



YOSHINOYA



HOP HING GROUP HOLDINGS LIMITED

(HKEx Stock Code: 47)

**2013 Annual Results
Corporate Presentation**

28 March 2014

Growth for a better

TOMORROW



Disclaimer



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Speakers



Mr. Hung Ming Kei, Marvin

Executive Director and Chief Executive Officer



Mr. Wong Kwok Ying, David

Executive Director and Group Comptroller



Ms. Yang Ling, Stella

Senior Manager, Investor Relationship

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BUSINESS REVIEW



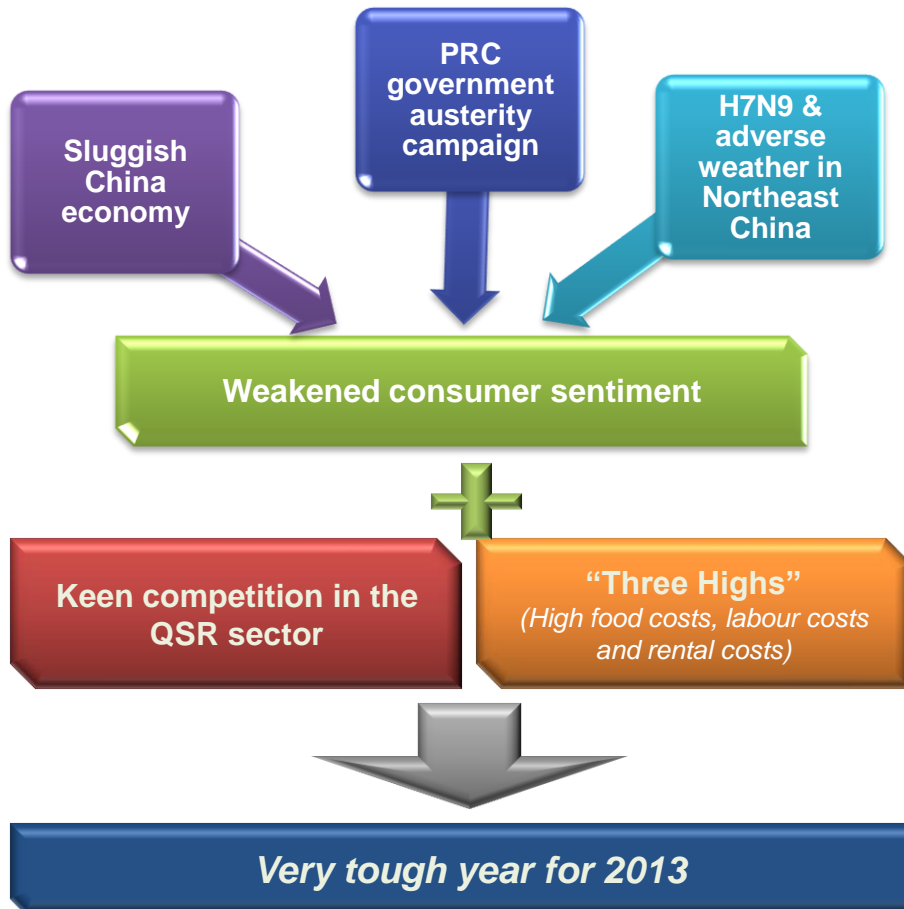
HOP HING GROUP HOLDINGS LIMITED

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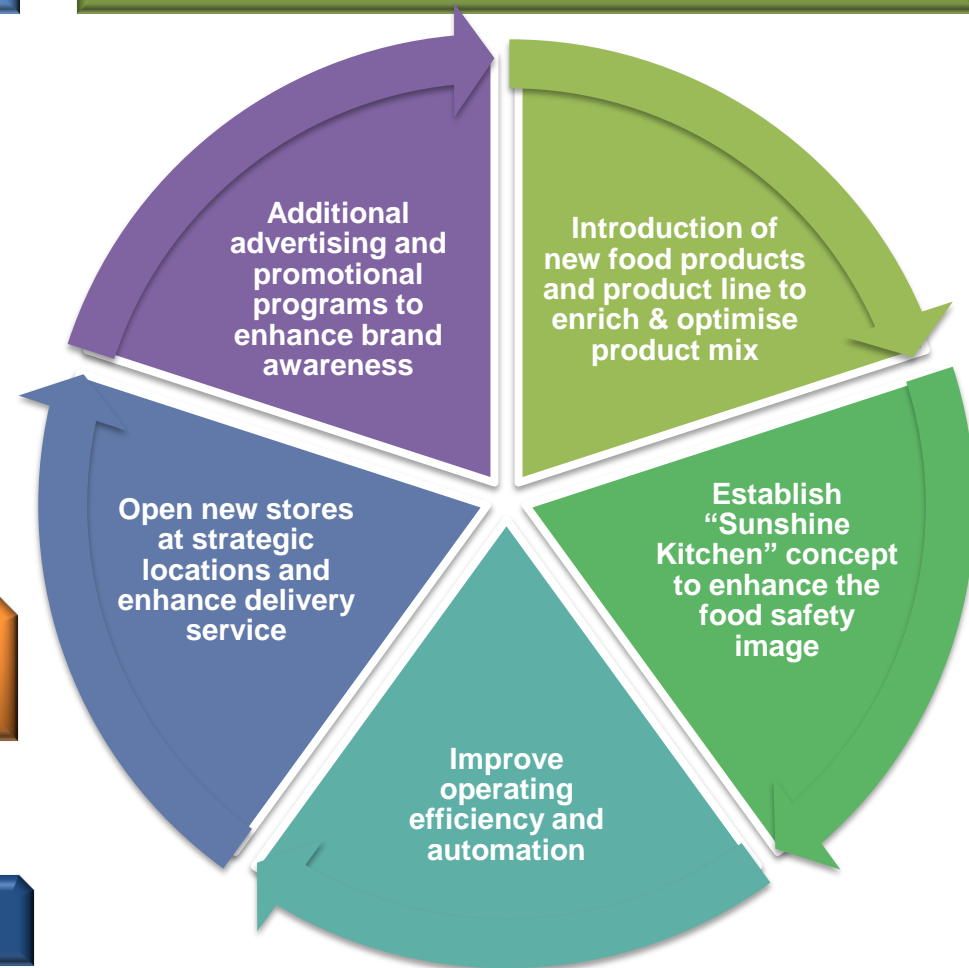
Growth Initiatives in Response to the Difficult Operating Environment



Industry Review in 2013



Hop Hing's Initiatives to Drive Growth in 2013



2013 Results Highlights



- Enhanced variety of food products to stimulate sales
- Opening of new stores generating additional income
- Expanded the delivery services to cover more cities

+7.1%
YoY

Revenue

HK\$2,110.7 million

- Improve operating efficiency and automation
- Bulk procurement strategy and effective cost control measure
- Undertook product mix optimisation program to stimulate sales

Gross Profit Margin

61.7%

+1.5%
pt
YoY

- Regular review of store opening strategy
- Adopt a more prudent approach for new shop opening but strive to optimise the profitability of each store

+35
Net

Store Number

440 in total

- Customer traffic growth impacted by short-term macroeconomic & industry environment

SSSG

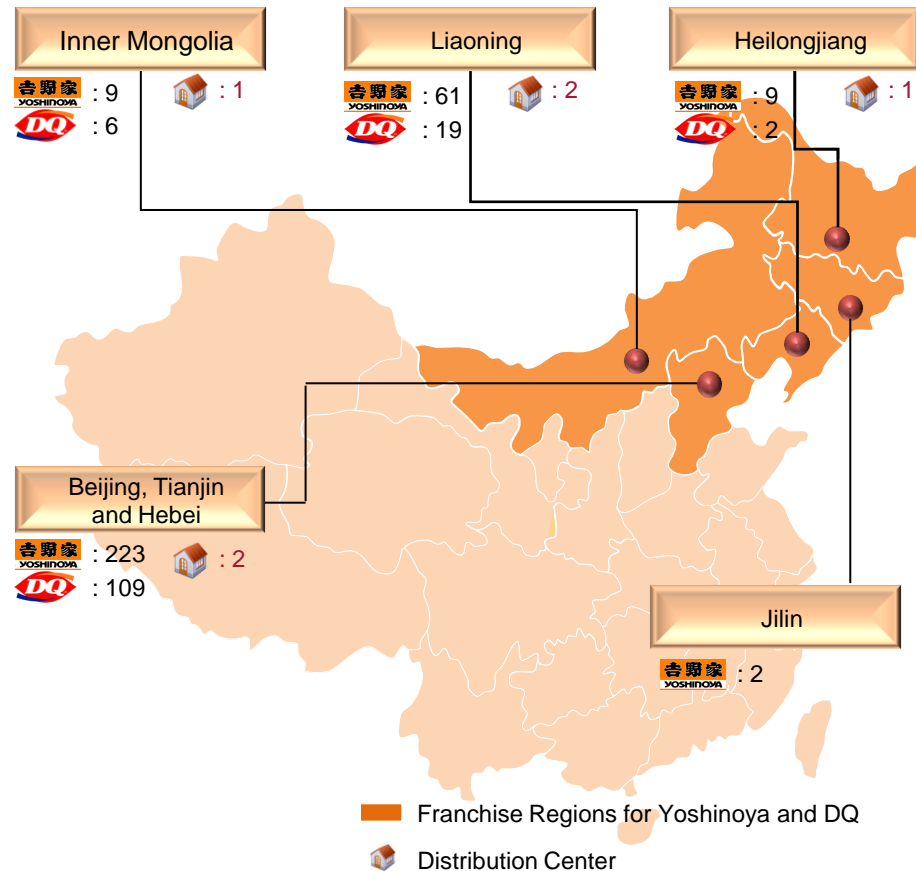
-8.1%
YoY

Continued to Expand Restaurant Network



304 Yoshinoya Stores and 136 DQ Stores

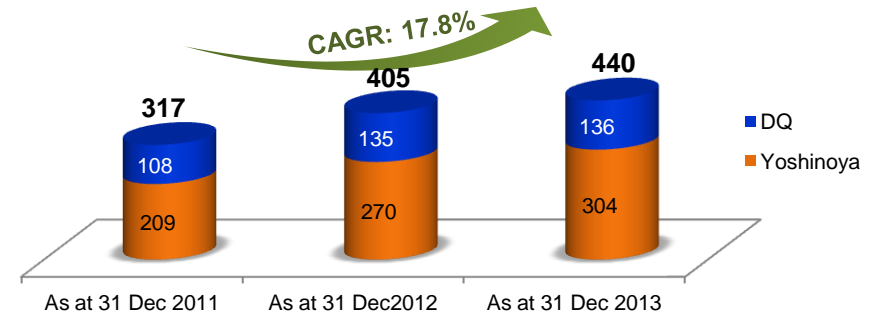
As of 31 December 2013



Store Network: 35 Net New Stores in FY2013

	吉野家 YOSHINOYA		DQ		Total	
	As of 31 Dec 2013	As of 31 Dec 2012	As of 31 Dec 2013	As of 31 Dec 2012	As of 31 Dec 2013	As of 31 Dec 2012
Beijing, Tianjin and Hebei	223	199	109	109	332	308
Liaoning	61	55	19	20	80	75
Jilin	2	2	-	-	2	2
Inner Mongolia	9	8	6	5	15	13
Heilongjiang	9	6	2	1	11	7
Total	304	270	136	135	440	405

Growth of Store Network from 2011 to 2013



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FINANCIAL HIGHLIGHTS



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FY2013 Financial Highlights



(HK\$ million)	For the year ended 31 Dec	
	2013	2012
Continuing Operations		
Turnover	2,110.7	1,971.3
Gross Profit	1,302.0	1,186.8
EBITDA Profit	211.9	301.1
Profit for the Year	65.7	144.6
GP Margin (%)	61.7	60.2
EBITDA Margin (%)	10.0	15.3
NP Margin (%)	3.1	7.3
Basic EPS (HK cents)	0.66	4.40
Diluted EPS (HK cents)	0.66	1.30
Discontinued Operation		
Profit / (Loss) for the Year	(51.7)	(0.4)
Consolidated Net Profit	14.0	144.2
Basic EPS (HK cents)	0.14	4.39
Diluted EPS (HK cents)	0.14	1.30

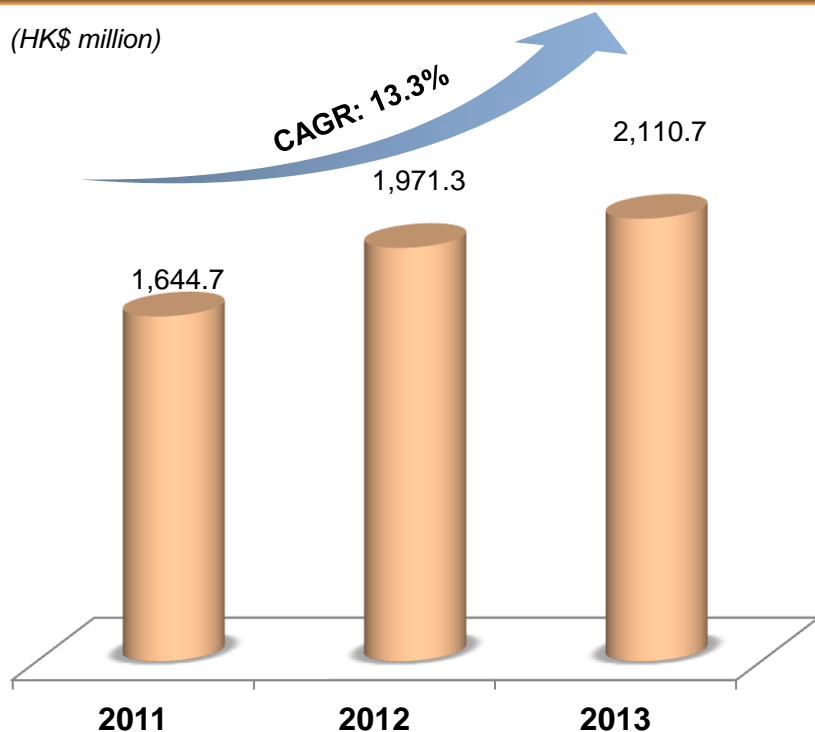
Revenue & Gross Profit



Continuing Operations

Revenue

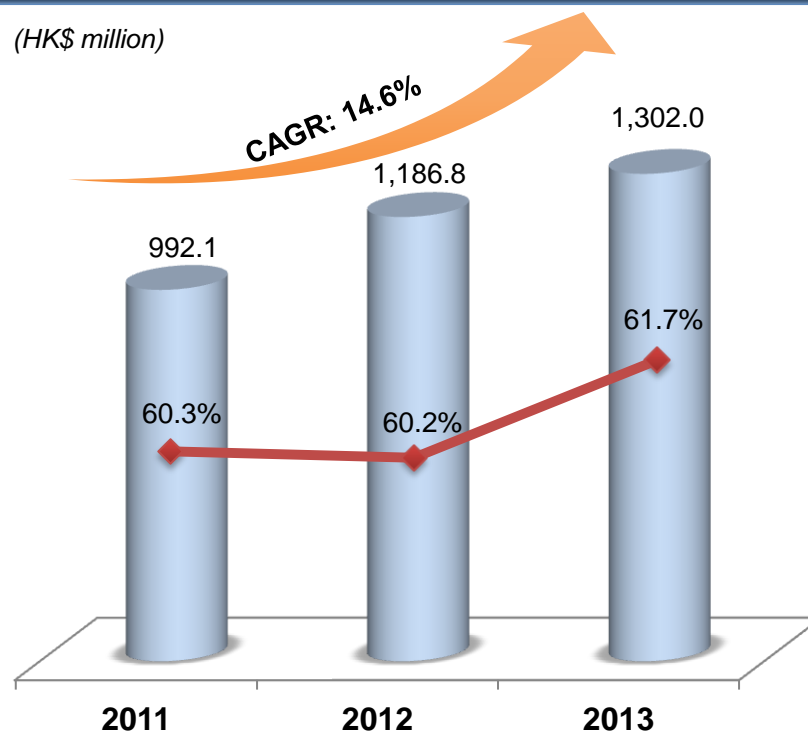
(HK\$ million)



For the year ended 31 Dec

Gross Profit & GP Margin

(HK\$ million)



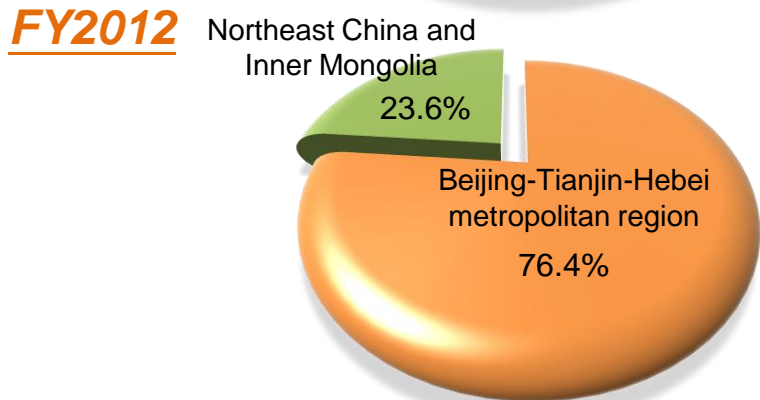
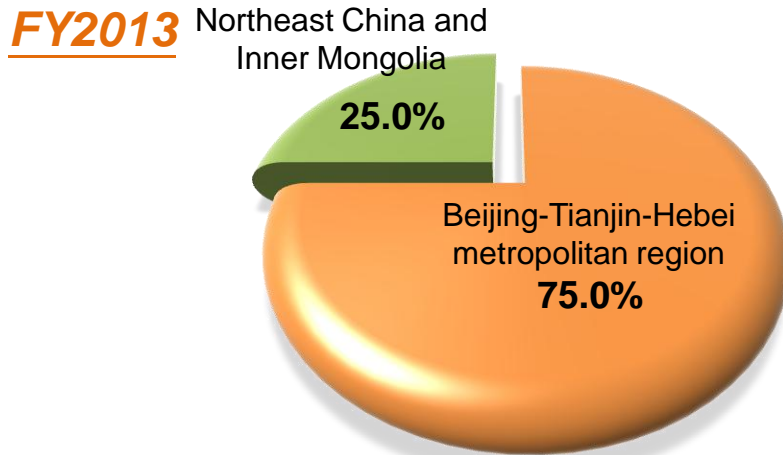
For the year ended 31 Dec

Segmental Breakdown

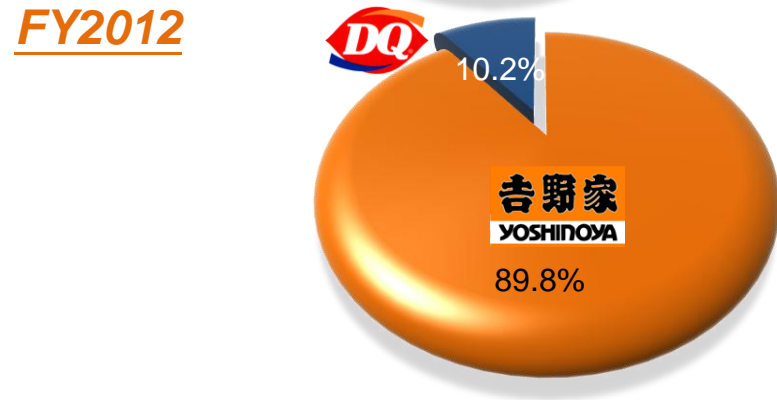
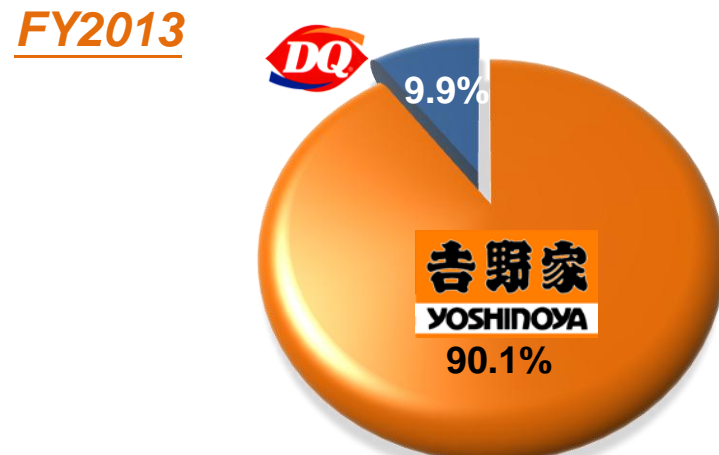


Continuing Operations

Revenue by Region



Revenue by Brand



Stable Structure of Costs & Expenses



Continuing Operations

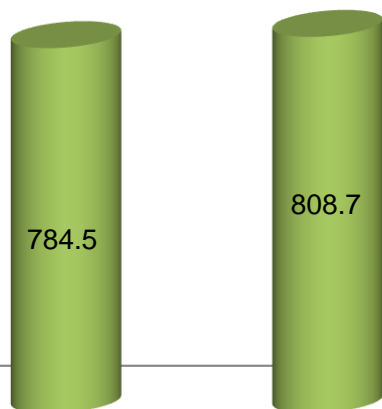
✓ Stringent cost controls and product mix optimisation improved GP margin

✓ 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)

39.8%
38.3%



FY2012 FY2013

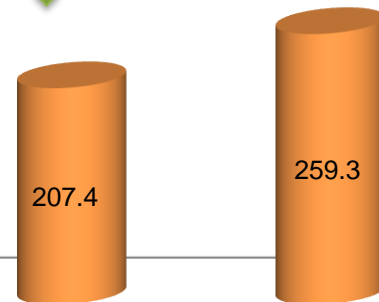
■ Direct Cost of Stocks Sold

◆ Direct Cost of Stocks Sold as % of turnover

Labor Costs

(HK\$ million)

10.5%
12.3%



FY2012 FY2013

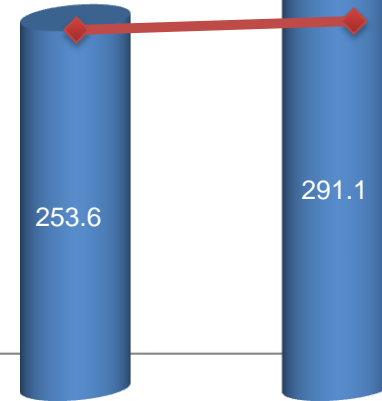
■ Labour Costs

◆ Labor costs as % of turnover

Rental Expense

(HK\$ million)

12.9%
13.8%



FY2012 FY2013

■ Rental expense

◆ Rental expenses as % of turnover

Sound Working Capital Management



Continuing Operations

(Days)	As of 31 Dec 2013	As of 30 Jun 2013	As of 31 Dec 2012
Receivable Turnover Days	1.1	1.1	0.8
Inventory Turnover Days	49.3	58.7	43.3
Payable Turnover Days	59.9	69.7	59.6
Cash Conversion Cycle	(9.5)	(9.9)	(15.5)

Active Cash Management Results in Healthy Cash Conversion Cycle

Healthy Cash-flow & Financial Position



Continuing Operations

Cash Flow Generation

As of 31 December

(HK\$ million)	2013 [#]	2012
Net cash inflows from operation before adjusting for other cash flow items	198.3	225.3
Purchase of property, plant and equipment items	(159.3)	(163.5)
Interest payments and net movement of bank loans	(1.8)	(13.4)
Other cash flow items		
Fund movements with companies in the discontinued operation	5.9	(53.3)
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	93.0	(152.9)

Gearing Summary

(HK\$ million)	As of 31 Dec 2013 [#]	As of 31 Dec 2012
Cash	271.2	178.4
Total Debt	26.9	26.3
Net Cash	244.3	152.1

[#] Including the cash flows / cash balance of Hop Hing Group Holdings Limited

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FUTURE PROSPECTS



HOP HING GROUP HOLDINGS LIMITED

(HKEx Stock code: 47)

Management Outlook



2 Core Operations:

- Financial Budget Management;
- Strategic Brand Development



3 Basic Momenta:

- Future Insight
- Innovation
- Cooperation



4 Strategic Initiatives:

- New Stores Sales;
- Product Launch;
- Information System Build-up;
- HR Management

Short to Medium Term

Remain cautions in short to medium term outlook

- Relatively slow growth in China's economy and weakened consumer sentiment
- Difficult operating environment due to the increasing costs
- Fierce competition in the QSR sector
- General Chinese macroeconomic environment

Medium to Long Term

Remain optimistic about the 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

Our Growth Strategies



吉野家
YOSHINOYA



Oriental Cuisine Specialist

1 Extend Product Portfolio

2 Expand & Optimize Store Network

3 Strengthen Brand Image & Improve Operational Efficiency

4 Implement Stringent Cost Control Measures

5 Enhance Delivery Service

6 Extend Operating Hours & Improve Turnover Rate

1 Extend Product Portfolio

- Introduce different kinds of new products to satisfy customers' needs and broaden customer portfolio



- "Value meal" product line
- Rice burger
- Stone pot
- Pork rice
- Noodle



- New flavors of Blizzard:
 - Waffle
 - New hotdogs
 - Colorful cones
 - Popcorn

- Continue to develop new innovative products to satisfy the devoted fans and entice new customers
- Strive to optimise product mix with an aim to achieve higher profit margins



1 Extend Product Portfolio (Con't)



紫金 Rock 摇滚沙拉

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吉米堡

NEW

泡菜牛肉米堡 :13

照烧鸡排米堡 :15

YOSHINOYA

大帅锅 来了!

新 26元

韩式烤肉 石锅拌饭

韩国口味泡菜 嫩香多汁烤肉 浓香拌饭盖

YOSHINOYA

DQ Cakes

ICE CREAM CAKES

冰淇淋蛋糕

Since 1940 来自美国

两全其美

Rice & noodles

板烧猪肉拉面

板烧猪肉饭

YOSHINOYA

板烧猪肉饭

¥16.0

YOSHINOYA

“红”运当头

Red bean GOOD LUCK

暴风雪单品: 19元 / 9oz 22元 / 12oz 25元 / 16oz

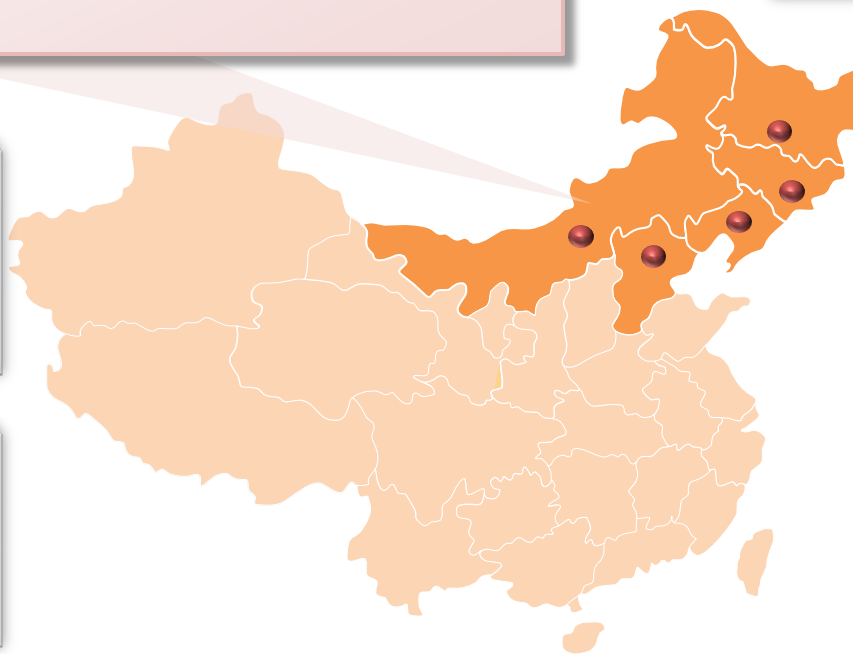
华夫控单品: 22元 / 10oz 26元 / 16oz

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2 Expand & Optimize Store Network



- Prudent approach in expanding restaurant network but more on store network optimization
- Efficient planning to reduce the time required to set up new stores
- Store renovation in process to enhance dining experience



3 Strengthen Brand Image & Increase Operating Efficiency



吉野家
YOSHINOYA

- “Sunshine Kitchen” concept to be incorporated into new stores and stores to be renovated
 - Allow customers to observe the operation of the kitchen
 - Reinforce the perception of food safety and quality
 - Enhance customers’ dining experience

- Increase operating efficiency
 - Separation of “cashier” and “pick up counter”
 - Implementation of “3T program”



- Reposition the brand image of Dairy Queen cater for customers’ ever changing needs
- New brand image:
 - Distinctive shop front
 - Eye-catching signage
 - Young and trendy seating area



Stringent Cost Control Measures



- Further improve gross profit margin by the implementation of :
 - Strategic bulk purchases
 - Optimization of product mix
 - Flexible promotional strategies
- Adoption of the new business information system
 - Quickly analyze sales and operation information
 - Formulate responses to the customers' needs
 - Improve system efficiency based on empirical data



5 Enhance Delivery Service



首次订餐 | 客服热线 | 加入会员 | 吉野家官网 | 关于我们 | 餐厅地址 | 收藏网站 | 分享到: [Icons]

吉野家 YOSHINOYA | 菜单浏览 | 订单查询 | VIP 加入会员 | 帮助中心 | **吉食送** | 4008-197-197

《网上订餐专属优惠》订指定多人餐即赠1.25L百事饮料1瓶,多买多赠(每份多人餐限赠1瓶)

特惠 4人餐 Best Choice

¥99

玉米脆笋丝牛肉饭(小)x2 | 土豆沙拉x1
+照烧鸡地饭(大)x1 | +合茶碗蒸x2
+椒盐猪肉饭(大)x1 | +鸡粒黄金蛋x2

会员订餐

吉食送会员由此进入
将自动带入会员资料
可查询以往订餐记录

请输入会员帐号 (Email)
请输入密码
 记住密码 忘记密码

会员订餐

VIP 加入会员

非会员订餐

非会员订餐请按此

非会员订餐

订指定多人餐 赠 1.25L 百事饮料1瓶

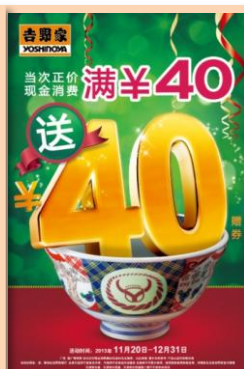
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- China's online shopping revenue is expected to grow to US\$700 billion by 2020
- Launched "Online Platform" at the end of year 2013 to compliment with the telephone delivery service → allowing customers to place orders **Anywhere**
- Established another call center in Northeast China
 - Cover a wider range of customers
 - Broaden customer base
- Proactive customer outreach with online ordering, call centre and delivery capabilities

6 Extend Operating Hours & Improve Turnover Rate



- Expand service into other day parts to bring in additional income
 - Breakfast
 - Lunch
 - Afternoon Tea
 - Dinner
- Offer value meal



Our Mission



*Leading Multi-Brands
Oriental Cuisine Specialist
in the PRC*



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Q&A



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