HOP HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 47)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

RESULTS

The Board of Directors (the "**Board**") of Hop Hing Group Holdings Limited (the "**Company**") herein present their unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2015, together with the comparative amounts.

These interim financial results have not been audited, but have been reviewed by the Company's audit committee and the Company's auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited For the six months ended 30 June	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
TURNOVER	*5*	**1,014,791**	1,056,888
Direct cost of stocks sold		**(382,237)**	(394,354)
Other income and gains/(loss), net	*5*	**4,099**	(966)
Selling and distribution expenses		**(493,717)**	(531,002)
General and administrative expenses		**(107,266)**	(106,134)
PROFIT FROM OPERATING ACTIVITIES	*6*	**35,670**	24,432
Finance costs	*7*	**(498)**	(848)
PROFIT BEFORE TAX		**35,172**	23,584
Income tax expense	*8*	**(9,457)**	(6,106)
PROFIT FOR THE PERIOD		**25,715**	17,478
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**25,715**	17,478
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*10*		
Basic		**HK0.26 cent**	HK0.17 cent
Diluted		**HK0.26 cent**	HK0.17 cent

Details of dividend paid in the period are disclosed in note 9.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**25,715**	17,478
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) that have been reclassified or may be subsequently reclassified to income statement:		
Exchange differences on translation of foreign operations	**43**	(7,448)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	**43**	(7,448)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**25,758**	10,030
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**25,758**	10,030

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited 30 June 2015** *HK$'000*	Audited 31 December 2014 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**230,965**	250,870
Deferred tax assets		**24,803**	21,263
Prepayment and rental deposits		**46,223**	44,264
Total non-current assets		**301,991**	316,397
CURRENT ASSETS			
Stocks		**137,224**	121,106
Accounts receivable	*12*	**2,404**	6,335
Prepayments, deposits and other receivables		**57,386**	69,498
Tax recoverable		**4,002**	6,493
Cash and cash equivalents		**343,182**	336,516
Total current assets		**544,198**	539,948
CURRENT LIABILITIES			
Accounts payable	*13*	**115,218**	136,753
Other payables and accrued charges		**256,376**	256,072
Tax payable		**8,907**	–
Interest-bearing bank loan		**30,000**	30,000
Total current liabilities		**410,501**	422,825
NET CURRENT ASSETS		**133,697**	117,123
TOTAL ASSETS LESS CURRENT LIABILITIES		**435,688**	433,520
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**13,924**	12,995
NET ASSETS		**421,764**	420,525
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	*14*	**1,007,043**	1,000,629
Reserves		**(585,279)**	(580,104)
Total equity		**421,764**	420,525

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting and other relevant HKASs and Interpretations, Hong Kong Financial Reporting Standards (collectively, the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Save for the adoption of new and revised HKFRSs during the period as set out in note 2 below and the following new accounting policy adopted by the Group during the period, the accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are the same as those used in the preparation of the annual financial statements for the year ended 31 December 2014.

Treasury shares

Own equity instruments which are reacquired or issued under the general mandate in accordance with the Company's share award scheme (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following revised HKFRSs for the first time for the current period's condensed consolidated interim financial statements.

Amendment to HKAS 19 (2011)	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

The adoption of the revised HKFRSs has had no significant financial effect on these interim financial statements.

3. 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 interim financial statements.

HKFRS 9	*Financial Instruments*[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in position to state whether these new and revised HKFRSs would have any significant impact on its results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

The Group's primary operating segment is quick service restaurants ("QSR") business. Since the QSR business is the only continuing operating segment of the Group, no further analysis thereof is presented.

In addition, the QSR business' revenue and non-current assets, other than deferred tax assets, are predominantly attributable to a single geographical region, which is the PRC. Therefore, no analysis by geographical regions is presented.

5. TURNOVER AND OTHER INCOME AND GAINS/(LOSS), NET

Turnover represents the invoiced value of goods sold, net of sales related taxes, during the period.

An analysis of turnover and other income and gains/(loss), net is as follows:

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Turnover		
Sales	**1,014,791**	1,056,888
Other income and gains/(loss), net		
Bank interest income	**3,252**	1,551
Foreign exchange differences, net	**116**	(4,102)
Others	**731**	1,585
	4,099	(966)

6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Direct cost of stocks sold	**382,237**	394,354
Depreciation	**53,611**	62,262
Impairment of items of property, plant and equipment	**1,164**	3,910
Lease payments under operating leases in respect of lands and buildings		
– minimum lease payments	**138,859**	142,883
– contingent rents	**18,958**	19,018
Loss on disposal/write-off of items of property, plant and equipment, net	**5,319**	1,534

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans	**327**	739
Others	**171**	109
	498	848

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Pursuant to the Corporate Income Tax Law of the PRC being effective on 1 January 2008, the PRC corporate income tax rate for the Group's subsidiaries operated in Mainland China during the period was 25% (2014: 25%) on their taxable profits. One of the subsidiaries engaged in agricultural business is entitled to exemptions from the standard income tax rate in 2014 and 2015.

The major components of the income tax expense/(credit) for the period are as follows:

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**1,153**	3,089
Current – Elsewhere		
Charge for the period	**10,852**	7,881
Over-provision in prior years	**55**	–
Deferred tax	**(2,603)**	(4,864)
Total tax charge for the period	**9,457**	6,106

9. DIVIDEND

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Dividend paid during the period:		
Final dividend for 2014 – HK0.25 cent (2013: HK0.25 cent) per ordinary share	**25,176**	25,016

10. 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 period attributable to equity holders of the Company, and the weighted average number of 10,006,288,386 (2014: 10,006,288,386) ordinary shares in issue during the period, as adjusted to reflect the number of treasury shares of 64,143,000 held under the share award scheme of the Company.

b. Diluted earnings per share

For the period ended 30 June 2015, the calculation of diluted earnings per share is based on the consolidated profit for the period attributable to equity holders of the Company and the weighted average number of 10,019,921,330 ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares of 13,632,944 calculated as follows:

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Consolidated profit attributable to equity holders of the Company	**25,715**	17,478

	Unaudited Number of shares	
	30 June 2015	30 June 2014
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**10,006,288,386**	10,006,288,386
Effect of dilution – weighted average number of ordinary shares:		
Share options *	**1,141,022**	–
Share award	**12,491,922**	–
	10,019,921,330	10,006,288,386

* The outstanding share options of the Company have not been included in the computation of diluted earnings per share for the period ended 30 June 2014 as the exercise price of these options were higher than the average market prices of the Company's shares during the period ended 30 June 2014 and they therefore had no dilutive effect on the Company's earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment with a cost of HK$40,242,000 (2014: HK$43,354,000). Items of property, plant and equipment with a net book value of HK$5,319,000 (2014: HK$1,534,000) were disposed of during the six months ended 30 June 2015.

12. ACCOUNTS RECEIVABLE

	Unaudited 30 June 2015 *HK$'000*	Audited 31 December 2014 *HK$'000*
Accounts receivable	**8,085**	10,638
Less: impairment	**(5,681)**	(4,303)
	2,404	6,335

The Group's QSR business is mainly traded on a cash basis and the accounts receivable as at the end of the reporting period were mainly due from shopping malls.

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

	Unaudited 30 June 2015 *HK$'000*	Audited 31 December 2014 *HK$'000*
Current (neither past due nor impaired)	**2,376**	1,795
Within 60 days past due	**28**	1,495
Over 60 days past due	**–**	3,045
	2,404	6,335

13. ACCOUNTS PAYABLE

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

	Unaudited 30 June 2015 *HK$'000*	Audited 31 December 2014 *HK$'000*
Current and less than 60 days	**113,399**	130,173
Over 60 days	**1,819**	6,580
	115,218	136,753

The accounts payable are non-interest-bearing and are normally settled within credit terms of 7 to 90 days.

14. SHARE CAPITAL

During the six months ended 30 June 2015, 64,143,400 ordinary shares of HK$0.10 each were issued under general mandate in accordance with the Company's share award scheme (the "Scheme"), adopted on 20 March 2015, based on the market value of the ordinary share of HK$0.127 each on 9 April 2015 as disclosed in the Company's announcement dated on 9 April 2015. The shares were issued to the trustee of the Scheme and classified as treasury shares.

15. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following commitments for capital expenditure:

	Unaudited 30 June 2015 ***HK$'000***	Audited 31 December 2014 *HK$'000*
Property, plant and equipment:		
Contracted, but not provided for	**706**	1,863

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

For the six months ended 30 June 2015, the turnover of the Group's business was HK$1,014.8 million, a decrease of 4.0% over the turnover of HK$1,056.9 million for the six months ended 30 June 2014. Earnings before interest, tax, depreciation and amortization (EBITDA) for the period under review was HK$89.3 million, an increase of HK$2.6 million from HK$86.7 million for the same period in 2014. The Group's profit attributable to the equity holders of the Company for the six months under review was HK$25.7 million, increasing by HK$8.2 million or 47.1% when compared to HK$17.5 million for the first half of last year. The higher profit for the period compared to the corresponding period in 2014 was mainly due to a reduced provision made in the period under review for closure of stores that did not meet internal profitability requirements and the inclusion of a currency exchange loss in the first half of last year.

Basic and diluted earnings per share for the period were HK0.26 cent and HK0.26 cent respectively (six months ended 30 June 2014: HK0.17 cent and HK0.17 cent respectively).

DIVIDEND

On 30 June 2015, the Company made payment of a final dividend of HK0.25 cent per share for the year ended 31 December 2014. The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

REVIEW OF OPERATION AND PROSPECTS

Industry review

In the first half of 2015, signs of recovery from the growth slowdown of the Chinese economy and the consumption sentiment in the franchise regions could not be seen and the business environment in which the Group operates remained challenging. The catering industry is still subject to consolidation and restructuring resulting from fierce competition intensified by the moving of the high-end market players into lower-end market segments. In addition, the internet continued to influence and change the consumption pattern of the market. Caterers who could embrace change, with flexible strategies and efficient operational systems and procedures would have a better chance of capturing the opportunities in this era of the internet and within the rapidly changing environment.

Business review

In the first half of 2015, our sales revenue dropped by 4.0% to HK$1,014.8 million (six months ended 2014: HK$1,056.9 million), which was mainly attributable to the decrease in customer traffic and the closure of certain under-performing stores in 2014 and the first half of this year. The decrease in customer traffic resulted from the weak consumption sentiment caused by the sluggish business environment. The call delivery and internet and WAP-based ordering systems implemented by the management in previous years have become an alternative source to capture orders, in particular, in the North East China region. In addition, we have continued to add new food items into our menus to maintain the loyalty of our customers and at the same time attract new customers. While the closure of certain under-performing stores has had a short-term impact on our turnover, it has improved the quality of our store network and provides us with a solid foundation to move forward and capture any opportunities that may arise when the economy recovers.

In the period under review, we have continued to open new stores through a prudent and cautious approach. In April this year, we established a new product line to supplement our existing rice bowl products. Chatting, the brand name of the new line, offers fresh and healthy drinks, such as fresh fruit tea and pearl milk tea, to customers who prefer drinks other than regular tea and coffee. Four Chatting stores have been built up to the end of June this year. While these stores have been opened for only a short period of time and have a turnover that is far from comparable to that of Yoshinoya and Dairy Queen, we see that Chatting has been well received by our customers. We plan to build more Chatting stores in the coming months.

During the period under review, a net total of three new stores (six months ended 30 June 2014: eight new stores), including four Chatting stores, were opened in existing markets and selected regions. As of 30 June 2015, there were 428 stores in operation.

	As at	
	30 June 2015	31 December 2014
Yoshinoya		
Beijing-Tianjin-Hebei Province Metropolitan Region	**209**	206
Liaoning	**66**	67
Inner Mongolia	**10**	10
Jilin	**1**	1
Heilongjiang	**8**	8
	294	292
Dairy Queen		
Beijing-Tianjin-Hebei Province Metropolitan Region	**100**	103
Liaoning	**21**	20
Inner Mongolia	**5**	6
Jilin	**1**	1
Heilongjiang	**3**	3
	130	133
Chatting		
Beijing-Tianjin-Hebei Province Metropolitan Region	**4**	–
Total	**428**	425

In the first six months of 2015, the relatively weak macro economy has adversely affected the market sentiment which in turn negatively affected the customer traffic of the catering industry in China. The SSSG of the Group for the period under review was -3.8%, compared to 4.1% for the same period in 2014.

	Percentage Increase in Same Stores Sales Six months Ended 30 June	
	2015	2014
Overall	**-3.8%**	4.1%
By Business		
Yoshinoya	**-4.0%**	4.6%
Dairy Queen	**-1.6%**	0.1%

In the period under review, the Beijing-Tianjin-Hebei Province Metropolitan Region continued to account for about three-quarters of the Group's revenue.

	Six Months Ended			
	2015		2014	
	HK$'000	***% of sales***	*HK$'000*	*% of sales*
a. By Region				
Beijing-Tianjin-Hebei Province Metropolitan Region	**753,250**	**74.2%**	786,688	74.4%
Northeast China [1]	**261,541**	**25.8%**	270,200	25.6%
	1,014,791	**100.0%**	1,056,888	100.0%

[1] Including Liaoning, Inner Mongolia, Jilin and Heilongjiang.

In the period under review, the contribution to the sales revenue of the Group by Yoshinoya products and Dairy Queen products remained at the level of approximately 90% and 10% respectively.

	Six Months Ended 30 June			
	2015		2014	
	HK$'000	***% of sales***	*HK$'000*	*% of sales*
b. By Business				
Yoshinoya	**906,893**	**89.4%**	954,047	90.3%
Dairy Queen	**107,796**	**10.6%**	102,841	9.7%

Cost control is one of the most important aspects of business that the catering industry has to manage in a challenging operating environment. During the period of review, the Group has continued the execution of its proven policy of strategic and bulk procurement of key food ingredients without compromising on food quality. Together with the flexible product promotional programmes which enable us to proactively manage our sales product mix, the Group has been able to record a stable gross profit margin of 62.3% in the first six months of 2015.

	Six Months Ended 30 June	
	2015	2014
Gross Profit Margin	**62.3%**	62.7%

While high labor cost and rental cost continued to adversely affect the catering industry in China, the Group's exercise of streamlining its network has enabled it to reduce its labor costs, rental costs and depreciation and amortization in the period under review, when compared to those in the corresponding period in last year. In addition, the "Virtual Partnership Scheme" under which the store managers can implement measures within the framework set by the management to improve the performance of their stores, was fully implemented in the first half of this year. Although the scheme has only been in full swing for a few months, we can see significant savings in certain operational costs, including utility and repair costs. This creates a win-win situation where our staff are motivated and the Group's performance is also improved. As a result, the Group's selling and distribution costs expressed as a percentage of sales has gone down by 1.5 % to 48.7 % in the period under review.

	Six Months Ended 30 June			
	2015		2014	
	HK$'000	***% of sales***	*HK$'000*	*% of sales*
Labour Costs	**134,188**	**13.2%**	134,618	12.7%
Rental Expense	**145,469**	**14.3%**	150,536	14.2%
Depreciation and Amortisation	**47,059**	**4.6%**	59,012	5.6%
Other Operation Expenses	**167,001**	**16.6%**	186,836	17.7%
Total Selling and Distribution Costs	**493,717**	**48.7%**	531,002	50.2%

Overall, the management had been able to substantially offset the decrease in gross profit caused by the weak macro economy by the cost saving generated by the streamlining of the Group's store network and the implementation of the Virtual Partnership Scheme. On the other hand, as much of the provision for store closure costs was made last year, similar provision made in the period under review was less than that made in the corresponding period in 2014. In addition, the exchange rates of Renminbi were relatively stable in the first half of 2015 and no currency exchange loss was recorded in the period under review. As a result, the Group's profit for the period showed an increase of 47.1 % when compared to that of the corresponding period in 2014.

Financial Review

Equity

The number of issued shares of HK$0.10 each of the Company as at 30 June 2015 was 10,070,431,786 (31 December 2014: 10,006,288,386). During the six months ended 30 June 2015, 64,143,400 ordinary shares of HK$0.10 each were issued under general mandate to the trustee of the share award scheme adopted by the Company on 20 March 2015 under the general mandate approved by the shareholder of the Company on 5 June 2014. Details of the issue of shares were set out in the Company's announcement dated 9 April 2015.

Liquidity and gearing

As at 30 June 2015, the Group's total bank borrowing was a bank loan of HK$30 million (31 December 2014: HK$30 million), which was unsecured bank loan borrowed by the Company and was 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 30 June 2015 was 7.1% (31 December 2014: 7.1%).

The interest expense for the period was HK$0.5 million (six months ended 30 June 2014: HK$0.8 million).

The Group's funding policy is to finance the business operations with internally generated cash and bank facilities. The Group's bank borrowings are basically denominated in Hong Kong dollars. The Group continues to adopt the policy of hedging foreign currency liabilities with foreign currency assets.

Remuneration policies

Staff remuneration packages of the staff 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, share options and share awards 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 period under review was HK$195 million (six months ended 30 June 2014: HK$193 million). As at 30 June 2015, the Group had 7,460 full time and temporary employees (30 June 2014: 8,470).

During the six months ended 30 June 2015, 300,000,000 share options and 64,143,400 new shares of the Company, the vesting of which are subject to the meeting of certain performance indicators, were granted to the eligible grantees under the share option scheme of the Company and the selected participants under the share award scheme of the Company, respectively.

Details of share options and share awards granted under the share option schemes and the share award scheme of the Company were set out in the Company's announcement dated 9 April 2015.

Operating segment information

Details of the operating segment information are set out in note 4.

Contingent liabilities

The Group had no material contingent liability outstanding as at 30 June 2015.

Pledge of assets

The Group had no pledge of assets as at 30 June 2015.

Outlook

It is expected that all the challenges that we have encountered in the first half of this year will continue to affect us in the second half. While the management considers that the Group will benefit from the government's plan to realign functions and priorities of the areas and cities surrounding the capital and the Northern China region in medium-to-long run, the management will continue to take a cautious and prudent approach in operating within such a difficult environment in the near term.

Understanding the needs and preferences of our customers and our markets is crucial in the catering business. Apart from meeting our customers in person, we shall take advantage of the convenience offered by the internet and explore various sales channels through which we could get in touch with our customers and understand their needs, including linking up with various online platforms. New menu items will be introduced to meet the preferences of our customers. Offers will be made to cultivate business during the times of the day that still have potential to develop. Yoshinoya stores built and renovated with the "Home" theme have been well-received by our customers. We shall continue to deliver a home atmosphere to our customers who look for a cozy environment to dine. To further enhance the cost efficiency of our stores, we shall build our new stores slightly smaller in size. With our brand awareness in Northern China and our delivery platform to support our network as well as our customers, we strive to achieve a lower store cost as a percentage of sales.

The repositioning of the brand identity of Dairy Queen stores is continuing. Different ice-cream products and side items, such as popcorn, have been introduced to our customers. We have observed that Dairy Queen's fashionable and trendy ice-cream expert image has gradually been accepted as its profile has been raised.

Chatting, our new brand that offers different kinds of tea drink was introduced to the market in April this year. The performance of this product line in the first few months is encouraging. More Chatting stores will be opened to offer our customers a variety of drink choices.

Under the Virtual Partnership Scheme, various creative ideas and cost-saving suggestions have been received by the management. The management believes that the scheme will have direct motivation on our staff and at the same time will be a continuous source of ideas and suggestions for improving the performance of the Group. In addition, the Group has established a share award scheme in April this year to motivate and retain selected senior staff who have potential to climb further in their career ladder. The management firmly believes the success of a business depends on its ability to retain and motivate talents.

Apart from the existing QSR brands and business, the Group will continue to look for and evaluate opportunities that bring steady long term growth and advance its strategy to become a multi-brand QSR operator.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance practices and procedures. The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules for the period from 1 January 2015 to 30 June 2015. The principles as set out in the CG Code have been applied in our corporate governance practice.

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 accounting period covered by the interim report.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

During the six months ended 30 June 2015, there were no purchases, sales or redemptions by the Company or any of its subsidiaries of the Company's listed securities.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results 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 interim report will be despatched to shareholders of the Company and made available at the aforesaid websites in due course.

VOTE OF THANKS

On behalf of the Group, I would like to thank all of our customers, suppliers, business associates and bankers for their unwavering support. I wish to also express my gratitude to members of our management team and staff for their diligence and perseverance during the period under review.

By Order of the Board
Hop Hing Group Holdings Limited
Hung Hak Hip, Peter
Chairman

Hong Kong, 28 August 2015

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