**	58,343
Non-controlling interests	**–**	13,362
	(26,766)	71,705

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited 30 June 2013** *HK$'000*	Audited 31 December 2012 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	12	**305,823**	461,635
Prepaid land lease payments		**–**	26,889
Trademarks		**–**	125,299
Deferred tax assets		**9,029**	1,340
Prepayment and rental deposits		**46,823**	41,105
Total non-current assets		**361,675**	656,268
CURRENT ASSETS			
Stocks		**141,372**	240,795
Accounts receivable	13	**7,017**	147,808
Prepayments, deposits and other receivables		**94,879**	90,234
Tax recoverable		**4,184**	2,003
Pledged bank deposits		**44,304**	47,964
Cash and cash equivalents		**193,333**	192,091
Total current assets		**485,089**	720,895
CURRENT LIABILITIES			
Accounts payable	14	**187,377**	181,305
Bills payable		**–**	14,046
Other payables and accrued charges		**213,264**	305,572
Interest-bearing bank loans	15	**26,582**	149,239
Tax payable		**2,239**	4,554
Due to a related company		**5,387**	–
Total current liabilities		**434,849**	654,716
NET CURRENT ASSETS		**50,240**	66,179
TOTAL ASSETS LESS CURRENT LIABILITIES		**411,915**	722,447
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**11,181**	7,400
NET ASSETS		**400,734**	715,047
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	16	**1,000,629**	991,687
Reserves		**(599,895)**	(276,834)
		400,734	714,853
Non-controlling interests		**–**	194
Total equity		**400,734**	715,047

NOTES

1. BUSINESS COMBINATIONS UNDER COMMON CONTROL AND BASIS OF PREPARATION

On 1 December 2011, the Company and Queen Board Limited ("Queen Board"), a company controlled by a substantial shareholder of the Company, entered into an acquisition agreement (the "Acquisition") pursuant to which Queen Board has agreed to sell the entire issued share capital of Hop Hing Fast Food Group Holdings Limited ("Hop Hing Fast Food"), an investment holding company of a group of companies that own rights to operate the Yoshinoya and Dairy Queen quick service restaurants ("QSR") in their franchised regions in the People's Republic of China (the "PRC") which include Beijing municipality, Tianjin municipality, the Inner Mongolia Autonomous Region (excluding airports, railway stations or highway service areas), and the provinces of Hebei, Liaoning, Heilongjiang and Jilin, and the loans of HK$44,389,000 owed by Hop Hing Fast Food to Queen Board and its associates (the "Loan"). Details of the Acquisition were set out in the Company's announcements made on 1 December 2011 and 12 March 2012 and circular dated 30 December 2011.

Prior to the Acquisition, Hop Hing Fast Food has undergone a group reorganisation (the "Reorganisation") to rationalise its group structure for the purpose of the Acquisition. Details of the Reorganisation were set out in the Company's circular dated 30 December 2011.

The Acquisition was completed on 12 March 2012 with the total consideration being satisfied by an issue of perpetual subordinated convertible securities (the "PSCS") by the Company to companies as directed by Queen Board. Details of the PSCS are set out in note 18.

The financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), as if the Acquisition had been completed at the beginning of the earliest period presented because the Acquisition were regarded as a business combination under common control of the substantial shareholder of the Company before and after the Acquisition.

The condensed consolidated income statements, condensed consolidated statements of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows of the Group for the six months ended 30 June 2013 and 2012 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the dates when the subsidiaries first came under the common control of the substantial shareholder, where this is a shorter period. The condensed consolidated statements of financial position of the Group as at 1 January 2012 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the substantial shareholder perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Acquisition.

Equity interests in subsidiaries and/or business held by parties other than the substantial shareholder prior to the Acquisition are presented as non-controlling interests in equity in applying the principles of merger accounting.

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* and other relevant HKASs and Interpretations, Hong Kong Financial Reporting Standards (collectively, the "HKFRSs") issued by the HKICPA and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Save for the adoption of new and revised HKFRSs during the period as set out in note 2 below, the accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are the same as those used in the preparation of the annual financial statements for the year ended 31 December 2012.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current period's condensed consolidated interim financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-lnt 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009 – 2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of amendments to HKAS 1, HKFRS 11 and HKFRS 13, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point of time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance.

HKFRS 11 supersedes HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers* and is effective for annual periods beginning on or after 1 January 2013.

Under HKFRS 11 investment in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Under HKFRS 11, the joint ventures are accounted for using the equity method while the proportionate consolidation allowed under HKAS 31 is not permitted.

However, having considered the discontinued operation presentation of the disposal of the Group's joint ventures as part of the Group's disposal of edible oils business during current period (notes 9 and 17), and the impact on the statement of financial position of the Group as at 1 January 2012, the directors considered the adoption of equity accounting of its joint ventures under HKFRS 11 has no material impact to the Group's financial statements. Accordingly, no equity accounting is applied to account for the Group's joint ventures before the disposal as set out in notes 9 and 17.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the condensed consolidated interim financial statements. HKFRS 13 has been applied prospectively.

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair value.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these interim financial statements.

HKFRS 9	*Financial Instruments*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation Offsetting Financial Assets and Financial Liabilities*[1]

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have any significant impact on its results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

The Group's primary operating segment is QSR business after the disposal of the edible oils business (the "Disposal") during the current period. Further details of the Disposal are set out in notes 9 and 17. Since the QSR business is the only continuing operating segment of the Group, no further analysis thereof is presented.

5. TURNOVER, OTHER INCOME AND GAINS, NET

Turnover represents the net invoiced value of goods sold during the period.

An analysis of turnover and other income and gains, net from continuing operations is as follows:

	Unaudited For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
		(Re-presented)
Turnover		
Sale of QSR products	**1,000,907**	956,500
Other income and gains, net		
Bank interest income	**1,100**	1,480
Foreign exchange differences, net	**1,652**	(147)
Others	**1,947**	1,602
	4,699	2,935

6. PROFIT FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS

The Group's profit from operating activities from continuing operations is arrived at after charging:

	Unaudited For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
		(Re-presented)
Direct cost of stocks sold	**387,136**	384,363
Depreciation	**58,502**	43,290
Lease payments under operating leases in respect of lands and buildings		
– minimum lease payments	**126,543**	106,565
– contingent rents	**17,894**	18,317
Loss on disposal of items of property, plant and equipment, net	**788**	642

7. FINANCE COSTS

An analysis of finance costs from continuing operations are as follows:

	Unaudited For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
		(Re-presented)
Interest on bank loans wholly repayable within five years	**914**	1,332
Others	**199**	152
	1,113	1,484

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Pursuant to the Corporate Income Tax Law of the PRC being effective on 1 January 2008, the PRC corporate income tax rate for the Group's subsidiaries operated in Mainland China during the period was 25% (2012: 25%) on their taxable profits.

The major components of the income tax expense for the period from continuing operations are as follows:

	Unaudited For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
		(Re-presented)
Current – Hong Kong		
Charge for the period	**533**	1,508
Current – Elsewhere		
Charge for the period	**12,696**	30,793
Deferred tax	**652**	3,199
Total tax charge for the period	**13,881**	35,500

9. DISCONTINUED OPERATION

On 25 April 2013, the Company entered into an agreement with Harvest Trinity Limited, a company incorporated in the British Virgin Islands and wholly-owned by a substantial shareholder of the Company and its associates, pursuant to which the Company agreed to sell its entire equity interest in Hop Hing Oil Group Limited (formerly known as Oleo Chartering Inc.) and its subsidiaries (the "Edible Oils Group"), which are principally engaged in the purchasing, extracting, refining, blending, marketing and distribution of edible oils and fats for consumption by households and restaurants in Hong Kong, Macau, the PRC and overseas countries (the "Edible Oils Business") at a total consideration of HK$400 million (subject to adjustment). Details of the Disposal are set out in the Company's circular dated 20 May 2013. The Disposal was completed on 28 June 2013.

The results of the Edible Oils Group in the period are presented below:

		Unaudited	
	Note	**For the period from 1 January to 28 June 2013** *HK$'000*	For the six months ended 30 June 2012 *HK$'000*
Turnover		**438,283**	432,525
Direct cost of stocks sold and services provided		**(320,520)**	(327,602)
Other income and gains/(loss), net		**(136)**	2,989
Other production and services costs		**(32,270)**	(27,332)
Selling and distribution expenses		**(53,330)**	(53,577)
General and administrative expenses		**(23,482)**	(18,645)
Profit from operating activities		**8,545**	8,358
Finance costs		**(2,068)**	(5,240)
Profit before tax from the discontinued operation		**6,477**	3,118
Income tax expense		**(11,864)**	(2,052)
Profit/(loss) before loss on disposal for the period from the discontinued operation		**(5,387)**	1,066
Loss on disposal of the subsidiaries	17	**(46,309)**	(711)
Profit/(loss) for the period from the discontinued operation		**(51,696)**	355
Earnings/(losses) per share:			
Basic, from the discontinued operation		**(HK0.52 cent)**	HK0.07 cent
Diluted, from the discontinued operation		**(HK0.52 cent)**	HK0.01 cent

The calculations of basic and diluted earnings/(losses) per share from the discontinued operation are based on:

	Unaudited	
	For the period from 1 January to 28 June 2013	For the six months ended 30 June 2012
	HK$'000	*HK$'000*
Profit/(loss) attributable to equity holders of the Company from the discontinued operation	**(51,696)**	355

	Unaudited Number of shares	
	30 June 2013	30 June 2012
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation (note 11)	**9,935,700,728**	518,718,724
Weighted average number of ordinary shares used in the diluted earnings per share calculation (note 11)	**9,968,104,150**	9,977,053,275

10. DIVIDENDS

	Unaudited For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Final dividend for 2012 – HK0.25 cent per ordinary share	**25,016**	–
Special dividend for 2013 – HK2.8 cents per ordinary share	**280,176**	–
	305,192	–

11. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

a. **Basic earnings per share**

The calculation of basic earnings per share is based on the consolidated profit for the period attributable to equity holders of the Company, and the weighted average number of 9,935,700,728 (2012: 518,718,724) ordinary shares in issue during the period.

b. Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit for the period attributable to equity holders of the Company and the weighted average number of 9,968,104,150 (2012: 9,977,053,275) ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares of 32,403,422 (2012: 9,458,334,551) for the period ended 30 June 2013 calculated as follows:

	Unaudited For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
		(Re-presented)
Consolidated profit attributable to equity holders of the Company:		
From continuing operations	**52,255**	59,161
From a discontinued operation	**(51,696)**	355
	559	59,516

	Unaudited Number of shares	
	30 June 2013	30 June 2012
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**9,935,700,728**	518,718,724
Effect of dilution – weighted average number of ordinary shares:		
Warrants	**31,864,037**	56,561,886
Share options	**539,385**	9,880,773
PSCS	**–**	9,391,891,892
	9,968,104,150	9,977,053,275

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group acquired items of property, plant and equipment with a cost of HK$94,327,000 (2012: HK$75,076,000). Items of property, plant and equipment with a net book value of HK$188,936,000 (2012: HK$3,869,000) were disposed of during the six months ended 30 June 2013.

13. ACCOUNTS RECEIVABLE

	Unaudited 30 June 2013 *HK$'000*	Audited 31 December 2012 *HK$'000*
Accounts receivable	**7,017**	163,026
Impairment	**–**	(15,218)
	7,017	147,808

The Group's QSR business is mainly traded on a cash basis. Accounts receivable of the Group's QSR business were mainly due from shopping malls for whom there was no recent history of default.

The Group's edible oil products were sold either on a cash on delivery basis, or on an open account basis with credit terms ranging from 7 to 70 days. Each customer had a maximum credit limit and overdue balances were regularly reviewed by the senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its accounts receivable balance. Accounts receivable are non-interest-bearing.

An aged analysis of the accounts receivable as at the end of the reporting period, based on payment due date and net of provisions, is as follows:

	Unaudited 30 June 2013 *HK$'000*	Audited 31 December 2012 *HK$'000*
Current (neither past due nor impaired)	**6,350**	126,463
Within 60 days past due	**667**	15,865
Over 60 days past due	**–**	5,480
	7,017	147,808

As at 31 December 2012, included in the Group's accounts receivable were amounts totaling HK$24,609,000 due from the Group's joint ventures which were repayable on credit terms comparable to those offered to other unrelated customers of the Group.

Certain of the above accounts receivable as at 31 December 2012, which were factored to a bank in exchange for cash and the related bank loans, had been included as "Interest-bearing bank loans" on the face of the condensed consolidated statement of financial position (note 15).

At 31 December 2012, certain of the Group's accounts receivable with a carrying amount of HK$4,278,000 were pledged to secure general banking facilities granted to the Group (note 15).

14. ACCOUNTS PAYABLE

An aged analysis of accounts payable as at the end of the reporting period, based on the payment due date, is as follows:

	Unaudited 30 June 2013 *HK$'000*	Audited 31 December 2012 *HK$'000*
Current and less than 60 days	**175,977**	175,816
Over 60 days	**11,400**	5,489
	187,377	181,305

The accounts payable are non-interest-bearing and are normally settled within credit terms of 7 to 90 days.

15. INTEREST-BEARING BANK LOANS

	Unaudited 30 June 2013 *HK$'000*	Audited 31 December 2012 *HK$'000*
Current (repayable within one year or on demand)		
Bank loans – unsecured	**–**	85,952
Bank loans on factored accounts receivable – unsecured (note 13)	**–**	29,037
Bank loans – secured (note a)	**26,582**	34,250
	26,582	149,239

Notes:

a. Certain of the Group's bank loans are secured by:

   (i) the pledge of certain of the Group's time deposits amounting to HK$44,304,000 (31 December 2012: HK$43,750,000);

   (ii) legal charges over certain of the Group's leasehold land and buildings and plant and machinery, which had aggregate carrying values of approximately HK$12,617,000 as at 31 December 2012;

   (iii) floating charges over certain of the Group's stock accounting to HK$97,483,000 as at 31 December 2012; and

   (iv) floating charges over certain of the Group's accounts receivable amounting to HK$4,278,000 as at December 2012.

b. Fixed interest rate bank loans of HK$26,582,000 (31 December 2012: HK$26,250,000) are denominated in Renminbi. All other bank loans were denominated in Hong Kong dollars with floating interest rates as at 31 December 2012.

16. SHARE CAPITAL

a. During the six months ended 30 June 2013, 89,417,356 ordinary shares of HK$0.10 each were issued for cash at a subscription price of HK$0.20 per share, pursuant to the exercise of the Company's warrants, for a total cash consideration, before expenses, of approximately HK$17,884,000.

b. During the six months ended 30 June 2012, 3,990,764 ordinary shares of HK$0.10 each were issued for cash at a subscription price of HK$0.20 per share, pursuant to the exercise of the Company's warrants, for a total cash consideration, before expenses, of approximately HK$798,000.

   During the six months ended 30 June 2012, 430,600 ordinary shares of HK$0.10 each were issued for cash at a subscription price of HK$0.35 per share, pursuant to the exercise of the Company's share options, for a total cash consideration, before expenses, of approximately HK$151,000.

17. DISPOSAL OF SUBSIDIARIES

	Unaudited 28 June 2013 *HK$'000*	Audited 31 December 2012 *HK$'000*
Net assets of the subsidiaries disposed of:		
Property, plant and equipment	**188,148**	–
Prepaid land lease payments	**26,860**	–
Trademarks	**125,304**	–
Deferred tax assets	**893**	–
Stocks	**121,044**	–
Accounts receivable	**148,390**	9
Prepayments, deposits and other receivables	**21,657**	721
Tax recoverable	**1,408**	–
Cash and cash equivalents	**28,742**	12,225
Accounts payable	**(42,226)**	–
Other payables and accrued charges	**(35,950)**	(1,235)
Interest-bearing bank loans	**(100,627)**	–
Tax payable	**(12,035)**	–
Deferred tax liabilities	**(1,526)**	–
Non-controlling interests	**(194)**	(4,981)
Capital and other reserve	**–**	1,690
	469,888	8,429
Release of exchange fluctuation reserve	**(33,137)**	(1,040)
Transaction costs directly attributable to the disposal of subsidiaries	**4,171**	–
Loss on disposal of the subsidiaries	**(46,309)**	(711)
	394,613	6,678
Satisfied by:		
Cash	**394,613**	6,678

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposal of the subsidiaries is as follows:

Cash consideration	**394,613**	6,678
Cash and cash equivalents disposal of	**(28,742)**	(12,225)
Less: Transaction cost directly attributable to the disposal of subsidiaries	**(4,171)**	–
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	**361,700**	(5,547)

18. PERPETUAL SUBORDINATED CONVERTIBLE SECURITIES

On 1 December 2011, the Company entered into an acquisition agreement in respect of the Acquisition at a consideration of HK$3,475,000,000 to be satisfied by issuing PSCS carrying the rights to convert into 9,391,891,892 new ordinary shares of the Company at an initial conversion price of HK$0.37 per share. The transaction was completed and the Company issued the PSCS on 12 March 2012. These PSCS had no maturity date and the Company had no contractual obligation to redeem these PSCS. The fair value of these PSCS issued at the completion date of the Acquisition amounted to approximately HK$4,964,232,000, which was determined by reference to a valuation report on the PSCS prepared by an independent firm of valuers.

These PSCS constituted direct, unsecured and subordinated obligations of the Company and ranked pari passu without any preference or priority among themselves.

These PSCS conferred a right to receive distribution from and including the date of the issue of the PSCS at 3.5% per annum on any outstanding principal amount of the PSCS payable quarterly in arrears on 31 March, 30 June, 30 September and 31 December each year, subject to the terms and conditions of the PSCS. However, the Company might at its sole discretion, elect to defer a distribution pursuant to the terms of the PSCS. As at 30 June 2012, the PSCS distribution of HK$36,987,000 for the period ended 30 June 2012 was deferred by the Company and was accounted for as a transfer from the capital and other reserves to the PSCS distribution reserve.

During the year ended 31 December 2012, all PSCS holders exercised their conversion rights to convert all of their PSCS into an aggregate 9,391,891,892 ordinary shares of the Company. The PSCS distribution of HK$66,358,000 for the period up to the date of conversion of the PSCS was paid by the Company on 28 September 2012.

19. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following commitments for capital expenditure:

	Unaudited 30 June 2013	Audited 31 December 2012
	HK$'000	*HK$'000*
Property, plant and equipment:		
Contracted, but not provided for	**2,340**	5,746

20. OUTSTANDING COMMITMENT

Outstanding commitment as at the end of the reporting period was as follows:

	Unaudited 30 June 2013 *HK$'000*	Audited 31 December 2012 *HK$'000*
Irrecoverable letter of credit	–	20,423

The Company had no significant outstanding commitments at the end of the reporting period (31 December 2012: Nil).

21. CONTINGENT LIABILITIES

During the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, the Hong Kong Inland Revenue Department (the "IRD") issued protective assessments for the years of assessment 2003/2004, 2004/2005, 2005/2006 and 2006/2007 to certain joint ventures and subsidiaries of the Edible Oils Group, in respect of which tax reserve certificates totaled to HK$24,100,000 and HK$1,500,000 were purchased by the joint ventures and the subsidiaries of the Edible Oils Group respectively. The joint ventures and the subsidiaries of the Edible Oils Group have lodged objections with the IRD against these assessments.

Taking into account of the development of the objections, the resources that will be required to pursue the case further and the advice of the tax consultant of the joint ventures and the Edible Oils Group, a total provision of HK$11.7 million has been made in the financial statements of the Edible Oils Group for the period from 1 January 2013 to 28 June 2013 for the probable settlement amount of this tax case pursuant to the latest settlement communication with the IRD.

Pursuant to the agreement entered into between the Company and Harvest Trinity Limited for the Disposal, the Company undertook to indemnity Harvest Trinity Limited from further tax liabilities, including the aforesaid protective assessments, relating to periods prior to the date of completion of the Disposal. In the opinion of the management, adequate tax provision has been made by the Edible Oils Group before the date of completion.

22. RELATED PARTY TRANSACTIONS

(a) In addition to those transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with related parties during the interim period:

		Unaudited For the six months ended 30 June	
	Notes	**2013**	2012
		HK$'000	*HK$'000*
Transactions with then joint ventures*:			
Sales of goods	(i)	–	8,795
Purchase of goods	(i)	–	91,527
Production and oil refinement income	(ii)	–	14,079
Property rental income	(iii)	–	86
Management fee income	(iv)	–	692
Purchase of items of property, plant and equipment	(v)	–	2,395
Transactions with companies associated with the controlling shareholder of the Company and/or a non-executive director of the Company:			
Sales of goods	(i)	**987**	1,711
Rental expenses	(vi)	**4,345**	2,388
Interest expenses	(vii)	**263**	–

* The Group has proportionately consolidated 50% of its transactions with its then joint ventures in the results of the Edible Oils Group which are set out in note 9 and included in "profit/(loss) for the period from a discontinued operation" on the face of the condensed consolidated income statement.

Notes:

(i) The sales and purchase of goods were based on mutually agreed terms.

(ii) The production and oil refinement income was based on agreements entered into with a then joint ventures after an arm's length negotiation and was at rates not less favourable than those offered to other unrelated customers of the Group.

(iii) The property rental income related to subletting of certain properties. The property rental income was charged by reference to open market rental and was subject to review on a regular basis.

(iv) The management fee income was based on the cost incurred for providing such services.

(v) The purchase of items of property, plant and equipment were purchased at the carrying amounts.

(vi) The rental expenses were paid by reference to open market rental and were subject to the terms of the relevant tenancies.

(vii) The interest expenses were paid by reference to open market interest rate.

(b) On 1 December 2011, the Company and Queen Board, a company controlled by a substantial shareholder of the Company, entered into an acquisition agreement pursuant to which Queen Board has agreed to sell the entire issued share capital of Hop Hing Fast Food and the Loan for a consideration satisfying by an issue of the PSCS by the Company (note 18). Details of the Acquisition have been set out in note 1 and the Company's announcements made on 1 December 2011 and 12 March 2012 and circular dated 30 December 2011.

(c) On 25 April 2013, the Company and Harvest Trinity Limited, a company controlled by a substantial shareholder of the Company, entered into an agreement pursuant to which the Company has agreed to sell the entire issued share capital of Hop Hing Oil Group Limited (formerly known as Oleo Chartering Inc.) for a consideration of HK$400 million (subject to adjustment). Details of the Disposal have been set out in the Company's announcement made on 25 April 2013 and circular dated 20 May 2013. Further details of which are given in notes 9 and 17.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, our Board's proposal to dispose (the "Disposal") of Hop Hing Oil Group Limited (formerly known as Oleo Chartering Inc.), a wholly-owned subsidiary of the Company holding a group of companies (the "Edible Oils Group") engaging in the manufacture, marketing, sales and distribution of edible oils and fats ("Edible Oils Business"), was approved by our independent shareholders at the extraordinary general meeting of the Company held on 6 June 2013 and completed on 28 June 2013 (the "Completion Date"). As a result, the financial results of the Edible Oils Group from the beginning of the year up to the Completion Date have been classified and presented in this announcement as a discontinued operation and the figures in the corresponding period have also been reclassified accordingly.

OVERALL PERFORMANCE

For the six months ended 30 June 2013, the turnover of the Group's ongoing operations, i.e., the quick service restaurant ("QSR") business, was HK$1,000.9 million, an increase of 4.6% when compared to HK$956.5 million for the six months ended 30 June 2012. The profit for the period from these continuing operations was HK$52.3 million, a decrease of 28.9% from HK$73.5 million for the six months ended 30 June 2012.

The turnover of the discontinued operation, i.e., the Edible Oils Business, from 1 January 2013 to 28 June 2013 was HK$438.3 million, an increase of 1.3% when compared to HK$432.5 million for the six months ended 30 June 2012. The loss for the period from the discontinued operation was HK$51.7 million (six months ended 30 June 2012: profit of HK$0.4 million), including a loss on disposal of Edible Oils Group of HK$46.3 million (six months ended 30 June 2012: Nil) and a total provision of HK$11.7 million (six months ended 30 June 2012: Nil) for probable settlement amount in respect of a tax case.

The Group's profit attributable to the equity holders of the Company for the six months under review was HK$0.6 million, as compared to HK$59.5 million for the same period last year.

Basic and diluted earnings per share for the period from continuing operations were HK0.53 cent and HK0.53 cent respectively (six months ended 30 June 2012: HK11.41 cents and HK0.59 cent respectively).

DIVIDEND

On 28 June 2013, the Company made payments of a final dividend of HK0.25 cent per share for the year ended 31 December 2012 and a special dividend of HK2.80 cents per share upon completion of the Disposal. The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

REVIEW OF OPERATION AND PROSPECTS

QSR Business

Industry review

During the period under review, the catering industry was shadowed by the sluggish China economy, weakened consumer sentiment, the outbreak of H7N9 avian influenza and the adverse weather in Northern China. Food safety is also one of the most important concerns of our customers. Escalation of major costs, including raw material costs, rental costs and labour costs, continued to impact the QSR industry. In this tough environment, Chinese customers are changing their consumption pattern and frequency and caterers and service providers have to adjust to suit the preferences and eating habits of their patrons. On the positive side, these challenges provide an opportunity for the industry players to revisit and retool their operation model in order to prepare themselves to grow further in the future.

Business review

To address this challenging environment in the first half of this year, the Group has improved the varieties of our products, for example, introducing noodles in soups, offering pork rice bowls, selling curry rice bowls and serving dishes with rice in stone pots, with a longer term objective to position ourselves as an "Oriental Cuisine Specialist". The frequency of advertising and promotional programmes has been increased to stimulate sales. The opening hours of some stores have been extended to offer breakfast and late dinner menus and certain of our stores are even open around the clock to meet customers' needs. On the operations side, improving operating efficiency and automation are ongoing long-term projects. Redesigning our stores, including building a "Sunshine Kitchen" concept which allows customers to observe the operation of the kitchen, started in the first half of this year. The newly designed store enhances the dining experience of customers and at the same time gives them a sense of participation in the preparation of their food. The Group also has training programmes where management trainees can see their future and how they can climb the career ladder. It has taken this opportunity to further strengthen its market position and prepare for further growth in the future. With all these measures and policies in place, the turnover of the QSR business for the six months ended 30 June 2013 has smashed the HK$1 billion mark (six months ended 30 June 2012: HK$956.5 million) and the profit for the period was HK$52.3 million (six months ended 30 June 2012: HK$73.5 million).

Amidst the challenging business environment in the first six months of 2013, the Group has been cautious in the opening and the location selection of new stores. A net total of 37 new stores (six months ended 30 June 2012: 51 net new stores), including 29 Yoshinoya restaurants and eight Dairy Queen stores, were opened in existing markets and selected regions during the period under review. As at 30 June 2013, there were 442 stores in operation.

	As at 30 June 2013	As at 31 December 2012	As at 30 June 2012
Yoshinoya			
Beijing-Tianjin-Hebei metropolitan region	**222**	199	184
Liaoning	**59**	55	46
Inner Mongolia	**9**	8	7
Jilin	**2**	2	–
Heilongjiang	**7**	6	2
	299	270	239
Dairy Queen			
Beijing-Tianjin-Hebei metropolitan region	**117**	109	108
Liaoning	**19**	20	17
Inner Mongolia	**6**	5	4
Heilongjiang	**1**	1	–
	143	135	129
Total	**442**	405	368

The sluggish Chinese economy, avian influenza and the adverse weather in Northern China have weakened the consumption sentiment of the market which in turn adversely affected the traffic of the QSR business resulted in a decrease of 10.3% (six months ended 30 June 2012: an increase of 11.8%) in same stores sales. Measures such as expanding product variety, improving our menu mix, expanding service hours, offering delivery services and increasing the frequency of advertising and promotional activities have been implemented to counter the effects of this tough business environment.

	Percentage increase in same stores sales For the six months ended 30 June	
	2013	2012
Overall	**–10.3%**	11.8%
By business		
Yoshinoya	**–11.5%**	13.1%
Dairy Queen	**–3.9%**	1.8%

In the period under review, the Beijing-Tianjin-Hebei Province metropolitan region continued to account for about three quarters of the QSR Group revenue and the Yoshinoya products contributed around 90% of the sales of the Group.

	Six months ended 30 June			
	2013		2012	
	HK$'000	***% of sales***	*HK$'000*	*% of sales*
a. By region				
Beijing-Tianjin-Hebei metropolitan region	**752,886**	**75.2%**	733,853	76.7%
Northeast China [1]	**248,021**	**24.8%**	222,647	23.3%
	1,000,907	**100.0%**	956,500	100.0%

[1] Including Liaoning, Inner Mongolia, Jilin and Heilongjiang.

b. By brand				
Yoshinoya	**895,988**	**89.5%**	855,303	89.4%
Dairy Queen	**104,919**	**10.5%**	101,197	10.6%
	1,000,907	**100.0%**	956,500	100.0%

The management's continuous effort in maintaining gross profit margin at a stable level has now paid off. The implementation of strategic procurement of key food ingredients to alleviate the impact of cost increases without compromising on food quality and enforcing effective tendering and tight cost control measures enable the Group to report an improvement of 1.5% in our gross profit margin to 61.3% amidst the environment of escalating raw material costs.

	Six months ended 30 June	
	2013	2012
Gross profit margin	**61.3%**	59.8%

Escalating staff salaries and wages and rising rental cost brought about by China's rapid urbanisation have persistently affected the operating costs of the QSR sector. The Group's investment in time and resources in assisting staff to improve their efficiency and establishing long-term strategic relationships with key business associates has kept the impact of cost increases to a minimum. In the period under review, the rising operating costs of the Group were basically in line with the increase in the number of our stores operating in the period. The increase in the costs as percentages of sales was mainly attributable to the decrease in traffic count of stores caused by the sluggish growth in China's economy and weakened consumer sentiment. The management believes that these percentages would improve when the economy and our sales have recovered.

	Six months ended 30 June			
	2013		2012	
	HK$'000	***% of sales***	*HK$'000*	*% of sales*
Labor costs	**115,116**	**11.5%**	101,604	10.6%
Rental expense	**140,459**	**14.0%**	119,103	12.5%
Depreciation and amortisation	**56,492**	**5.6%**	41,322	4.3%
Other operation expenses	**167,565**	**16.8%**	137,585	14.4%
Total selling and distribution costs	**479,632**	**47.9%**	399,614	41.8%

Edible Oils Business (Discontinued Operation)

In the first half of 2013, the Group continued its strategy of providing our customers with quality and healthy edible oil products. While the Hong Kong edible oils business segment was profitable, much effort remained to be put into the China edible oils business segment before it could turn its bottom line into black. During the period, a total provision of HK$11.7 million was made for a probable settlement amount in respect of protective assessments issued by the Hong Kong Inland Revenue Department to certain joint ventures and subsidiaries of the Edible Oils Group.

As approved by the independent shareholders in an extraordinary general meeting held on 6 June 2013, the Company disposed of the Edible Oils Group to the associate of the substantial shareholder of the Company at a consideration of HK$400 million (subject to adjustment) and the transaction was completed on 28 June 2013. After the Disposal, the Company could now focus its resources on the fast growing QSR business.

Financial Review

Equity

The number of issued shares of HK$0.10 each of the Company as at 30 June 2013 was 10,006,288,386 (31 December 2012: 9,916,871,030). At 1 January 2013, the Company had outstanding 91,414,545 units of warrants carrying rights to subscribe for an aggregate of 91,414,545 new shares of HK$0.10 each at an initial subscription price of HK$0.20 per share. During the period under review, 89,417,356 units of the warrants of the Company were exercised for 89,417,356 shares of HK$0.10 each at a price of HK$0.20 per share.

As at 1 January 2013, the Company had 29,604,000 outstanding share options. During the period under review, 1,884,480 share options were lapsed.

Liquidity and gearing

As at 30 June 2013, the Group's total bank borrowings were bank loans of HK$26.6 million (31 December 2012: HK$149.2 million), which were PRC bank loans borrowed by a PRC subsidiary of the Group and secured by the pledge of certain time deposits and were either repayable or subject to renewal within one year.

The Group's gearing ratio (expressed as a percentage of interest-bearing bank loans over equity attributable to equity holders of the Company) as at 30 June 2013 was 6.6% (31 December 2012: 20.9%).

Cash flows analysis of the QSR business

	Unaudited For the six months ended 30 June	
	2013*	2012
	HK$'000	*HK$'000*
Net cash inflow from operation before adjusting for the other cash flows items below	**97,206**	85,691
Purchases of items of property, plant and equipment	**(93,532)**	(68,558)
Interest payments and repayment of bank and non-controlling shareholder loans	**(1,113)**	(12,793)
Other cash flow items		
Fund movements with companies in the discontinued operation	**5,895**	(45,391)
Receipt from the exercise of warrants	**17,839**	–
Receipt from the disposal of subsidiaries	**394,613**	–
Dividends paid	**(305,192)**	–
Dividends paid to the former shareholders of a subsidiary	**(57,333)**	(147,963)
Net increase/(decrease) in cash and bank balances	**58,383**	(189,014)

* Included the cashflow of Hop Hing Group Holdings Limited

The interest expense for the period was HK$1.1 million (six months ended 30 June 2012: HK$1.5 million).

The Group's funding policy is to finance the business operations with internally generated cash and bank facilities. The Group's bank borrowings are basically denominated in Hong Kong dollars and Renminbi. The Group continues to adopt the policy of hedging foreign currency liabilities with foreign currency assets.

Remuneration policies

Staff remuneration packages of the staff of the Group are comprised of salary and discretionary bonuses and are determined with reference to the market conditions and the performance of the Group and the individuals concerned. The Group also provided other staff benefits including medical insurance, continuing education allowances, provident funds and share options to eligible staff of the Group. The total remuneration paid to the employees (including pension costs and the directors' remuneration) of the Group in the period under review was HK$186 million (six months ended 30 June 2012: HK$168 million), of which, HK$158 million (six months ended 30 June 2012: HK$139 million) was the total staff cost in QSR business. As at 30 June 2013, the Group had 8,733 full time and temporary employees (30 June 2012: 8,047).

Operating segment information

Details of the operating segment information are set out in note 4.

Contingent liabilities

Details of the contingent liabilities are set out in note 21.

Pledge of assets

Details of the pledge of assets are set out in note 15.

Outlook

It is expected that the relatively slow growth in China's economy and weakened consumer sentiment will continue to impact the Group's business for a while before observing any sign of recovery. Avian influenza cases should become less frequent during the summer season. However, since Chinese people have become more aware of inclement weather conditions, especially during winter when various cities in Northern China are often shrouded in haze, customers may be discouraged to go out to shop while both foreign and domestic tourists may also be deterred from visiting these cities. Despite these objective factors, the management is cautiously positive about the Group's prospects and has already prepared ourselves well for further growth in the future. The Group intends to continue efforts to offer new product varieties to customers in order to accommodate different preferences. Customers who love curry would find the curry rice bowls appetising. Customers who prefer rice might be excited by the newly launched rice burgers. The Group plans to add more and more new products to its menu as it positions itself as an "Oriental Cuisine Specialist." In a sluggish business environment, the Group realises it needs to be closely attentive and quickly adapt to the changing needs of customers. Call delivery services have been expanded to Liaoning province in the first half of this year and the Group is completing the final stage of preparation of offering internet ordering to our customers who work in offices or prefer to internet surf at home for most of their spare time. While the Group would be prudent in rolling out the store expansion plan in this sluggish environment, it would continue to open new stores as an investment in the future. The Group has also started putting our core value "Quality With Conscience" into action. The second generation of the "Sunshine Kitchen" design enables customers to observe the food preparation in kitchens which would build up customers' confidence in food safety and ultimately, customer loyalty. Apart from the side of the business facing customers, the Group is also upgrading its enterprises resources planning system to analyse data more efficiently and hence formulate appropriate business policies and strategies for the future business growth. The management believes that the current challenges should be short term and remains positive on the medium to long term prospects of the QSR business boosted by the fast pace of urbanisation in China. The Group believes that the implementation of the strategies and measures mentioned above should lead to steady and sustainable long term growth. Last but not least, the Group shall continue to look for and consider opportunities that bring steady long term growth and advance its strategy to become a multi-brand QSR operator.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance practices and procedures. The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules for the period from 1 January 2013 to 30 June 2013. The principles as set out in the CG Code have been applied in our corporate governance practice.

The Board has approved to adopt a board diversity policy and to revise the terms of reference of the nomination committee of the Company on 30 August 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct of dealings in securities of the Company by the directors. The Model Code also applies to "relevant employees" as defined in the CG Code.

Based on specific enquiry of the Company's directors, the directors confirmed that they have complied with the required standards in the Model Code adopted by the Company throughout the accounting period covered by the interim report.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

During the six months ended 30 June 2013, there were no purchases, sales or redemptions by the Company or any of its subsidiaries of the Company's listed securities.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the Company's website at *www.hophing.com* and the website of Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk*. The interim report will be despatched to shareholders of the Company and made available at the aforesaid websites in due course.

VOTE OF THANKS

We would like to thank all of our customers, suppliers, business associates and bankers for their continued support and members of our management team and staff for their hard work during the period under review.

By Order of the Board
Hung Hak Hip, Peter
Chairman

Hong Kong, 30 August 2013

As at the date hereof, the executive directors of the Company are Mr. Hung Ming Kei, Marvin and Mr. Wong Kwok Ying. The non-executive directors of the Company are Mr. Hung Hak Hip, Peter and Ms. Lam Fung Ming, Tammy. The independent non-executive directors of the Company are Dr. Wong Yu Hong, Philip, GBS, Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui, Edward, Mr. Seto Gin Chung, John, Hon. Shek Lai Him, Abraham, GBS, JP and Mr. Siu Wai Keung.