HOP HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 47)

ANNOUNCEMENT OF 2011 RESULTS

RESULTS

The board of directors (the "Board") of Hop Hing Group Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
TURNOVER	4	**805,565**	769,147
Direct cost of stocks sold and services provided		**(592,119)**	(558,277)
Other income and gains, net	4	**23,314**	1,707
Other production and service costs (including depreciation and amortisation of HK$17,945,000 (2010: HK$18,381,000))		**(56,425)**	(53,961)
Selling and distribution costs		**(103,090)**	(98,927)
General and administrative expenses		**(45,712)**	(41,120)
Other expenses		**(10,280)**	–
PROFIT FROM OPERATING ACTIVITIES	5	**21,253**	18,569
Finance costs	6	**(10,286)**	(8,535)
PROFIT BEFORE TAX		**10,967**	10,034
Income tax expense	7	**(6,635)**	(3,500)
PROFIT FOR THE YEAR		**4,332**	6,534
ATTRIBUTABLE TO:			
Equity holders of the Company		**1,299**	7,179
Non-controlling interests		**3,033**	(645)
		4,332	6,534
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic		**HK0.25 cent**	HK1.40 cents
Diluted		**HK0.23 cent**	HK1.27 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**4,332**	6,534
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**6,123**	4,511
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**6,123**	4,511
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**10,455**	11,045
ATTRIBUTABLE TO:		
Equity holders of the Company	**7,394**	11,592
Non-controlling interests	**3,061**	(547)
	10,455	11,045

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**207,154**	226,743
Prepaid land lease payments		**27,268**	27,017
Trademarks		**124,310**	124,274
Deferred tax assets		**476**	989
Total non-current assets		**359,208**	379,023
CURRENT ASSETS			
Stocks		**143,507**	158,028
Accounts receivable	9	**116,251**	109,928
Prepayments, deposits and other receivables		**24,836**	21,561
Tax recoverable		**290**	1,511
Pledged bank deposits		**44,907**	43,477
Cash and cash equivalents		**133,752**	80,608
Total current assets		**463,543**	415,113
CURRENT LIABILITIES			
Accounts payable	10	**51,876**	60,613
Bills payable		**26,235**	17,925
Other payables and accrued charges		**49,337**	42,857
Interest-bearing bank loans		**191,729**	176,191
Tax payable		**2,732**	730
Total current liabilities		**321,909**	298,316
NET CURRENT ASSETS		**141,634**	116,797
TOTAL ASSETS LESS CURRENT LIABILITIES		**500,842**	495,820
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,949**	1,890
NET ASSETS		**498,893**	493,930
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**51,566**	51,154
Reserves		**441,978**	433,875
		493,544	485,029
Non-controlling interests		**5,349**	8,901
Total equity		**498,893**	493,930

NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain land and buildings which were carried at 1993 valuation. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

2.2 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 financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adoptors*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[5]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 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. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

The Group's primary operating segment is the edible oils and food related business. Since it is the only operating segment of the Group, no further analysis thereof is presented. In determining the Group's geographical information, the revenue information is based on the location of the customers, and the total non-current assets information is based on the location of the assets and excludes deferred tax assets.

Geographical information

	Hong Kong		Mainland China		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**487,825**	436,909	**317,740**	332,238	**805,565**	769,147
Non-current assets	**146,644**	155,201	**212,088**	222,833	**358,732**	378,034
Capital expenditure *	**1,110**	6,388	**357**	203	**1,467**	6,591

* Capital expenditure consists of additions to property, plant and equipment and trademarks.

4. TURNOVER AND OTHER INCOME AND GAINS, NET

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, the value of services rendered, gross rental income received and royalties during the year.

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Turnover		
Sales of goods and services	**798,221**	762,695
Royalties	**6,655**	5,970
Rental and other income	**689**	482
	805,565	769,147
Other income and gains, net		
Bank interest income	**755**	629
Foreign exchange differences, net	**2,925**	423
Gain on disposal of items of property, plant and equipment, and prepaid land lease payments, net	**19,634**	655
	23,314	1,707

5. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	2011	2010
	HK$'000	*HK$'000*
Net rental income	**(648)**	(473)
Foreign exchange differences, net	**(2,925)**	(423)
Direct cost of stocks sold and services provided	**592,119**	558,277
Gain on disposal of items of property, plant and equipment, and prepaid land lease payments, net	**(19,634)**	(655)
Employee benefit expenses (including directors' emoluments):		
Wages and salaries	**53,295**	47,532
Equity-settled share option expense	**339**	2,266
Pension scheme contributions	**1,824**	1,773
	55,458	51,571
Depreciation *	**17,234**	17,694
Amortisation of prepaid land lease payments *	**711**	687
Minimum lease payments under operating leases in respect of land and buildings	**8,014**	7,881
Auditors' remuneration	**1,350**	1,257
Impairment of accounts receivable **	**76**	31
Legal and professional fees incurred for the acquisition of subsidiaries ***	**10,280**	–

Notes:

* Depreciation and amortisation of prepaid land lease payments are included in "Other production and service costs" in the consolidated income statement.

** Impairment of accounts receivable is included in "General and administrative expenses" in the consolidated income statement.

*** Legal and professional fees incurred for the acquisition of subsidiaries are included in "Other expenses" in the consolidated income statement.

**** At 31 December 2011, the Group had no forfeited contributions available to reduce its future contributions to the scheme registered under the Occupational Retirement Schemes Ordinance which has been exempted under the Mandatory Provident Fund Schemes Ordinance (2010: Nil).

6. FINANCE COSTS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank and other loans wholly repayable within five years	**10,286**	8,535

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2011	2010
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**4,264**	2,798
Under/(over)provision in prior years	**55**	(7)
	4,319	2,791
Current – Elsewhere	**1,744**	44
Deferred	**572**	665
Total income tax expenses for the year	**6,635**	3,500

8. 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 year attributable to equity holders of the Company of HK$1,299,000 (2010: HK$7,179,000), and the weighted average number of 511,825,177 (2010: 511,390,491) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit for the year attributable to equity holders of the Company of HK$1,299,000 (2010: HK$7,179,000) and the weighted average number of 561,455,371 (2010: 566,827,084) ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares of 49,630,194 (2010: 55,436,593) for the year ended 31 December 2011 calculated as follows:

	2011	2010
	HK$'000	*HK$'000*
Consolidated profit attributable to equity holders of the Company	**1,299**	7,179

	Number of shares	
	2011	2010
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**511,825,177**	511,390,491
Effect of dilution – weighted average number of ordinary shares:		
Warrants	**47,331,075**	51,051,939
Share options	**2,299,119**	4,384,654
	561,455,371	566,827,084

9. ACCOUNTS RECEIVABLE

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Current (neither past due nor impaired)	**87,818**	76,042
Within 60 days past due	**20,726**	26,108
Over 60 days past due	**7,707**	7,778
	116,251	109,928

The Group's products are sold either on a cash on delivery basis, or on an open account basis with credit terms ranging from 7 to 70 days.

10. ACCOUNTS PAYABLE

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Current and less than 60 days	**51,389**	58,441
Over 60 days	**487**	2,172
	51,876	60,613

The accounts payable are non-interest-bearing and are normally settled within credit terms of 7 to 60 days.

11. EVENTS AFTER THE REPORTING PERIOD

(a) 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 Summerfield Profits Limited ("Summerfield"), an investment holding company of a group of companies that own rights to operate the Yoshinoya and Dairy Queen fast food restaurant chains in their franchised regions in the PRC which include Beijing municipality, Tianjin municipality, the provinces of Hebei, Liaoning, Heilongjiang and Jilin, and the Inner Mongolia Autonomous Region (excluding airports, railway stations or highway service areas), and loans in the amount of approximately HK$44,000,000 owed by Summerfield to Queen Board and its associates, for a total consideration of HK$3,475,000,000, satisfied by an issue of perpetual subordinated convertible securities by the Company to companies as directed by Queen Board. Subsequent to 31 December 2011, the Acquisition was completed on 12 March 2012. Details of the Acquisition have been set out in the Company's announcements made on 1 December 2011 and 12 March 2012 and circular dated 30 December 2011.

(b) Subsequent to 31 December 2011, Pinghu Hop Hing Vegetable Oils Company, Limited, a 51%-owned subsidiary of the Group, was disposed to a third party purchaser for a total consideration of RMB5,407,000 (approximately HK$6,676,000) on 23 February 2012.

(c) Subsequent to 31 December 2011, pursuant to an ordinary resolution passed on 17 January 2012 at the extraordinary general meeting of the Company, the authorised share capital of the Company was increased from HK$80,000,000 to HK$1,480,000,000 by the creation of additional unissued shares of 14,000,000,000 of HK$0.10 each.

REVIEW OF OPERATION AND PROSPECTS

For the year ended 31 December 2011, the profit for the year was HK$4.3 million, as compared to HK$6.5 million for the year ended 31 December 2010. The profit attributable to equity holders of the Company was HK$1.3 million, decreased by HK$5.9 million from HK$ 7.2 million of last year.

Earnings before interest, tax, depreciation and amortization ("EBITDA") for the year under review was HK$39.2 million, an improvement of HK$2.2 million compared to HK$37.0 million for the year ended 31 December 2010.

The basic earnings per share for the year was HK0.25 cent (2010: HK1.40 cents).

DIVIDEND

No interim dividend was paid (2010: Nil) and the directors do not recommend payment of any final dividend for the year under review (2010: Nil).

REVIEW OF OPERATION

In the year under review, the financial events in the western world were still one of the key factors that affected our business environment. After a period of stability, the edible oil raw material costs started surging up in the latter half of 2010 which continued into 2011. Although the increase in raw material costs together with severe market competition exerted pressure on the gross margin of our retail products, the provision of edible oil related services to other market players and the capitalization of oil inventory gain during the year enabled the Group to record an increase in gross profit over last year.

In Hong Kong, we continued our strategy of building up and reinforcing the loyalty of our customers by developing healthy products and providing them with quality products freshly produced by the only one edible oil refinery plant in Hong Kong owned by the Group. The members of our family of healthy edible oil products now include Olive Canola Oil, Olive Sunflower Oil, Rice Bran Oil and Grapeseed Canola Oil and the newly launched DHA Canola Oil. Our continuing research and development effort has now been paid back. The Nielsen Edible Oil MarketTrack Supermarket Service data collected by The Nielsen Company (Hong Kong) Limited, one of the most reputable international research companies in Hong Kong, revealed that Lion & Globe Canola oil products continued to rank first in sales value in the Canola oil segment for five consecutive years from October 2006 to September 2011. Besides, the contribution of this edible oil and fats and shortening segment in this year showed an improvement over last year.

In the PRC, the control on the retail prices of edible oil products imposed by the government together with the fierce competition during the period had negatively impacted the sales volume and gross profit margin of our PRC operation. In addition, the narrow price gap between crude and refined oil continued affecting the demand for our edible oil related services in PRC. As a result, the performance of our PRC operation in this year was not up to expectation.

To comply with the land policy of the local government, our non wholly-owned subsidiary in the PRC had to dispose its property, the only manufacturing facilities of that subsidiary, to a third party property developer. In view of such surrender and the unfavourable operating conditions, the shareholders of the non wholly-owned subsidiary resolved in May 2011 to sell its interest in such subsidiary. Another wholly-owned subsidiary of the Company also disposed of its vacant property in Zhongshan to a third party purchaser in May 2011.

As announced on 30 September 2011, Lam Soon Group and our Group entered into an agreement to terminate the joint venture agreement relating to the carrying out of certain edible oil and fats and shortening business in Hong Kong and Macau by Evergreen Oils & Fats Limited and its subsidiaries ("Evergreen"), the jointly controlled entities of our Group. Upon termination of the joint venture agreement on 1 April 2012, the business which is being carried out by Evergreen will be carried out by subsidiaries of our Group according to our Group's own business strategies.

It has been the development strategies of our Group to diversify its existing business portfolio and broaden its source of income and enhance value to our shareholders. On 1 December 2011, our Company entered into an acquisition agreement with Queen Board Limited ("Queen Board") to acquire, among others, the entire issued share capital of the Summerfield Profits Limited ("Summerfield") and the loan of HK$44 million due by Summerfield to Queen Board and its associates at a total consideration of HK$3,475 million satisfied by the issue of the convertible securities by our Company to companies as directed by Queen Board. Summerfield is the holding company of a group of companies that owns the rights to operate the Yoshinoya and Dairy Queen fast food restaurant chains in Beijing municipality, Tianjin municipality, the provinces of Hebei, Liaoning, Heilongjiang and Jilin, and the Inner Mongolia Autonomous Region, PRC (the "Fast Food Business"). The acquisition was approved by the shareholders in its extraordinary general meeting on 17 January 2012 and completed on 12 March 2012.

FINANCIAL REVIEW

As at 31 December 2011, the Group's Hong Kong bank borrowing was bank loans of HK$86.3 million. The Group's PRC bank borrowings as at the year end were bank loans and bills payable totaling HK$131.7 million, of which approximately HK$74.0 million were borrowed by a PRC subsidiary and secured by certain assets of certain PRC subsidiaries of the Group and have no recourse to the Group other than those PRC subsidiaries. As at 31 December 2011, the Group's total bank loans amounting to HK$191.7 million (31 December 2010: HK$176.2 million) 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 31 December 2011 was 39% (31 December 2010: 36%).

The interest expense for the year was HK$10.3 million (2010: HK$8.5 million). The increase in interest expenses was mainly attributable to increase in interest rates on bank loans, when compared to those in the previous year.

The Group's funding policy is to finance the business operations with internally generated cash and bank facilities. The Group's bank borrowings are 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 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 year under review was HK$55 million (2010: HK$52 million). As at 31 December 2011, the Group had 370 full time and temporary employees (31 December 2010: 453).

Subsequent to 31 December 2011, the annual remuneration of Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy, the executive directors of the Company, were revised to HK$2,273,400 and HK$1,212,600 respectively, with bonuses which will be payable according to the terms of the relevant bonus entitlement scheme of the Company.

On 12 March 2012, Mr. Hung Ming Kei, Marvin was appointed as an executive director and the Chief Executive Officer of the Company. Mr. Hung is entitled to a director's fee of HK$2,000,000 per annum for being a director under a service contract, and a salary of RMB1,600,000 per annum for being the Chief Executive Officer of the Company, housing benefit of RMB360,000 per annum and a performance related discretionary bonus.

The remuneration packages for the executive directors of the Company were determined by the Board after considering the recommendations of the remuneration committee of the Company which were made after taking into account their respective qualifications and experiences.

OPERATING SEGMENT INFORMATION

The Group's edible oil business in Hong Kong continued to account for a major proportion of the Group's turnover in the year under review.

CONTINGENT LIABILITIES

Group

(a) At 31 December 2010, the contingent liabilities of the Group in respect of guarantees given to a bank to secure a banking facility granted to a third party amounted to HK$11,765,000 (the "Guarantee"). The corresponding banking facility was untilised as at 31 December 2011.

(b) During the year ended 31 December 2010, the Hong Kong Inland Revenue Department (the "IRD") issued protective assessment for the year of assessment 2003/2004 to a jointly-controlled entity of the Group, in respect of which tax reserve certificate amounted to HK$2,800,000 was purchased. During the year ended 31 December 2011, the IRD issued protective assessments for the year of assessment 2004/2005 to the jointly-controlled entity and a subsidiary of the Group, in respect of which tax reserve certificates amounted to HK$4,000,000 and HK$1,500,000 were purchased respectively. Subsequent to 31 December 2011, the IRD further issued protective assessments for the year of assessment 2005/2006 to certain jointly-controlled entities and certain subsidiaries of the Group, in respect of which tax reserve certificates amounted to HK$6,800,000 were purchased by the jointly-controlled entities. The Group has lodged objections with the IRD against these assessments.

    In the opinion of the directors, the Group has grounds to contest the protective tax assessments, thus provision for Hong Kong profits tax in respect of these assessments at this information gathering stage is not considered necessary.

Company

At the end of the reporting period, the contingent liabilities of the Company in respect of guarantees given to a bank to secure banking facilities utilised by subsidiaries amounted to HK$22,704,000 (2010: HK$13,235,000).

PLEDGE OF ASSETS

Group

As at 31 December 2011, all (2010: certain) of the Group's land use rights, classified as prepaid land lease payments, and certain leasehold land and buildings and plant and machinery, which had aggregate carrying values of approximately HK$27,999,000 (31 December 2010: HK$27,541,000) and HK$91,620,000 (31 December 2010: HK$102,228,000), respectively, and bank deposits of the Group of approximately HK$44,907,000 (31 December 2010: HK$43,477,000) were pledged to banks to secure banking facilities granted to the Group.

Company

At the end of the reporting period, the Company did not pledge any of its assets.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Company made an announcement on 1 December 2011 and published a circular on 30 December 2011 in relation to, among others, the very substantial acquisition and connected transaction in relation to the acquisition by the Company of the entire issued share capital of Summerfield and the loans in the amount of approximately HK$44 million owed by Summerfield to Queen Board, the seller, and its associates. The total consideration of HK$3,475 million was to be satisfied by the issue of convertible securities by the Company to Queen Board or its appointed nominees. All conditions precedent under the acquisition agreement were satisfied and the completion took place on 12 March 2012, and the convertible securities were issued by the Company to the companies as directed by Queen Board on the same day.

Upon completion, Summerfield and its subsidiaries became wholly-owned subsidiaries of the Company.

OUTLOOK

It is expected that the financial stability of western countries will continuously affect the business environment in which we are operating. Rising raw material costs and severe competition will still be the major challenges that the management has to face with. The management believes that adhering to our proven strategies of meeting the needs of our customers and providing them with healthy and quality products will always enable us to differentiate ourselves from our competitors. For the PRC operation, resources will continually be invested in selective and more profitable products and markets. The management will continue their effort in exploring opportunities to improve the financial contribution of the Group's PRC operation.

The acquisition of the Fast Food Business enables our Group to participate in the quick service restaurant chain business in northern China and develop a more diversified business in the food and beverage and retail business with significant growth potential. In addition, our Group would derive additional earnings and cash flow contribution from the Fast Food Business. After the completion of the acquisition, our Group will continue to develop and expand the newly acquired business with an aim to improve the financial performance and to maximize our shareholders' value. The strategies that the Fast Food Business will deploy include further penetrating existing markets through new store openings in its franchise regions and focusing on several key initiatives, e.g. expand delivery services, attract more customers, etc. The shareholders may refer to our announcement of even date for further updates on the business operation and financial performance of the Fast Food Business in 2011.

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 year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices and procedures. The Company has adopted its code on corporate governance (the "CG Code") based on the principles set out in the Code of Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Save as announced by the Company on 7 June 2011 the inadvertent delay in disclosure of the disposal of a property situated in Pinghu, Zhejiang Province in the PRC by a non-wholly owned subsidiary of the Company which constituted a discloseable transaction of the Company under the Listing Rules, none of the directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions set out in the CG Code for any part of the financial year ended 31 December 2011.

To comply with the amended Listing Rules which will be effective on 1 April 2012, the Company has approved to establish a nomination committee comprised Mr. Hung Hak Hip, Peter, the non-executive chairman of the Company (as the chairman of nomination committee); Mr. Hung Ming Kei, Marvin, an executive director and the chief executive officer of the Company; Dr. Hon. Wong Yu Hong, Philip, *GBS*, Mr Seto Gin Chung, John and Hon. Shek Lai Him, Abraham *SBS, JP.*, all of them are independent non-executive director of the Company. In addition, Mr. Cheung Wing Yui, Edward, an independent non-executive director of the Company has been appointed as the chairman of the remuneration committee of the Company with effective on 1 April 2012 and Mr. Hung Hak Hip, Peter, the non-executive chairman of the Company will cease to chair the remuneration committee of the Company on the same day.

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 financial year ended 31 December 2011.

AUDIT COMMITTEE

The Company established an audit committee with terms of reference aligned with the provisions of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The terms of reference of the audit committee are available to the public on request and have also been posted on the Company's website.

The audit committee of the Company has met the external auditors of the Company, Messrs. Ernst & Young, to review the Group's results for the year ended 31 December 2011.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

There were no purchases, sales or redemptions by the Company or any of its subsidiaries of the listed securities of the Company during the year.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This result 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 annual report will be despatched to shareholders of the Company and made available at the aforesaid websites.

By Order of the Board
Hung Hak Hip, Peter
Chairman

Beijing, the PRC, 21 March 2012

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