[For immediate release]

Hop Hing Announces 2017 Interim Results
Profit Attributable to Equity Holders Jumps 117.8% to HK$86.3 Million

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Strengthens O2O Strategies and Delivery Capability

Financial Highlights

	For the Six Months Ended 30 June		
	2017	2016	Change
Revenue (RMB million)	**926.4**	856.6	**+8.1%**
Revenue (HK$ million)	**1,048.0**	1,017.4	**+3.0%**
Gross profit (HK$ million)	**673.3**	641.3	**+5.0%**
Gross profit margin (%)	**64.2%**	63.0%	**+1.2% pts**
Profit for the period (HK$ million)	**86.3**	39.6	**+117.8%**
Net profit margin (%)	**8.2%**	3.9%	**+4.3% pts**
Basic earnings per share (HK cent)	**0.88**	0.40	**+120.0%**

(Hong Kong, 25 August 2017) – **Hop Hing Group Holdings Limited** ("Hop Hing" or the "Group"; stock code: 47) today announced its interim results for the six months ended 30 June 2017 (the "period under review").

During the period under review, the Group's sales revenue in Renminbi increased by 8.1% to RMB926.4 million (approximately HK$1,048.0 million), as compared to RMB856.6 million (approximately HK$1,017.4 million) in the corresponding period last year. The increase in revenue was mainly due to the additional sales brought by new stores, the increase of same store sales and the rise of delivery sales. Gross profit climbed by 5.0% to HK$673.3 million (2016 interim: HK$641.3 million), while gross profit margin further improved 1.2 percentage points to 64.2% (2016 interim: 63.0%).

Consequently, profit attributable to equity holders of the Company for the period under review surged by 117.8% to HK$86.3 million (2016 interim: HK$39.6 million), with net profit margin increasing by 4.3 percentage points to 8.2% (2016 interim: 3.9%). The higher profit was mainly due to the Group's effective implementation of six major business strategies that improved same-store sales, the strengthening of the online delivery business, establishment of smaller stores as well as the shift from business tax to value-added tax. Basic and diluted earnings per share for the period were HK0.88 cent and HK0.87 cent, respectively (2016 interim: HK0.40 cent and HK0.40 cent, respectively).

Mr. Marvin Hung, Executive Director and CEO of Hop Hing, said, "We are glad to have achieved performance growth in all of our businesses during the period under review despite the catering industry in China remaining in a transformation period during the year. We are pleased to see how the implementation of its six major business strategies contributed a satisfactory improvement in sales and profits as well as the morale of the Group's workforce. These six strategies include enhancing Online-To-Offline ("O2O") strategies and delivery capabilities, upgrading its information system, opening stores at suitable locations and at opportune times, improving operational efficiency, elevating customer satisfaction, and strengthening the image of the Group's brands."

Business review and growth strategy

As at 30 June 2017, the Group had 481 stores in operation, including 11 net stores added during the period under review. The new store opening model set by the Group in the beginning of the year seeking to create synergies by expanding the delivery sales network has yielded results as the sales recorded a strong growth not only from the additional contributions by new stores but also the significant sales jump of Yoshinoya's delivery business which accounted for 31% of Yoshinoya's sales in 1H2017. With new regulations limiting the catering business in conducting delivery sales via online platforms, the Group has duly seized this golden opportunity to increase its delivery sales services by expanding its store network and raising delivery efficiency. About 95% of the Yoshinoya stores in Beijing provide delivery services. And the Group started to provide delivery services for selected Dairy Queen products, such as ice-cream cake, since the end of 2016.

During the period under review, the Group's same store sales (in Renminbi) increased by 5.1% (2016 interim: 0.0%) with enhanced operational efficiency. In particular, Yoshinoya recorded same store sales growth of 4.9% (2016 interim: 1.0%) and Dairy Queen achieved a turnaround, recording a growth of 7.2% (2016 interim: -9.5%) attributable to greater brand penetration in strategic locations which increased interest among younger consumers. With the expansion of the new "Uncle Fong" brand, the product lineup of the Group has become broader.

On the other hand, the Group's streamlined management and reporting system has improved the overall efficiency. In particular, the incentive scheme implemented by the Group has effectively spurred staff to become more enthusiastic and motivated at work, which improved operational efficiency and reduced labor and utility and repair costs. At the same time, the rental cost of the Group has decreased during the period under review due to its proactive strategy to open smaller stores, as well as such favorable factors as the shift from business tax to value-added tax.

Prospects

Looking ahead, due to the change of the business operating environment in China, the O2O business cannot solely address the demand of customers since they have increasingly become concerned about food safety and want better dining experiences. The Group thus continues to enhance the image of its stores by incorporating new designs and by providing a comfortable dining environment. Moreover, the Group continues to adopt careful safety and hygiene management and control measures for providing wholesome and safe food to customers.

The Group has developed a new store opening model and will focus on expanding its store network for greater service coverage and expedite faster delivery. To further grow the business, the Group has introduced the new "Uncle Fong" brand, which usually does not need a large store area and requires a relatively low investment cost, and is creating a better kitchen design in order to increase efficiency. Looking ahead, in the second half of 2017, the Group is continuing to identify suitable sites for opening physical stores of all brands in executing its store opening strategy, in order to offer more opportunities to customers to enjoy its delicious menu.

Mr. Hung concluded, "Looking ahead, we will continue to make active efforts in the integration of "Online, Offline and Logistics" aspects by developing innovative technology for the online business leveraging our trendy stores and innovative products, coupled with our self-owned delivery team. Meanwhile, we will continue to explore sustainable growth opportunities, such as acquiring other high-potential brands that can facilitate our development into a leading multi-brand QSR operator in China. We are confident that through this approach we can 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 of history, while Dairy Queen is a popular ice-cream brand with over 70 years of 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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