



HOP HING GROUP HOLDINGS LIMITED

(HKEx Stock Code: 47)

2013 Q3 Operational Update Corporate Presentation

November 2013





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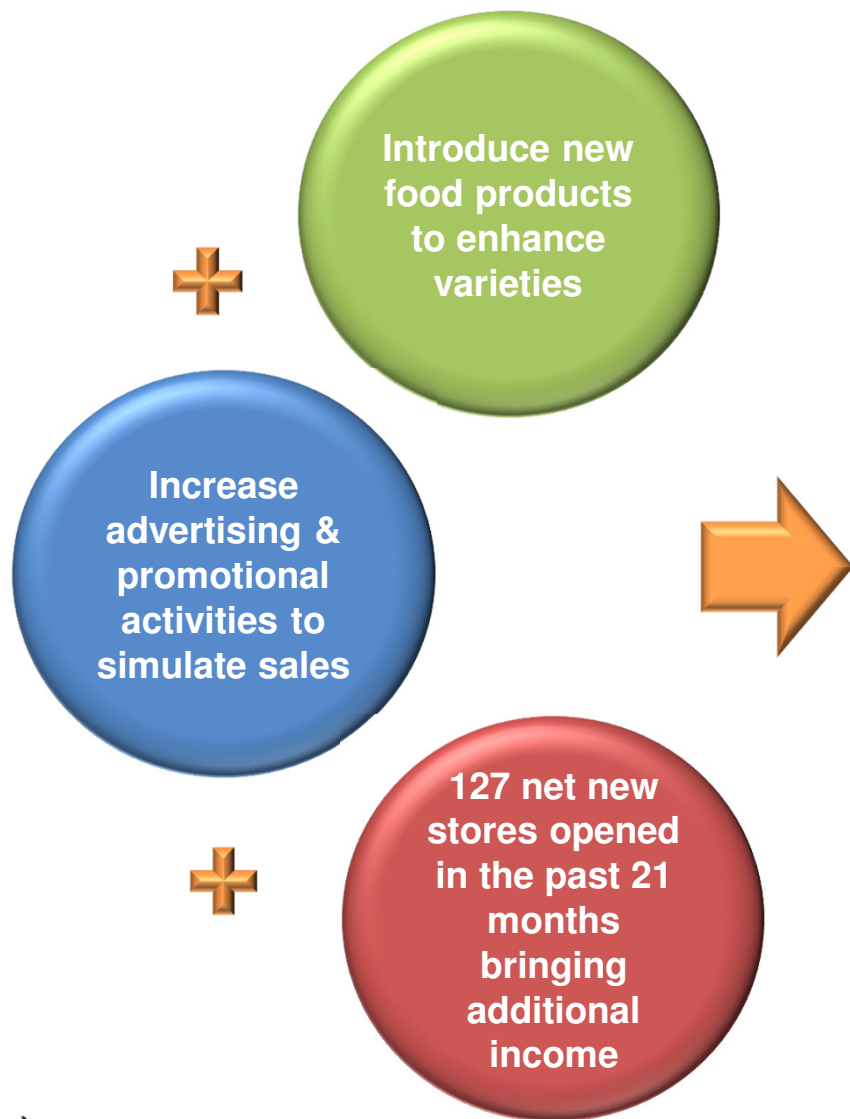
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2013 Q3 BUSINESS REVIEW





Operational Update



Satisfactory Revenue Growth

- ◆ The 127 net new stores opened in the past 21 months generating additional income
- ◆ Extended opening hours to offer breakfast + late dinner menus
- ◆ Introduction of new food products to stimulate sales

+8.6%
YoY

Improved SSSG

- ◆ Customer traffic growth impacted by short-term macroeconomic & industry environment
- ◆ Enhanced variety of food products, such as noodle in soup and pork rice bowl and newly presented Yoshinoya Rice Burger

-7.0%
YoY

Net Store Number

- ◆ Adopted a cautious approach and regular review store opening strategy
- ◆ Continued to expand restaurant network with a rational pace

+2
Net

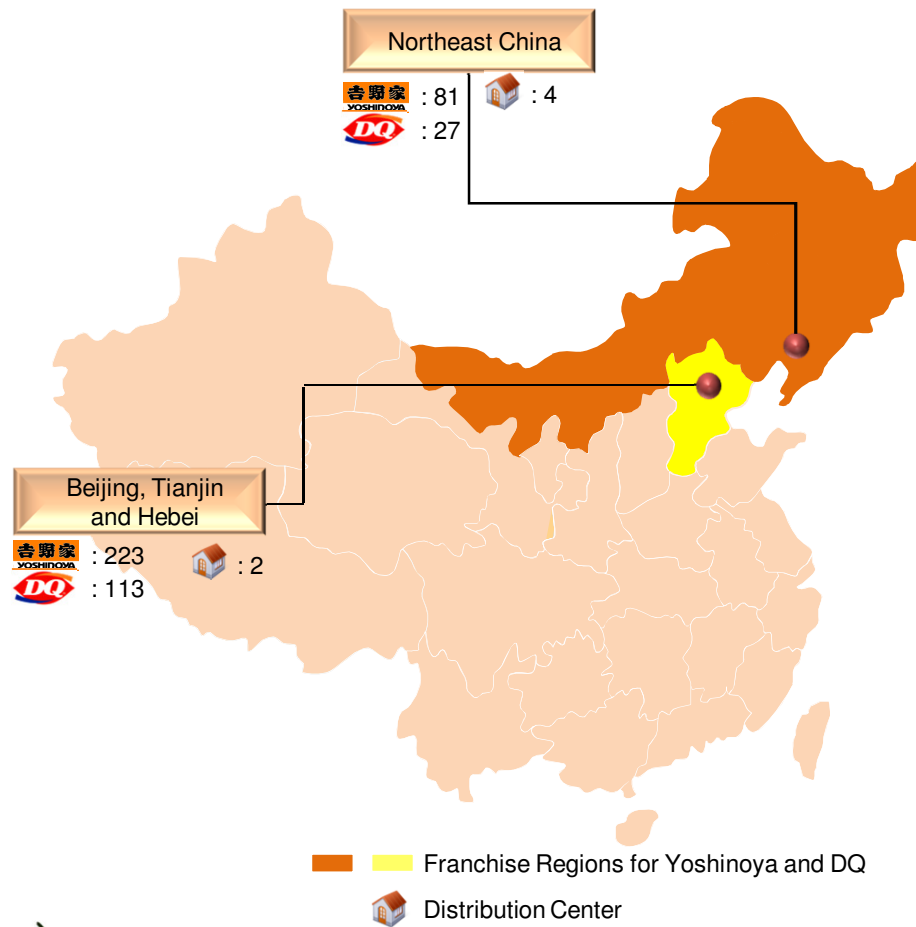


Continued to Expand Restaurant Network



304 Yoshinoya Stores and 140 DQ Stores

As of 30 Sep 2013



Store Network: 2 New Stores in 2013 Q3

	吉野家 YOSHINOYA		DQ		Total	
	As of 30 Jun 2013	As of 30 Sep 2013	As of 30 Jun 2013	As of 30 Sep 2013	As of 30 Jun 2013	As of 30 Sep 2013
Beijing, Tianjin and Hebei	222	223	117	113	339	336
Northeast China	77	81	26	27	103	108
Total	299	304	143	140	442	444





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FUTURE PROSPECTS





Management Outlook



Short to Medium Term

Remain cautions in short to medium term outlook

- Relatively slow growth in China's economy and weakened consumer sentiment
- Adverse weather discourages customers to go out
- General Chinese macroeconomic environment

Medium to Long Term

Remain confident in medium to long term outlook

- Robust industry fundamentals
- Fast pace of urbanization in China, the improvement of the living standard and rising disposal incomes of Chinese people
- Hop Hing's highly standardized business model with an integrated infrastructure advantage to manage food quality and safety
- Hop Hing's effective cost management advantage allows Hop Hing to outperform peers
- Management advantage with a team of passionate, dedicated and experienced senior management who have extensive on-the-ground local retail experience with international management experience and industry knowledge



Key Growth Drivers for 2013



1 Store Opening Strategy



- Target IRR of >50%
- Efficient planning to reduce the time required to set up new stores
- Store renovation in process to upgrade dining experience

2 Product Introduction



- Pork rice series & Waffle cone series
- Ramen / noodles in soup
- Rice burger
- Rice in stone pots
- Shabushabu

3 Production mixture management



- Adjust mixture of offerings, and enhance combo / products variety with an aim to achieve higher profit margins

4 Online Platform



- Roll-out of online platform (2H 2013)
- Proactive customer outreach with online ordering, call centre and delivery capabilities

5 Introduction of "Sunshine Store"



- First "Sunshine Store" of Yoshinoya opened in Beijing in Mid August
- The open kitchens demonstrate the determination and confidence to deliver high quality and safe food

6 Improvement in Operation Efficiency



- Special division set up in 2012 to develop efficiency improvement strategies
- Optimize working flow by introduction of mechanism automation





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APPENDIX 1: 2013 1H FINANCIAL HIGHLIGHTS





2013 1H Financial Highlights



(HK\$ million)	For the 6 months ended 30 June	
	2013	2012
Continuing Operations		
Turnover	1,000.9	956.5
Gross Profit	613.8	572.1
Operating Profit	67.2	110.5
Profit for the Period from Continuing Operations	52.3	73.5
GP Margin (%)	61.3%	59.8%
OP Margin (%)	6.7%	11.6%
NP Margin (%)	5.2%	7.7%
Basic EPS (HK cents)	0.53	11.41
Diluted PES (HK cents)	0.53	0.59
Discontinued Operation		
Profit / (Loss) for the Period from a Discontinued Operation	(51.7)	0.4
Consolidated Net Profit	0.6	73.9
Basic EPS (HK cents)	0.01	11.47
Diluted EPS (HK cents)	0.01	0.60





Revenue & Gross Profit

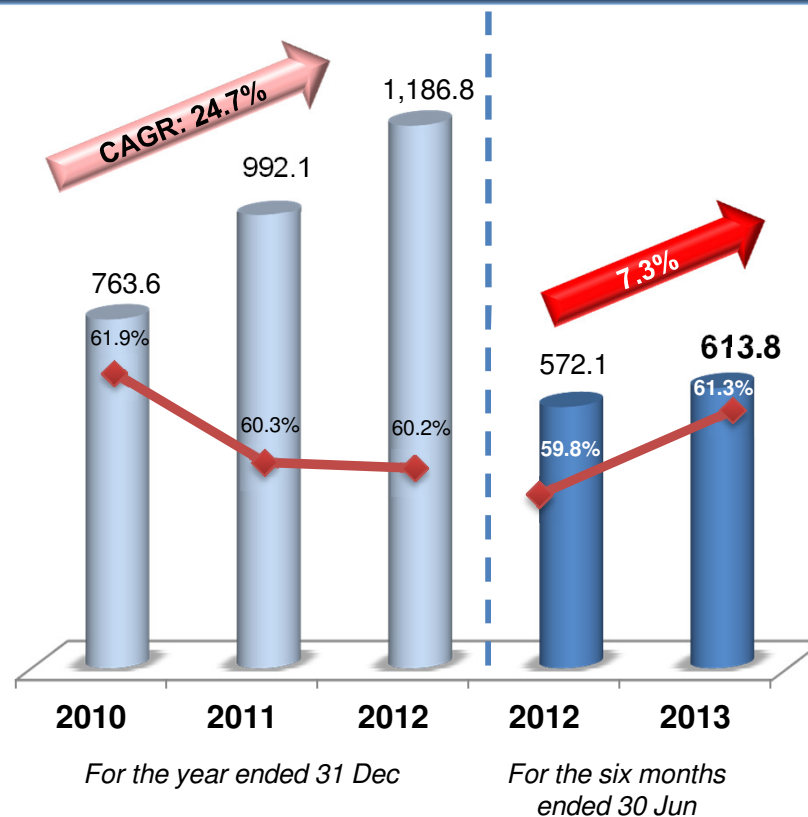


Continuing Operations

Revenue



Gross Profit & GP Margin





Segmental Breakdown

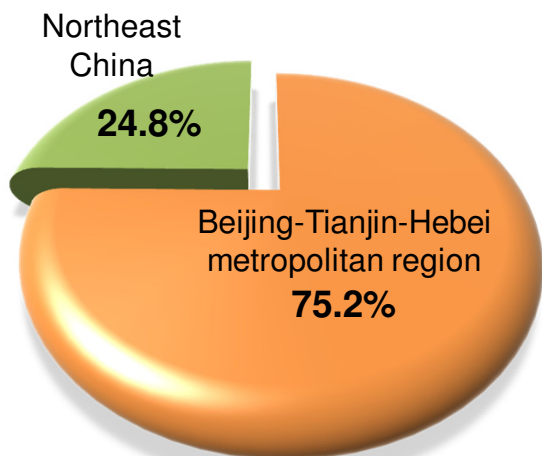


Continuing Operations

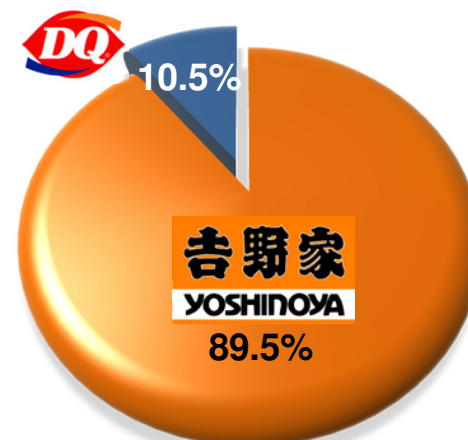
Revenue by Region

Revenue by Brand

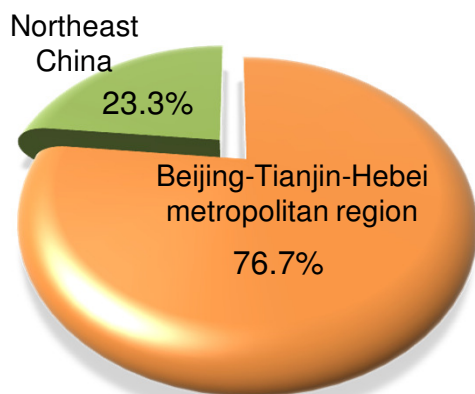
2013 1H



2013 1H



2012 1H



2012 1H





Stable Structure of Costs & Expenses



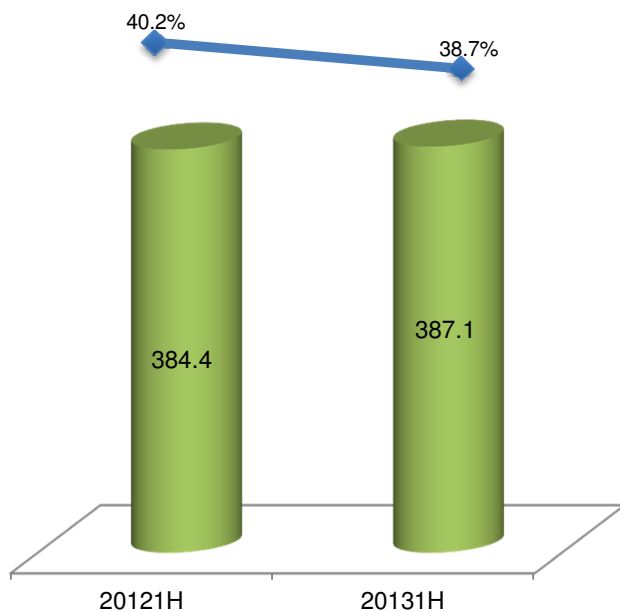
Continuing Operations

✓ Implementation of stringent cost control measures to maintain stable GP margin

✓ Rising operating costs in line with the increase of number of stores operating during the period
✓ The Group has maintained labor costs and rental expense at a reasonable level

Direct Cost of Stocks Sold

(HK\$ million)

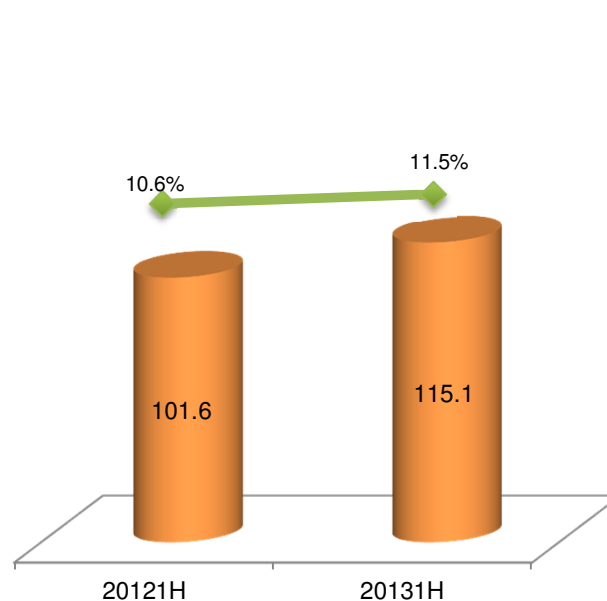


■ Direct Cost of Stocks Sold

↔ Direct Cost of Stocks Sold as % of turnover

Labor Costs

(HK\$ million)

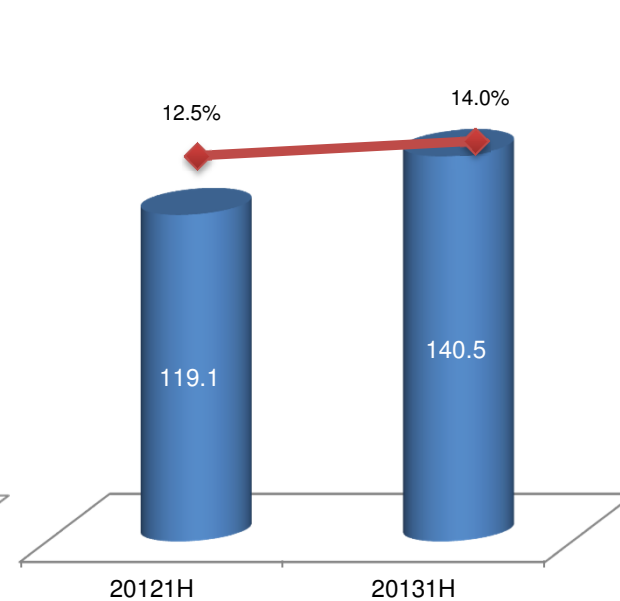


■ Labour Costs

↔ Labor costs as % of turnover

Rental Expense

(HK\$ million)



■ Rental expense

↔ Rental expenses as % of turnover





Sound Working Capital Management



Continuing Operations

<i>(Days)</i>	As of 30 Jun 2013	As of 31 Dec 2012	As of 30 Jun 2012
Receivable Turnover Days	1.1	0.8	0.9
Inventory Turnover Days	58.7	43.3	52.7
Payable Turnover Days	69.7	59.6	52.0
Cash Conversion Cycle	(9.9)	(15.5)	1.6

Active Cash Management Results in Healthy Cash Conversion Cycle



Healthy Cash-flow & Financial Position



Continuing Operations

Cash Flow Generation

As of 30 June

(HK\$ million)	2013 [#]	2012
Net cash inflows from operation before adjusting for other cash flow items	97.2	85.7
Purchase of property, plant and equipment items	(93.5)	(68.6)
Interest payments and repayment of bank and non-controlling shareholder loans	(1.1)	(12.8)
Other cash flow items		
Fund movements with companies in discontinued operation	5.9	(45.3)
Receipt from the exercise of Warrants	17.8	-
Receipt from disposal of subsidiaries	394.6	-
Dividends paid	(305.2)	-
Dividends paid to former shareholders of a subsidiary	(57.3)	(148.0)
Net Increase / (Decrease) in Cash	58.4	(189.0)

Gearing Summary

(HK\$ million)	As of 30 Jun 2013 [#]	As of 31 Dec 2012
Cash	237.6	178.4
Total Debt	26.6	26.3
Net Cash	211.0	152.1

Return on Equity *

(HK\$ million)	As of 30 Jun 2013	As of 31 Dec 2012
ROE	50.2%	76.3%

* Calculated as net profit divided by average total equity

[#] Including the cash flows / cash balance of the continuing operations (i.e. QSR business) and others from Hop Hing Group Holdings Limited



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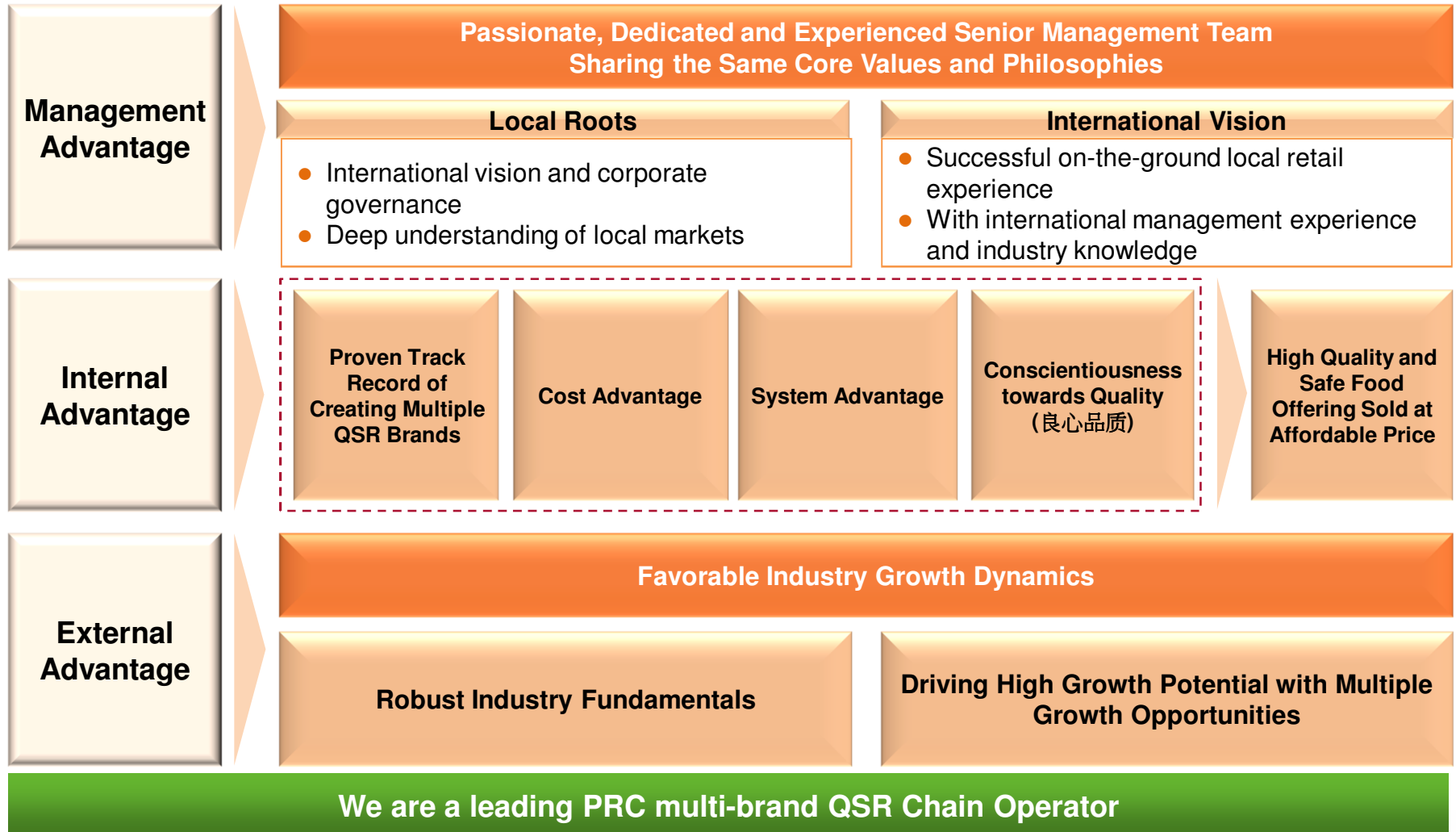
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APPENDIX 2: HOP HING'S CORE VALUE





Our Competitive Strengths





Future Strategies and Key Focus



Future Strategies

- 1 Continuously Improve Customer Satisfaction
- 2 Open New Stores with High Quality Earnings and Returns
- 3 Improve Brand Competitiveness and Increase SSSG
- 4 Ensure Food Safety and Quality at reasonable prices
- 5 Enhance HR Management and Minimize Staff Turnover

Key Focus for 2013





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THANK YOU!

