



Hop Hing Announced FY2011 Annual Results

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Completed Acquisition of a Leading QSR Chain Operator in the PRC Further Penetration into Existing Markets through New Stores Opening and Driving Same Store Sales Growth

(Hong Kong, 22 March, 2012) – **Hop Hing Group Holdings Limited**, (“Hop Hing” or the “Group”; stock code: 47), announced its annual results for the year ended 31 December 2011.

The Group’s revenue increased by 4.8% to HK\$805.6 million (2010: HK\$769.1 million) with profit for the year at HK\$4.3 million (2010: HK\$6.5 million). Earnings before interest, tax, depreciation and amortization (“EBITDA”) improved to HK\$39.2 million (2010: HK\$37.0 million). Basic earnings per share for the year was HK 0.25 cents (2010: HK 1.4 cents).

Completed acquisition of a leading multi-brand quick service restaurant (“QSR”) chain operator in the PRC

As one of the stated development strategies of Hop Hing to diversify its existing business portfolio and broaden its source of income, the Group announced on 1 December 2011 the acquisition of the entire share capital of Summerfield Profits Limited (“Summerfield”) and loans from the shareholders of Summerfield at a total consideration of HK\$3,475 million. The acquisition was subsequently approved by the independent shareholders at the Group’s extraordinary general meeting on 17 January 2012 and completed on 12 March 2012. Mr. Marvin Hung was appointed as an executive director and the chief executive officer of the Group upon completion of the acquisition.

Summerfield and its subsidiaries (“the QSR Group”) own the rights to operate Yoshinoya (吉野家) and Dairy Queen QSR chains in the Northern regions in the PRC, spanning across Beijing and Tianjin municipalities, Hebei, Liaoning, Heilongjiang and Jilin Provinces, and the Inner Mongolia Autonomous Region in the PRC (the “Regions”). As of 31 December 2011, the QSR Group operated 209 Yoshinoya stores and 108 Dairy Queen stores in the Regions.

The QSR Group experienced rapid growth in the past years which has been reflected by its CAGR of 28% in revenue from 2008 to 2011 when compared to the CAGR of 13.5% for the overall fast food industry for the same period. The outstanding performance of the QSR Group is further demonstrated by its remarkable financial results.

Financial performance of the QSR Group

Although the financial results of the QSR Group have not been reflected in Hop Hing’s annual results for the year ended 31 December 2011, the Group has voluntarily disclosed the figures of the QSR Group for its shareholders and potential investors’ reference. For the year ended 31 December 2011, the QSR Group’s revenue surged by 33.3% to HK\$1,644.7 million (2010: HK\$1,234.2 million). Profit after tax grew 26.2% to HK\$152.0 million (2010: HK\$120.4 million).

The significant growth in both revenue and profit was attributable to the QSR Group’s successful penetration into its existing markets through new store openings in cities where it already has operations as well as expanding into certain new regions in 2011, including Tangshan, Handan and Harbin. Another noteworthy growth driver is its same store sales. In 2011, the same store sales increased by 16.5% (2010 growth rate: 8.6%) which is attributable to the QSR Group’s continued innovation and execution in various initiatives in product improvement, delivery service, daytime expansion and menu price adjustment.

Mr. Marvin Hung, Executive Director and Chief Executive Officer of Hop Hing said, “We are happy to see the QSR Group now become part of Hop Hing. As a leading multi-brand QSR chain operator in the PRC, we will continue to develop and expand our business by further penetrating into the existing markets through new stores opening in the Regions. We will also focus on several key initiatives such as expanding delivery services and attracting more customers through strengthened marketing efforts, with an aim to improve the financial performance of the Group and maximize the Group’s shareholders value.”

Benefiting from the compelling industry fundamentals such as rapid economic development, urbanization and increasing disposable income, the fast food industry in the PRC is expected to experience a strong growth in the years ahead. According to Euromonitor, the PRC fast food industry grew rapidly at a CAGR of 14.9% from RMB 313 billion in 2006 to RMB 546 billion in 2010 and it is expected to grow further at a CAGR of 10.7% from 2011 to reach RMB 938 billion in 2015.

Mr. Peter Hung, Chairman of Hop Hing said, “The completion of the acquisition of the leading multi-brand QSR chain operator in the PRC marks a new chapter in Hop Hing’s development. The Group immediately gains foothold in the high-growth QSR industry with immediate and substantial contribution of earnings and cashflow. With the continuing growth of the PRC economy and the fast food industry in China, we are optimistic about the QSR business prospects and confident that it will bring long-term strategic benefits to our Group.”

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About Hop Hing Group Holdings Limited (stock code: 0047)

The business of Hop Hing was founded in 1932. Hop Hing Group Holdings Limited is the ultimate holding company of Hop Hing Group which was listed on The Stock Exchange of Hong Kong Limited in 1988. Hop Hing has been principally engaged in the purchasing, extracting, refining, blending, bottling, marketing and distribution of edible oils and fats for consumption by households and restaurants and other catering establishments in Hong Kong, Macau, PRC and overseas countries. The Group’s brands including “Lion & Globe” (獅球嘜) and “Camel” (駱駝嘜) are well known brands in Hong Kong and the PRC. In March 2012, Hop Hing completed the acquisition of a leading multi-brand quick service restaurant chain operator in the PRC which owns the rights to operate the Yoshinoya (吉野家) and Dairy Queen QSR chains in the Northern regions in the PRC.

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