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HOP HING GROUP HOLDINGS LIMITED

(HKEx Stock Code: 47)

2015 Q1 Highlights & 2014 Annual Results Corporate Presentation

April 2015



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LATEST BUSINESS UPDATE



香柠芦荟蜜饮

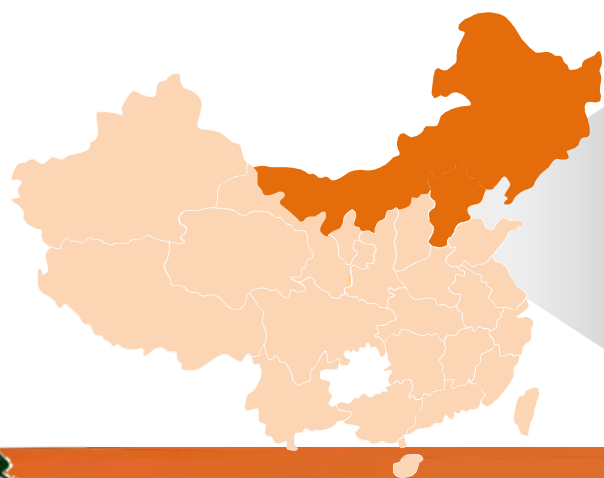
2015 Q1 Operational Update



Poor Market Sentiment & Difficult Operating Environment

- ➔ Sluggish China economy and weak consumption sentiment
- ➔ Austerity campaign to curb lavish spending and entertainment has resulted in fierce competition in the mid-price to low-end catering market segments
- ➔ Change of consumption pattern and disturbance to the market resulted from the influence of the internet
- ➔ Escalating operation costs led to “four highs and one low” phenomenon
- ➔ Depreciation of the exchange rates of Renminbi compared to the corresponding period in 2014

Revenue: -3.7% YoY
SSSG: -3.8% YoY
Net store closure: 5



Initiatives to drive growth

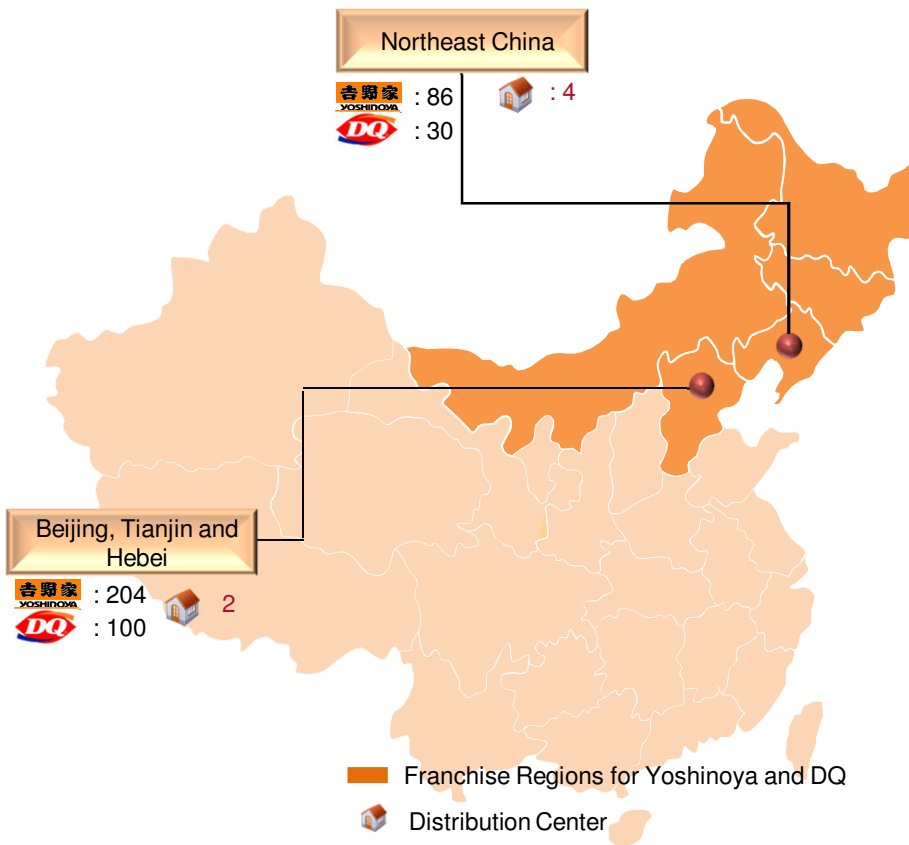
- ✓ Introduce new and innovative products to expand customer base
- ✓ Continue to implement various cost control measures to maintain reasonable profit margins
- ✓ Focused efforts to improve store operational efficiency
- ✓ Optimize and expand our store network

Continued Efforts on Optimizing Our Store Network



290 Yoshinoya Stores and 130 DQ Stores

As of 31 March 2015



Continued to Improve Quality of Our Store Network

	吉野家 YOSHINOYA		DQ		Total	
	As of 31 Mar 2015	As of 31 Dec 2014	As of 31 Mar 2015	As of 31 Dec 2014	As of 31 Mar 2015	As of 31 Dec 2014
Beijing , Tianjin and Hebei	204	206	100	103	304	309
Northeast China	86	86	30	30	116	116
Total	290	292	130	133	420	425



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2014 ANNUAL RESULTS



2014 Annual Results Financial Highlights



Revenue
Growth

+2.2%
YoY

Gross
Profit
Growth

+2.9%
YoY

Positive
SSSG

+1.1%

Stable
Store
EBITDA

Maintain at
Approx.
18%

(HK\$ million)	For the year ended 31 December	
	2014	2013
Continuing Operations		
Turnover	2,157.9	2,110.7
Gross Profit	1,340.1	1,302.0
Operating Profit ¹	42.6	77.5
Profit for the Year from Continuing Operations	35.4	65.7
GP Margin (%)	62.1%	61.7%
OP Margin (%) ¹	2.0%	3.7%
NP Margin (%)	1.6%	0.7%
Basic EPS (HK cents)	0.35	0.66
Diluted EPS (HK cents)	0.35	0.66
Discontinued Operation		
Profit / (Loss) for the Year from a Discontinued Operation	N/A	(51.7)
Consolidated Net Profit		
Basic EPS (HK cents)	0.35	0.14
Diluted EPS (HK cents)	0.35	0.14

Note 1: Excluding other income and gains



Revenue & Gross Profit

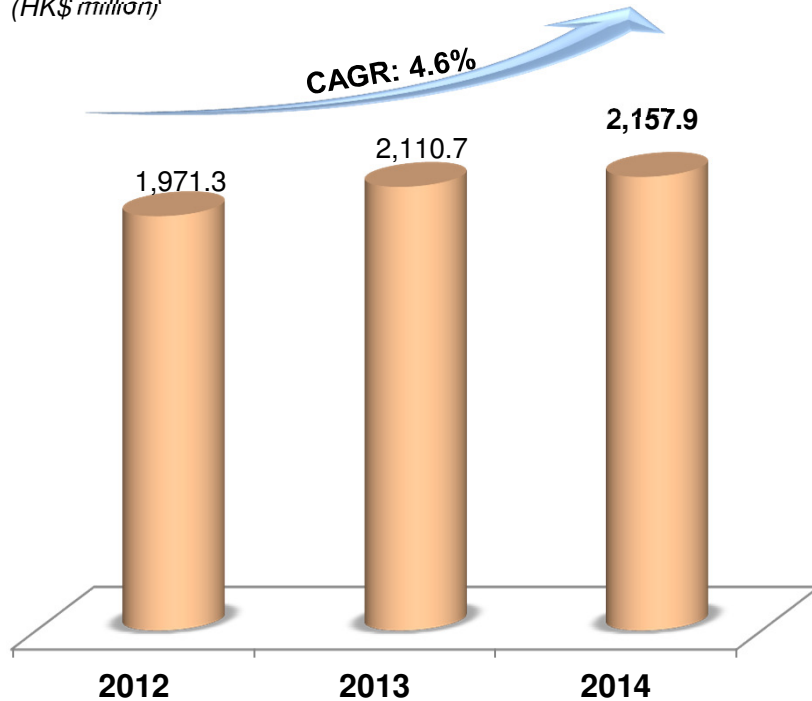


Continuing Operations

- Steady revenue, gross profit and gross profit margin growth despite the challenging business operating environment in the past 3 years

Revenue

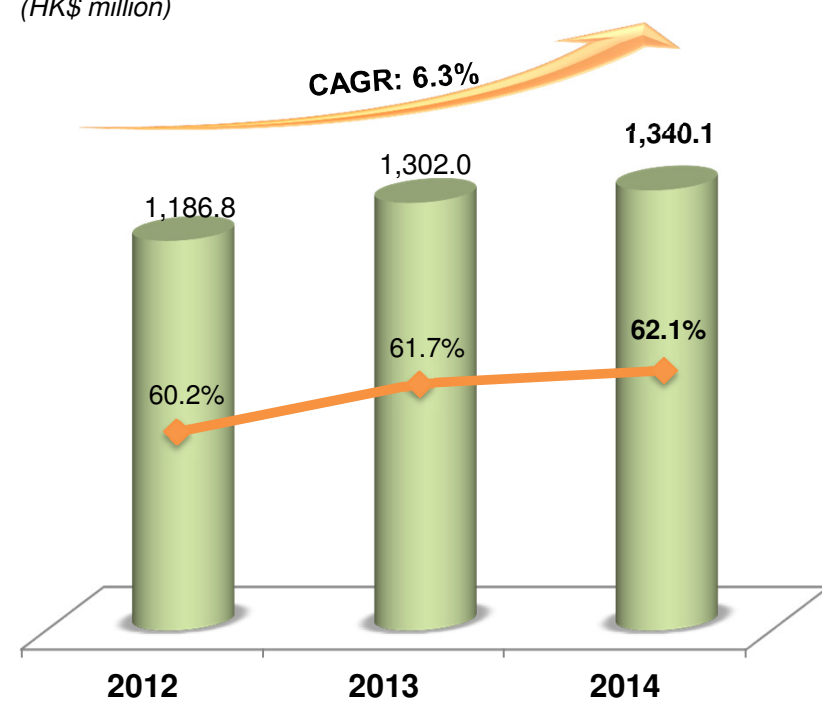
(HK\$ million)



For the year ended 31 Dec

Gross Profit & GP Margin

(HK\$ million)



For the year ended 31 Dec

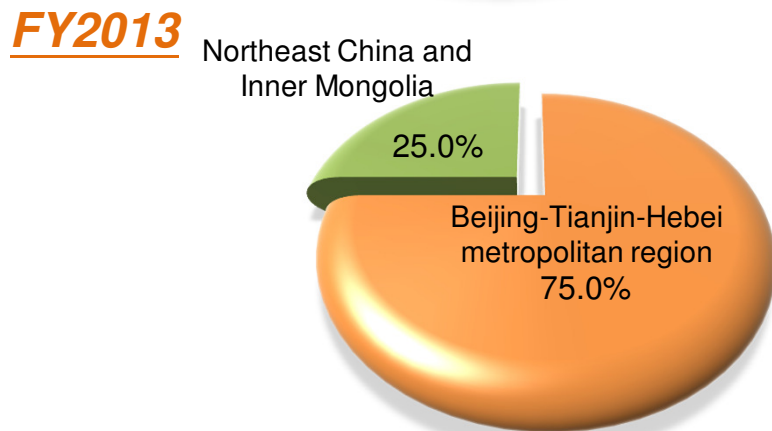
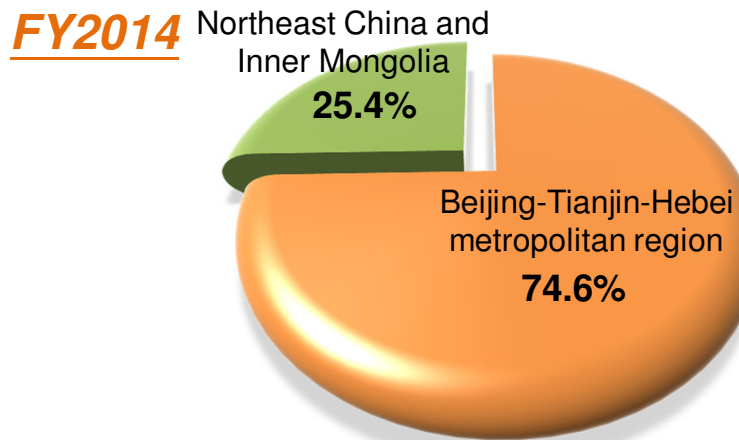


Segmental Breakdown

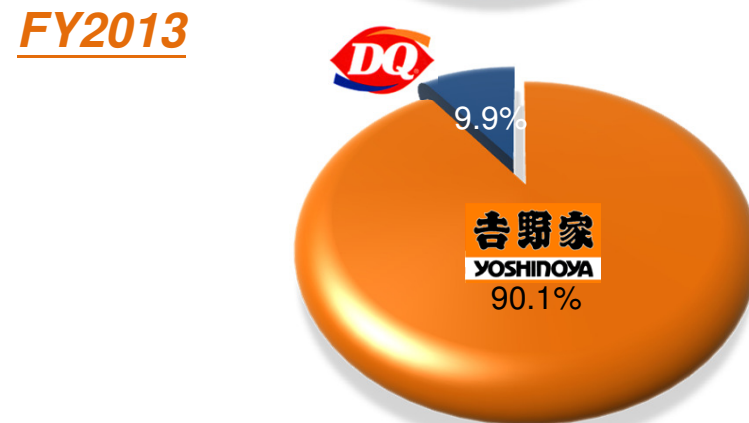
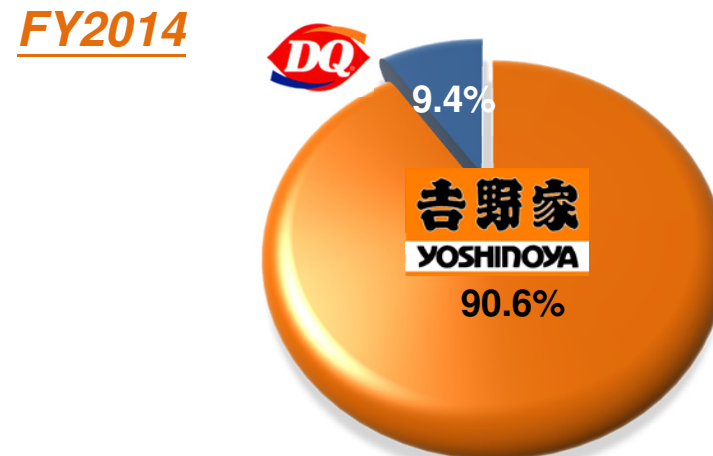


Continuing Operations

Revenue by Region



Revenue by Brand



Stable Structure of Costs & Expenses



Continuing Operations

✓ *Stringent cost controls and product mix optimization improved GP margin*

✓ *Maintained labor costs and rental expense at a reasonable level*

Direct Cost of Stocks Sold

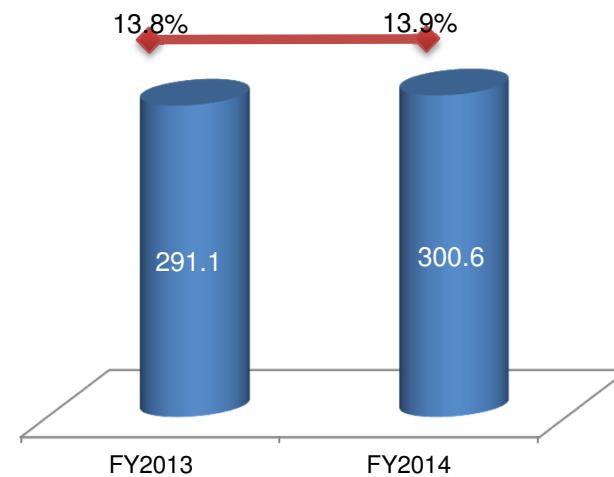
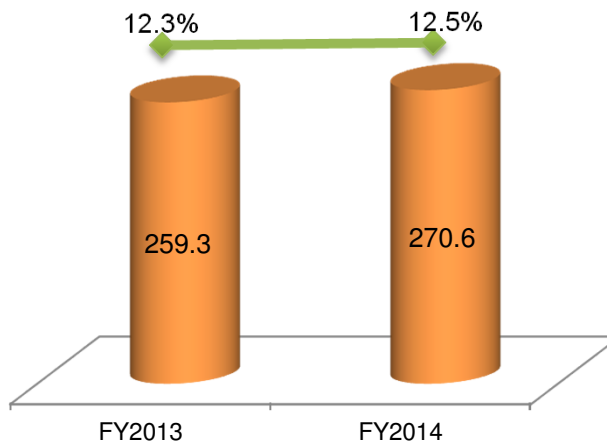
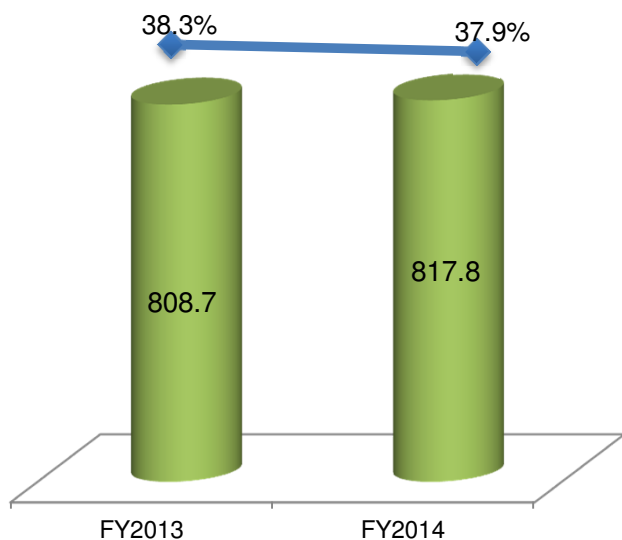
(HK\$ million)

Labor Costs

(HK\$ million)

Rental Expense

(HK\$ million)



■ Direct Cost of Stocks Sold

↔ Direct Cost of Stocks Sold as % of turnover

■ Labour Costs

↔ Labor costs as % of turnover

■ Rental expense

↔ Rental expenses as % of turnover



Sound Working Capital Management



Continuing Operations

<i>(Days)</i>	As of 31 Dec 2014	As of 31 Dec 2013
Receivable Turnover Days	1.2	1.1
Inventory Turnover Days	51.9	49.3
Payable Turnover Days	59.9	59.9
Cash Conversion Cycle	(6.8)	(9.5)

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)	2014	2013
Net cash inflows from operation before adjusting for other cash flow items	192.6	198.3
Purchase of property, plant and equipment items	(104.0)	(159.3)
Interest payments and net movement of bank loans	1.7	(1.8)
Other cash flow items		
Fund movements with companies in the discontinued operation	-	5.9
Receipt from the exercise of Warrants	-	17.8
Receipt from disposal of subsidiaries	-	394.6
Dividends paid	(25.0)	(305.2)
Dividends paid to former shareholders of a subsidiary	-	(57.3)
Net Increase / (Decrease) in Cash	65.3	93.0

Gearing Summary

(HK\$ million)	As of 31 Dec 2014	As of 31 Dec 2013
Cash	336.5	271.2
Total Debt	30.0	26.9
Net Cash	306.5	244.3

Maintained a strong and healthy cash inflow from operations



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OUR GROWTH STRATEGIES



Management Outlook



Short to
medium term

Short to medium term: Market Consolidation:

- Fierce competition in the QSR sector further intensified by the growing use of internet / O2O for scalable rebate / coupon redemption campaigns offered by renowned search engines / social media platforms
- Sluggish China economy weakens customer sentiment
- Difficult operating environment due to the increasing costs

Medium to long term

Medium to long term: Hop Hing –Building the Foundation for Long-term Prosperity

- Robust industry fundamentals
- Fast pace of urbanization in China, the improvement of the living standard and rising disposal incomes of Chinese people
- Our distinctive edge of “Quality Products”; “Simplicity of Operating Procedures” and “Food Safety” solidified our leading position to capture business opportunities and further penetrate the market after the current industry trough

1 Core Operations:

- Financial Budget Management;
- Strategic Brand Development



2 Basic Momentum:

- Future Insight
- Innovation
- Cooperation



3 Strategic Initiatives:

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

Operators with Higher Operational Efficiency & Experienced Management Team is Expected to Benefit from the Market Consolidation



Our Growth Strategies





1

Extend Product Portfolio & Enhance Dining Experience

Extend Product Portfolio & Introduce New Products

- Stimulate the taste buds of our customers by introducing innovative new products
- A strategic and comprehensive product portfolio to mitigate the impact of the fluctuations of different meat costs



Stone pot in old Taiwan style



Spicy vegetable and pork bowls



Chicken Eggplant rice bowl



Noodle



Diversified beef bowl



Special Hotpot



Colorful cones

Different Meal Sets to Cater Different Needs

Value meal offered during non-peak hours

- Target younger generation who are price-sensitive
- Cater to those customers who are looking for “value for money” products
- Continue the “early lunch” and “late lunch” approach



Enhance the offering of complete dinner sets with drinks and desserts

- Cater to the customers who have higher consumption power and are looking for better dining experience
- Boost average spending and grow SSSG





2

Stringent Cost Control & Raise Operating Efficiency

- The established business information system enables us to swiftly adjust our menus and operating mode in response to market changes
- Strategic product mix and flexible promotional strategies to mitigate the fluctuations of raw material costs

Implementation of Information System



“Virtual Partnership Program” to Boost HR Efficiency

- Implementation of “**Virtual Partnership Program**” in 2Q 2015 to boost morale through labor incentives
- Maintain competitive compensation packages and provide trainings to retain talents

- Separation of “cashier” and “pick up” counters to receive more customer orders*
- Build smaller size of stores to improve store efficiency
- Solidify relationship with landlords and negotiate a better rental rate

Stringent Rental Control & Improvement of Store Efficiency



* The “separation of cashier and pick up counters” has been implemented across all branches in Beijing in Jan 2015 and will eventually extend to all branches within our Franchised Region this year

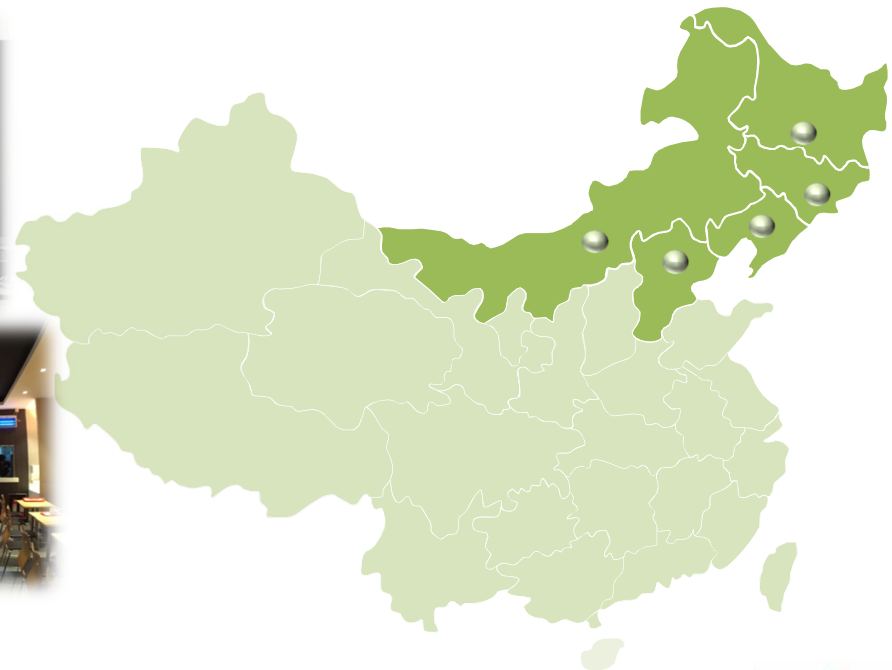


3 Optimize & Expand Our Store Network



Open stores at a steady pace (穩中求進)

- Build smaller stores in community areas to increase turnover and reduce the investment costs
- Optimized store network according to the culture, needs and demands of different districts within our franchised region
- Focus on profit-making stores and newly-built stores with business potential
- Aim to increase profitability and raise SSSG to maintain growth



4

Strengthen Brand Image & Enhance Delivery Service



吉野家
YOSHINOYA



- **Build a “At Home” Feeling to Our Customers**

- To create a “at home” feeling to our customers as if Yoshinoya is their second home
- The dining concept is “simple and straight forward”
- Allow customers to observe the operation of the kitchen and production process to reinforce the “fresh and made on spot” unique image

DQ



- **Trendy and Fashionable Ice Cream Expert**

- Reinforce DQ’s image as a young, fashionable and trendy ice-cream expert with distinctive shop front and eye-catching signage
- Improve display and increase product varieties in the front counters

吉食送

Internet web
online platform



Call Centre



- **Delivery Service to Bring Additional Income**

- Enhanced customer outreach strengthens the Group’s delivery capabilities
- Broaden customer base including customers preferring to dine at workplace or home
- Broaden income stream





Our Mission



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





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Q&A

吉野家
YOSHINOYA

【手功派第三式】

乾坤挪移

以用心研制的黄金比例，将牛肉和洋葱的甜香充分融合；牛锅达人，乾坤幻化之间，成就舌尖上的色味俱佳。