[For immediate release]

Hop Hing Announces 2016 Annual Results
Profit Attributable to Equity Holders Surged 89.4% to HK$124.6 million

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Strengthens O2O Strategy and Delivery Team to Penetrate Market and Boost Sales

Financial Highlights

- Revenue (in Renminbi) increased by 7.8% to RMB1,790.2 million, if expressed in Hong Kong dollar, up 2% to HK$2,091.3 million
- Gross profit increased by 3.6% to HK$1,338.4 million and gross profit margin was up by 1.0 percentage point to 64.0%
- EBITDA increased by 36.4% to HK$277.5 million, whereas EBITDA margin increased by 3.4 percentage points to 13.3%
- Profit attributable to equity holders surged by 89.4% to HK$ 124.6 million
- The Board of Directors recommends payment of a final dividend of HK0.62 cent per share

(Hong Kong, 28 March 2017) – **Hop Hing Group Holdings Limited** (“Hop Hing” or the “Group”; stock code: 47) today announced its audited annual results for the year ended 31 December 2016 (“FY2016”).

During the year under review, the Group's sales revenue in Renminbi increased by 7.8% to RMB1,790.2 million (FY2015: RMB1,660.5 million), if expressed in Hong Kong Dollar, the Group’s revenue was up by 2% to HK$2,091.3 million (FY2015: HK$2,050.1 million). The increase in revenue was mainly from the additional sales generated by newly added stores and changes in customers’ habits resulting in increase in demand for food delivery service.

During the year, the Group managed to effectively control food costs via bulk purchase of raw materials and adjusting its sales product mix by introducing new products. As such, the Group’s gross profit increased by 3.6% to HK$1,338.4 million (FY2015: HK$1,292 million), whereas gross profit margin was up 1.0 percentage point to 64.0% as compared to 63.0% from last year. In addition, through the incentive scheme, the Group actively pursued the opening of smaller stores, and at the same time it strengthened its online marketing promotional strategies, resulting in improvement of overall operational efficiency. Coupled with the positive impact from the value-added tax reform, the Group’s profit attributable to equity holders saw an 89.4% surge to HK$124.6 million (FY2015: HK$65.8 million). Basic earnings per share for the year were up 90.9% to HK 1.26 cent (FY2015: HK 0.66 cent).

The Board of Directors recommends payment of a final dividend of HK0.62 cent per share for the year ended 31 December 2016 (FY2015: HK0.25 cent per share).

Mr. Hung Ming Kei, Executive Director and CEO of Hop Hing, said, "Despite the challenging operating environment, the Group has adhered to the six major business strategies set at the beginning of the year, including enhancing O2O strategy and delivery capability, upgrading the information system, opening stores at suitable locations and opportune time, improving operational efficiency, elevating the level of customer satisfaction and strengthening the image of the Group's brands. As such, the Group was able to improve same store sales of most of its stores, as well as achieved satisfactory growth in overall turnover and profit during the year under review. These strategies will continue to lead the Group in the pursuit of innovation with its business model as well as its operations."

Business review and growth strategy

During the year, the Group reviewed and adjusted its store opening strategy from time to time and actively opened smaller stores at strategic locations, which not only lowered shop rental expenses, but also increased operational efficiency of its stores. As at 31 December 2016, the Group had 470 stores in operation (as at 31 December 2015: 455 stores), including 313 stores under the Yoshinoya brand, 143 stores under Dairy Queen and 14 stores under other brands. The Group has a net total of 15 new stores (as at 31 December 2015: net opening of 30 stores), including 10 new Yoshinoya stores (net) and 1 new Dairy Queen store (net), opened in existing markets. The Group also brought in the new brand "Uncle Fong" to offer consumers in Northern China famous local Hong Kong snacks such as custard tart and egg puffs.

During the year under review, the Group's overall same store sales (in Renminbi) grew by 2.3% (FY2015: -3.1%). As for Yoshinoya, it recorded a 3.1% same store sales growth (FY2015: -3.0%). Same store sales growth at Dairy Queen was down by 5.2% (FY2015: -4.2%), mainly attributable to the Group remapping Dairy Queen's store network during the year, with the aim of strengthening the brand's penetration at strategic locations. As at the end of the year, the Group expanded delivery service to cover some of the Dairy Queen products, which explained the seen improvement in the same store sales of Dairy Queen as compared to 1st half of 2016.

Demand for delivery service has further increased alongside with the change in customers' consumption habits. To provide more efficient and higher quality delivery services, the Group set up its own delivery team and fostered closer cooperation with major catering delivery platforms, including the launching of a new delivery platform during the year, and also cooperating with more smart payment operators, so that customers may have access to speedy and satisfactory delivery services. The Group's delivery service measures have facilitated the substantial growth in Yoshinoya's delivery business, with sales percentage of the delivery business improved from 17% in FY2015 to 28% in FY2016 .

In addition, the Group continued the incentive scheme during the year. By giving employees greater autonomy in running the business, the scheme has helped enhanced the enthusiasm of frontline staff and kept them motivated, which resulted in improved operational efficiency and reduction in operating costs of the stores.

Prospects

Looking at 2017, the delivery service market mainly operating under the Online-To-Offline ("O2O") model will continue to boom. To meet the changing consumption demand of the mainstream young consumer group and to cope with the more intense competition within the catering industry, the Group needs to enrich its product offerings to satisfy the wide and increasingly diversified consumer preferences thereby enhance both the customers' experience and their loyalty. Thus, the Group's main objectives for the coming year include: 1) expanding its store network for faster delivery and broader service coverage; 2) enhancing O2O marketing through newly launched internet platforms and more precise collecting and analysing customers' consumption data, with the aim to understand and cater for customers' ever-changing needs, thereby upgrading the efficiency and effectiveness of marketing efforts.

The Group will also continue to expand its incentive scheme so as to nurture talent and enhance organisational effectiveness. It will also keep up its innovative and flexible store opening strategy for expanding store networks of its brands including Yoshinoya, Dairy Queen and the newly added "Uncle Fong" in strategic locations in Northern China, as well as open smaller but profitable stores to provide convenient and diverse food products to customers. The Group will also continue to look for and evaluate other strategic opportunities that facilitate the Group's advancement to become a leading multi-brand catering operator in China.

Mr. Hung concluded, "Looking ahead, we will not only strive to strengthen our delivery service, but will also work hard to enhance the all-round dining experience of customers. We will spare no effort in pursuing new ideas that can provide customers with fresh products and consumption experiences. At the same time, through improvement of restaurant designs and kitchen layouts, we hope to improve utilisation of store spaces. The Group will continue to look for suitable locations for opening physical stores and diligently manage and control risks as usual. With our thorough understanding of China's catering market and visionary growth strategies, we are confident of leading the Group to unearthing more opportunities in the fast-changing catering market in China and create satisfactory long-term and sustainable returns for our shareholders."

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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 QSR chains of the Yoshinoya (吉野家), Dairy Queen ("DQ") and a newly introduced brand Uncle Fong (芳叔), together with its self-developed brand Chatting (茶町叮) 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. To follow the QSR brands under Hop Hing, please scan the respective brands' WeChat QR codes below:

Yoshinoya Dairy Queen Chatting Uncle Fong

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