[For immediate release]

Hop Hing Announces 2013 Annual Results
Revenue from QSR Business Up 7.1% to HK$2,110 million

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Launch of web-ordering service at the end of 2013
Continues to increase operational efficiency and enhances product mix to spur growth

(Hong Kong, 28 March 2014) – **Hop Hing Group Holdings Limited** ("Hop Hing" or the "Group"; stock code: 47) today announced its annual results for the year ended 31 December 2013 ("FY2013").

Despite the difficult business environment – the result of a sluggish China economy, adverse weather, avian flu outbreak, austerity measures implemented by the PRC government and rising operational costs – which created an unprecedented headwind for the quick service restaurant ("QSR") industry, Hop Hing's QSR business nonetheless managed to achieve steady revenue growth and satisfactory gross profit margin due to effective strategies for stimulating sales and maintaining stringent internal cost controls. During the year under review, the Group's QSR business achieved a 7.1% rise in turnover to HK$2,110.7 million (FY2012: HK$1,971.3 million). Gross profit rose by 9.7% to HK$1,302.0 million (FY2012: HK$1,186.8 million), while gross profit margin increased by 1.5 percentage points to 61.7% (FY2012: 60.2%). The basic and diluted earnings per share for the year from the QSR business were both HK 0.66 cent (FY2012: HK 4.40 cents and HK 1.30 cents respectively).

In order to direct resources to the fast growing QSR business, the Group disposed of its edible oils business to its majority shareholders on 28 June 2013 at a consideration of HK$400 million (subject to adjustments) and recorded a loss on disposal of HK$46.3 million, which is considered an one-off item. Consequently, profit attributable to the equity holders amounted to HK$14.0 million as at FY2013 (2012: HK$129.8 million). The Group has declared a special dividend of HK 2.80 cents per share (FY2012: Nil) which was paid upon completion of disposal of the edible oils business. The Directors recommend the payment of a final dividend of HK 0.25 cent per share for the year ended 31 December 2013 (FY2012: HK 0.25 cent per share).

Mr Marvin Hung, Executive Director and CEO of Hop Hing, said, "In operating under such a difficult business environment, we adopted a prudent and patient approach. Throughout the year, we took various measures and implemented initiatives to improve the image, quality and profitability of our business. In the longer term, we will adhere to our strategy of achieving sustainable growth by expanding and optimising our store network, maintaining stringent internal cost controls and raising operational efficiency while upholding food safety. We will grasp opportunities that allow us to further grow our business and position ourselves as an *Oriental Cuisine Specialist*."

Business Review

As at 31 December 2013, there were 440 stores in operation, including 304 Yoshinoya restaurants and 136 Dairy Queen stores. A net total of 35 new stores were added in FY2013 (2012: 88 net new stores). In view of the sluggish economic environment, the Group adopted stringent internal requirements for new store openings; hence, the pace of store network growth in FY2013 was adjusted. Moreover, Hop Hing implemented various measures to optimise the existing store network and increase the profitability of each store. For instance, the Group sought to bolster the brand images of Yoshinoya and Dairy Queen. The "Sunshine Kitchen" concept was introduced to Yoshinoya to enhance its image in terms of food safety, leading to the delivery of a new dining experience to customers while improving operational efficiency. The Group has also carried out a repositioning exercise for Dairy Queen so as to cater for customers' ever changing needs. This has included building distinctive shop fronts, employing eye-catching signage and developing trendy seating areas that appeal to the young.

To stimulate sales and boost customers' confidence, the Group implemented several initiatives during the year. Menus have been expanded to include new products such as rice-burger and stone pots, all of which are widening the Group's customer base. Also, the introduction of a website ordering system compliments the existing telephone delivery service with an aim to enable the Group to offer more comprehensive services while broadening its customer base still further.

Rising operational costs has been an ongoing challenge for all QSR players. Nevertheless, through strategic bulk purchases and flexible promotional strategies, the Group has been able to mitigate the impact of increasing labour and rental costs. In addition, the Group has maintained its strategy of investing in staff training and forging long-term strategic relationships with key landlords, both measures have also helped to minimize the impact of cost increases.

Outlook

The impact of the sluggish China economy, adverse weather conditions in regions where the Group's franchises operate and generally lacklustre consumption sentiment are likely to continue during early 2014. However, the gradually recovering economy and determination by the Chinese government to improve air quality in Northern China, as well as an urbanisation policy being implemented by the administration that will benefit the local consumer markets, particularly second and third-tier cities, are all factors that provide the Group with cautious optimism about the medium to long-term growth of the QSR industry in Mainland China.

Looking ahead, the management will continue to introduce innovative new products that satisfy customers' different needs while enticing new customers to the fold. Along with these enriched product lines and extended delivery services, the Group will seek to further extend service hours and thereby increase the Group's turnover. In addition, the Group will be able to quickly analyze sales and operational information upon implementation of a new business information system, and thus formulate effective responses to customers' needs while improving the system's efficiency based on empirical data.

Mr Hung concluded, "Although the operating environment remains difficult, impacted by the relatively sluggish economy in China, we can see that the economy is slowly making a turnaround. The Chinese government's commitment to improving air quality in Northern China is also a favourable development. With rising disposable income among Chinese consumers and ongoing urbanisation, we are cautiously optimistic about the medium-term growth of our QSR business in China. Having laid a solid foundation for sustainable development, we remain confident in our ability to achieve steady, long-term growth."

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About Hop Hing Group Holdings Limited (stock code: 47)

Hop Hing is a leading quick service restaurant ("QSR") chain operator in the PRC. By entering into long term franchises, Hop Hing owns the rights to operate the Yoshinoya (吉野家) and Dairy Queen ("DQ") 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. Yoshinoya is a well-known beef bowl brand with over 100 years' history, while Dairy Queen is a popular ice-cream brand with over 70 years' history.

For more details, please visit: http://www.hophing.com

For press enquiries:
Strategic Financial Relations Limited

Heidi So	Tel: (852) 2864 4826	Email: heidi.so@sprg.com.hk
Maggie Au	Tel: (852) 2864 4815	Email: maggie.au@sprg.com.hk