

### **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 Relations





### 2014 Q1 Operational Update



QSR sector was still adversely affected by poor market sentiment and weak customers' confidence



Introduce new food products to stimulate sales and broaden customer base

Enhance delivery service to drive same store sales

Optimize restaurant network and enhance profitability

#### Satisfactory Revenue Growth

- ◆ Increase in same stores sales
- New stores opened last year and during the review quarter brought additional income
- Steady sales growth of delivery service particularly after the launch of web ordering

+4.7% YoY

### Improved SSSG

 Expand product portfolio to stimulate sales and attract both value driven customers & those who look for full dining experience with more complete meal

+2.1% YoY

#### **Net Store Number**

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

+5 Net





### Continued to Expand Restaurant Network



# As of 31 March 2014 Northeast China **告野家**:85 Beijing, Tianjin and Hebei : 221 Franchise Regions for Yoshinoya and DQ

**Distribution Center** 

### Store Network: 5 Net New Stores in FY2014 Q1

	告野家 YOSHINOYA		00		<u>Total</u>	
	As of 31 Mar 2014	As of 31 Dec 2013	As of 31 Mar 2014	As of 31 Dec 2013	As of 31 Mar 2014	As of 31 Dec 2013
Beijing , Tianjin and Hebei	221	223	110	109	331	332
Northeast China	85	81	29	27	114	108
Total	306	304	139	136	445	440

<sup>\*</sup>Northeast China includes Liaoning, Jilin, Heilongjiang and Inner Mongolia





### **Our Growth Strategies**







- Introduce new product categories including "value meal", stone pot, noodle, popcorn and hot dog etc., to satisfy the devoted fans and entice new customers
  - → Broaden customer portfolio

#### 2 Extend Operating Hours & Improve Turnover





- Expand service into other day parts to bring in additional income
- Offer value meal at non-peak hours

### 3 Enhance Delivery Service





 Proactive customer outreach with online ordering, call centre and delivery capabilities

### Expand & Optimize Store Network



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

## Strengthen Brand Image & Improve Operational Efficiency





- Yoshinoya: "Sunshine Kitchen" concept to be incorporated into new stores and stores to be renovated; implementation of "3T program" to separate "cashier" and "pick up counter"
- DQ: Reposition the brand image with distinctive shop front, eye-catching signage and young & trendy seating area

### Optimize Product Mix & Stringent Cost Control





- Optimization of product mix with flexible promotional strategies to improve profit margin
- Strategic bulk purchases to minimize cost
- Adoption of the new business information system to quickly analyze customers needs





### **Our Mission**





•Leading Multi-Brands
Oriental Cuisine Specialist
in the PRC









### **Industry Outlook**



### Cautious in short to medium term outlook

*Optimistic* in the medium to long term outlook

Difficult operating environment due to the increasing costs



Relatively slow growth in China's economy and weakened consumer sentiment

Fierce competition in the QSR sector



The overall PRC market

Robust industry fundamentals

In Hop Hing's Franchise Regions

Large population of over 240 million

Improvement of the living standard and rising disposal incomes of Chinese people brought by fast pace of urbanization

Benefit from the three development plans being implemented by the Government





### **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

#### Hop Hing's Core Competitive Strengths

Passionate, Dedicated and Experienced Senior Management Team Sharing the Same Core Values and Philosophies

#### Management Advantage

#### **Local Roots**

- / Deep understanding of local markets
- ✓ Clear business blueprint
- √ Highly standardized business model

#### **International Vision**

- ✓ International vision and corporate governance
- Successful on-the-ground local retail experience
- ✓ With international management experience and industry knowledge

Internal Advantage Proven Track
Record of Creating
Multiple QSR Brands

**Cost Advantage** 

**System Advantage** 

Conscientiousness towards Quality (良心品質) High Quality and Safe Food Offering Sold at Affordable Price

External Advantage **Robust Industry Fundamentals & Favorable Industry Growth Dynamics** 

Franchise Regions will benefit from the three development plans being implemented by the Government: Beijing-Tianjin-Hebei Economic Circle Plan, Northeast Revitalization Plan & Hu-Bao-Yin-Yu Economic Zone Plan





### **Disclaimer**



This presentation and the accompanying slides (the "Presentation") which have been prepared by Hop Hing Group Holdings Limited ("Hop Hing" or the "Company") do not constitute any offer or invitation to purchase or subscribe for any securities, and shall not form the basis for or be relied on in connection with any contract or binding commitment whatsoever. They are only being furnished to you and may not be photocopied, reproduced or distributed to any other persons at any time without the prior written consent of the Company. This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of or any omission from this Presentation is expressly excluded.

Certain matters discussed in this presentation may contain statements regarding the Company's market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. The Company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third-party statements and projections.

