



HOP HING GROUP HOLDINGS LIMITED

(HKEx Stock Code: 47)

2015 Interim Results Corporate Presentation

28 August 2015



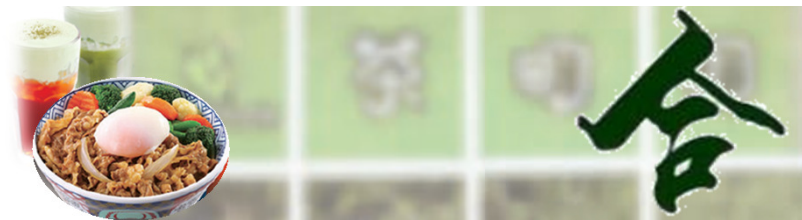
Disclaimer



This presentation and the accompanying slides (the “Presentation”) which have been prepared by Hop Hing Group Holdings Limited (“Hop Hing” or the “Company”) do not constitute any offer or invitation to purchase or subscribe for any securities, and shall not form the basis for or be relied on in connection with any contract or binding commitment whatsoever. They are only being furnished to you and may not be photocopied, reproduced or distributed to any other persons at any time without the prior written consent of the Company. This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of or any omission from this Presentation is expressly excluded.

Certain matters discussed in this presentation may contain statements regarding the Company's market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. The Company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third-party statements and projections.

Speakers



Mr. Hung Ming Kei, Marvin
Executive Director and Chief Executive Officer



Mr. Wong Kwok Ying, David
Executive Director and Group Comptroller



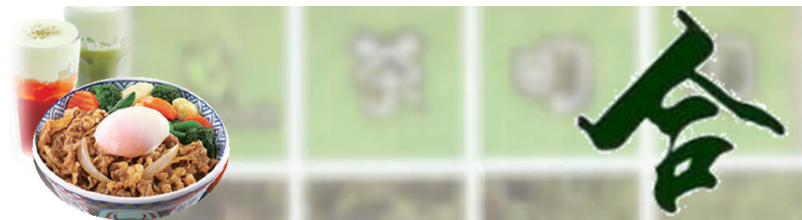
HOP HING GROUP HOLDINGS LIMITED

(HKEx Stock code: 47)

BUSINESS REVIEW



2015 Operational Update



- ◆ Slow recovery of the economy and persistent weak consumer sentiment
- ◆ Consolidation and reformation of the mid-price and low-end markets still affect the catering industry in China
- ◆ Surging raw material costs, as well as rising salary and rental placed pressure on overall QSR players' profitability

Stable Revenue

HK\$1,015 million

Stable GP Margin

62.3%

Stable Store EBITDA

18.7%

Net Profit Growth

+47.1% YoY

Business Strategies

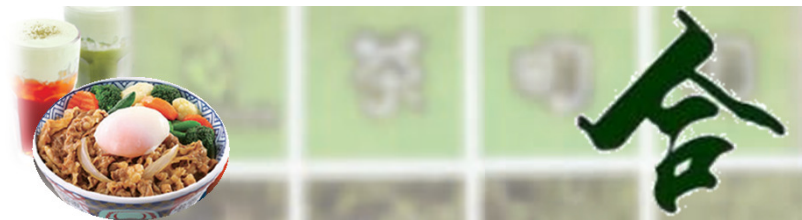
- Introduction of new products and flexible promotional programs stimulated sales
- Renovation of Yoshinoya and DQ to enhance customers' dining experience
- Implementation of various initiatives to improve operating efficiency



Prudent Store Opening

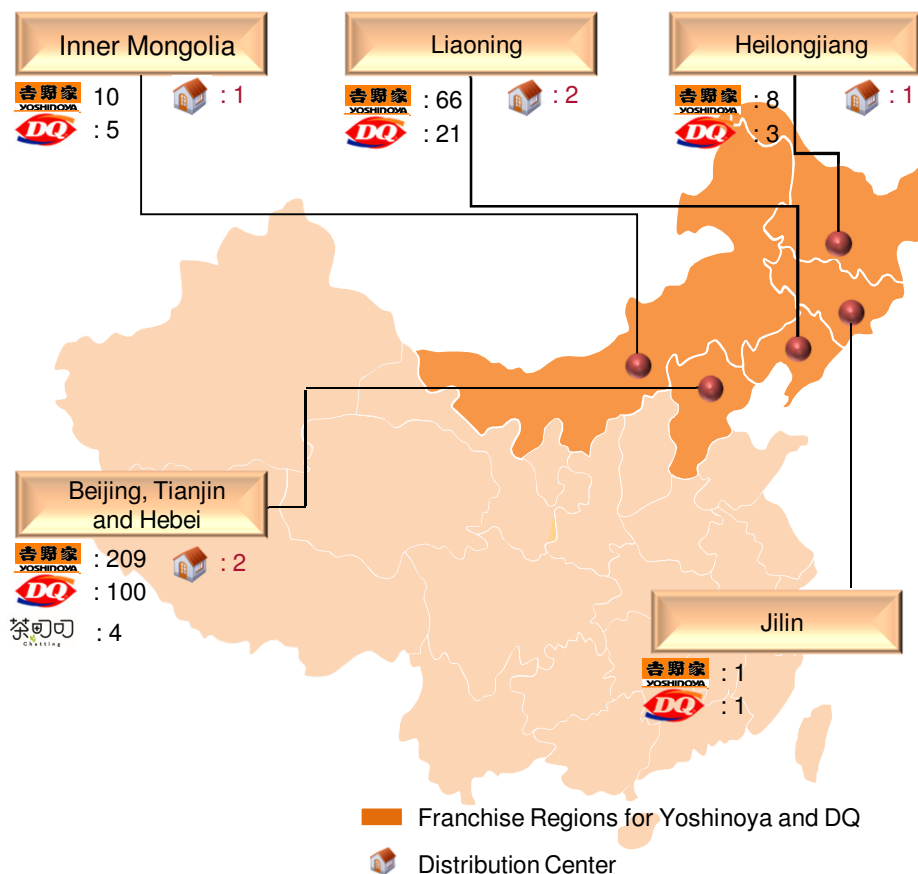
- Opened 15 new stores in 1H2015 that fulfilled our stringent internal requirements
- Closed 12 stores either due to city restructuring or underperformance
- Introduced a new brand "Chatting" in April and opened 4 stores in less than 3-month time
- Net stores opened of 3 in 1H 2015

Continued Efforts on Optimizing Our Store Network



294 Yoshinoya, 130 DQ and 4 Chatting Stores

As of 30 June 2015



Store Network: Net 3 New Stores in 1H2015

	吉野家 YOSHINOYA		DQ		茶町町 ^{CH} Chatting		Total	
	As of 30 Jun 2015	As of 31 Dec 2014	As of 30 Jun 2015	As of 31 Dec 2014	As of 30 Jun 2015	As of 30 Jun 2015	As of 31 Dec 2014	
Beijing, Tianjin and Hebei	209	206	100	103	4	313	309	
Liaoning	66	67	21	20	-	87	87	
Inner Mongolia	10	10	5	6	-	15	16	
Jilin	1	1	1	1	-	2	2	
Heilongjiang	8	8	3	3	-	11	11	
Total	294	292	130	133	4	428	425	

* New brand introduced in April 2015



HOP HING GROUP HOLDINGS LIMITED


(HKEx Stock code: 47)

FINANCIAL HIGHLIGHTS



2015 1H Financial Highlights

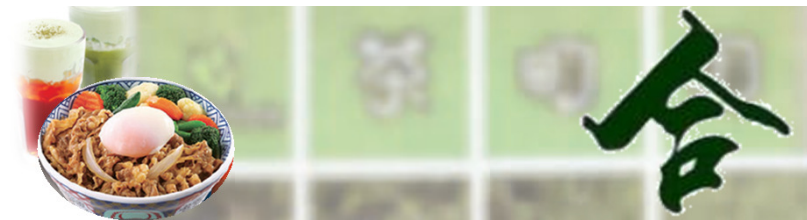


(HK\$ million)	For the 6 months ended 30 June	
	2015	2014
Turnover	1,014.8	1,056.9
Gross Profit	632.6	662.5
Selling and distribution expenses ¹	(446.7)	(472.0)
General and administrative costs ¹	(100.7)	(102.9)
Depreciation	(53.6)	(62.3)
Operating Profit²	31.6	25.4
Profit for the Year	25.7  +47.1%	17.5
GP Margin (%)	62.3%	62.7%
Selling and distribution expenses(%) ¹	-44.0%	-44.7%
General and administrative costs(%) ¹	-9.9%	-9.7%
Depreciation(%)	-5.3%	-5.9%
OP Margin (%)²	3.1%	2.4%
NP Margin (%)	2.5%	1.7%
Basic EPS (HK cents)	0.26	0.17

Note1: Excluding depreciation

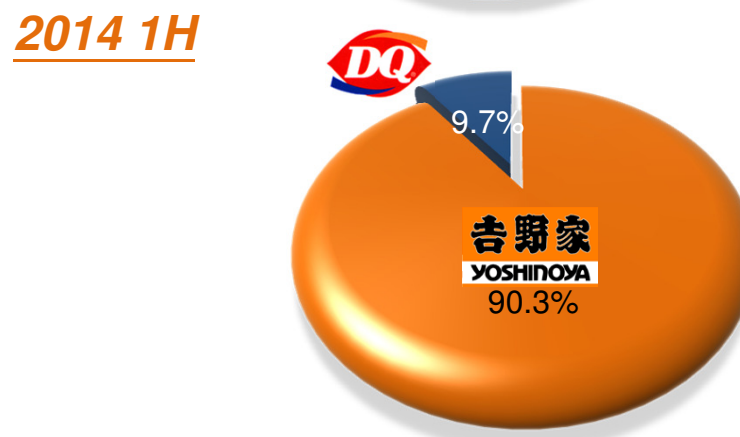
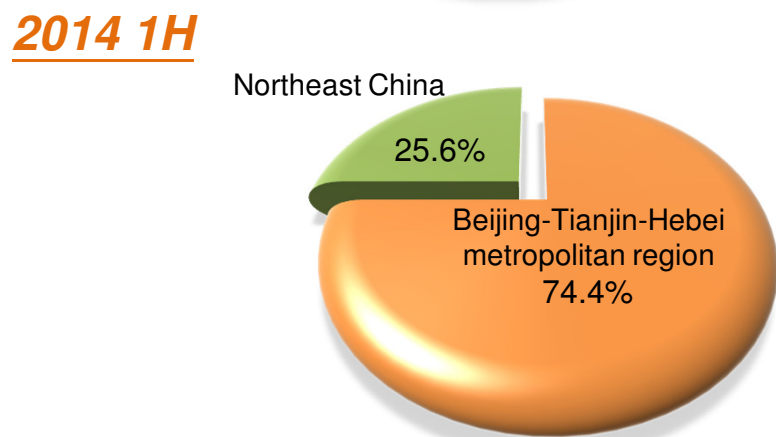
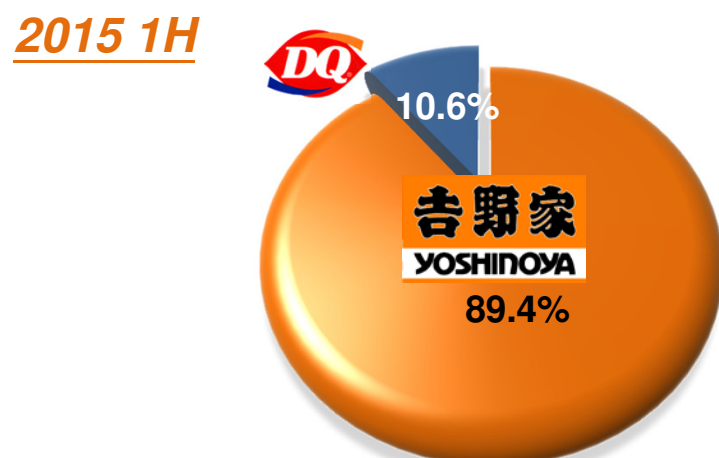
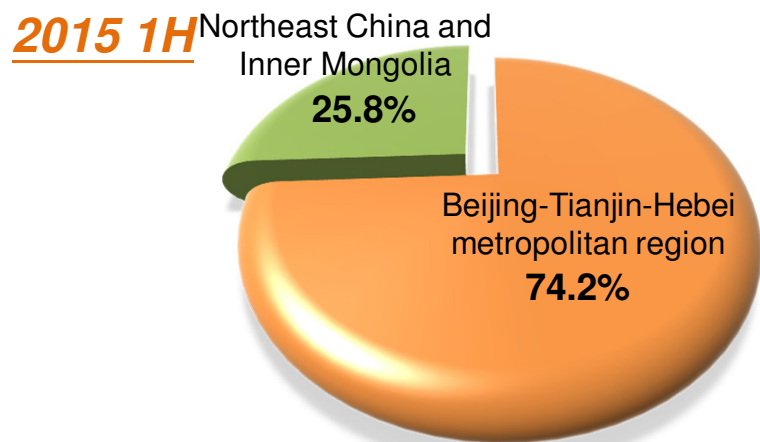
Note2: Excluding other income and gains

Segmental Breakdown

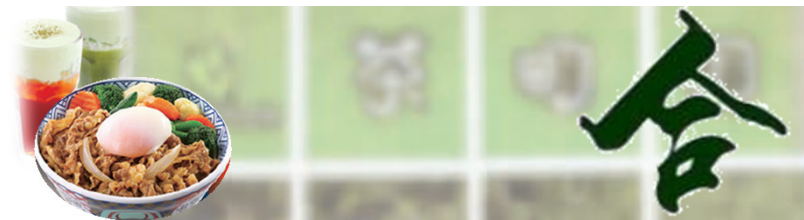


Revenue by Region

Revenue by Brand



Stable Structure of Costs & Expenses



Labor costs and rental expense as a % to revenue maintained at reasonable levels

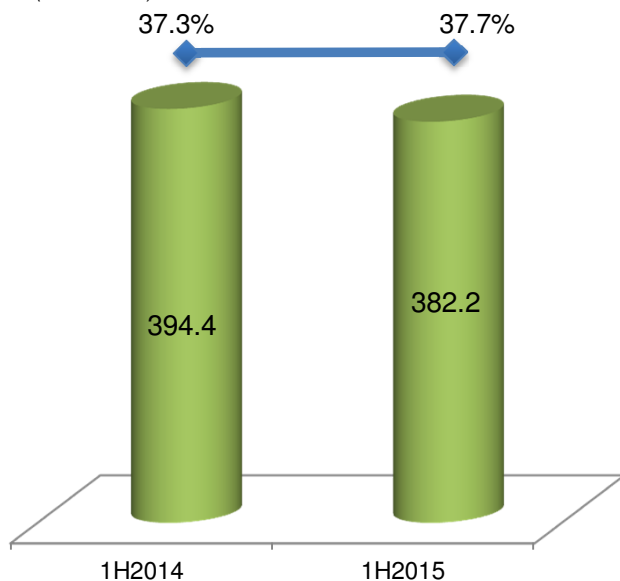
✓ Stringent cost controls and product mix optimization maintained reasonable GP margin

✓ Enhanced operational efficiency and “Virtual Partnership Scheme” started to bear fruits with lowered labour cost

✓ Streamlined network and stores of smaller size reduced rental cost

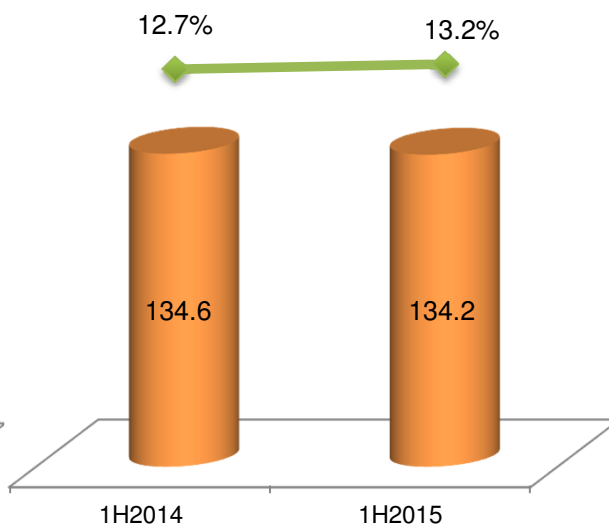
Direct Cost of Stocks Sold

(HK\$ million)



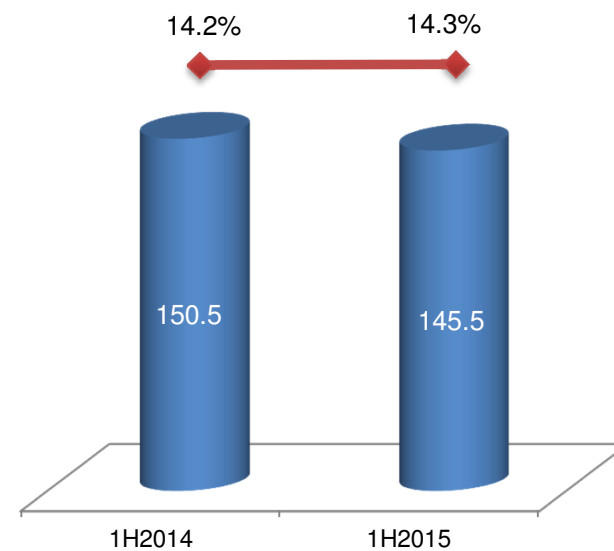
Labor Costs

(HK\$ million)



Rental Expense

(HK\$ million)



■ Direct Cost of Stocks Sold

↔ Direct Cost of Stocks Sold as % of turnover

■ Labour Costs

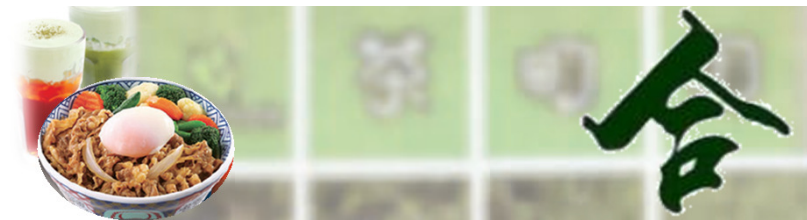
↔ Labor costs as % of turnover

■ Rental expense

↔ Rental expenses as % of turnover



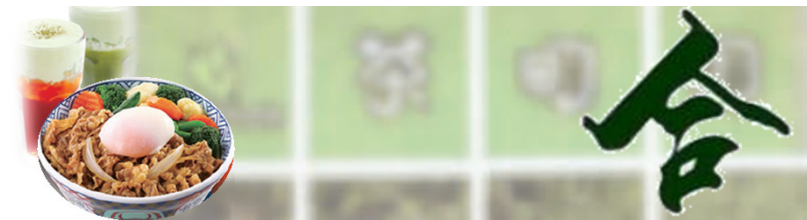
Sound Working Capital Management



<i>(Days)</i>	As of 30 Jun 2015	As of 31 Dec 2014
Receivable Turnover Days	0.8	1.2
Inventory Turnover Days	61.2	51.9
Payable Turnover Days	59.7	59.9
Cash Conversion Cycle	2.3	(6.8)

Active Cash Management Results in Healthy Cash Conversion Cycle

Strong Cash-flow & Healthy Balance Sheet



Cash Flow Generation

As of 30 June

(HK\$ million)	2015	2014
Net cash inflows from operation	72.5	138.9
Purchase of property, plant and equipment items	(40.2)	(43.3)
Interest payments and net movement of bank loans	(0.4)	7.8
Dividends paid	(25.2)	(25.0)
Net Increase in Cash	6.7	78.4

Gearing Summary

(HK\$ million)	As of 30 Jun 2015	As of 31 Dec 2014
Cash	343.2 ↑	336.5
Total Debt	30.0	30.0
Net Cash	313.2 ↑	306.5

Maintained a strong and healthy cash inflow from operations



HOP HING GROUP HOLDINGS LIMITED

(HKEx Stock code: 47)

FUTURE PROSPECTS



吉野家
YOSHINOYA

香辣猪肉丸 新

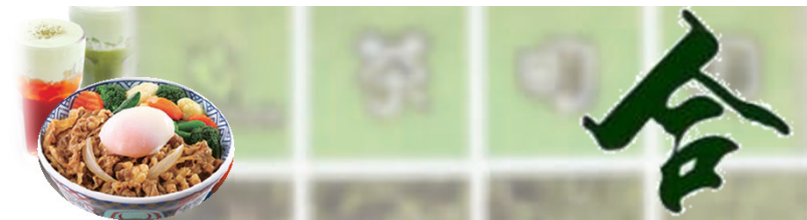
菌菇大骨汤



新上市



Management Outlook



Short to medium term

Short to medium term: Market Consolidation

- Fierce competition in the QSR sector further intensified by the growing use of internet / O2O for scalable rebate / coupon redemption campaigns offered by renowned search engines / social media platforms
- Sluggish China economy weakens customer sentiment
- Difficult operating environment due to the increasing costs

Medium to long term

Medium to long term: Cautious industry & economic outlook

- Chinese economy growth slowdown and rapidly changing operating environment in China placed pressure to QSR players
- Urbanization in China and the improvement of the living standard and rising disposal incomes of Chinese people laid solid foundation for further growth
- Continue to build and enhance our foundation to solidify our leading position to capture business opportunities and further penetrate the market after the current industry trough



Operators who could embrace changes, have flexibility in policies and an efficient operational system → higher chance of capturing the opportunities in this era of internet and rapid changing environment

Our Growth Strategies



1 Optimize Store Investment & Store Network



2 Extend Menu Portfolio & Enhance Product Mix



3 Effective Cost Control Measures



4 Enhance Marketing Incentives



1 Optimize Store Investment & Store Network



吉野家
YOSHINOYA



DQ



茶町町



Optimize Store Investment & Open Stores at a Steady Pace

- Build stores of smaller size in the franchised region to reduce the investment costs with enhanced returns
- Solidify relationship with landlords and negotiate a better rental rate
- Prudent store opening strategy: leverage “Beijing-Tianjin-Hebei Integration”, focus on opening stores with business potential
- Renovate stores with the “Home” theme to enhance cozy environment for our customers
- Further open “Chatting” stores to capture new customer segment

2

Extend Menu Portfolio & Enhance Product Mix



Different Meal Sets to Cater Different Needs

- **Value meal** offered during non-peak hours for those customers who are looking for “value for money” products
- Enhance the offering of **complete dinner sets with drinks and desserts** for the customers who have higher consumption power and are looking for better dining experience
- Continue the “**early lunch**” and “**late lunch**” approach



Extend Product Portfolio & Introduce New Products



- Stimulate the taste buds of our customers by introducing innovative new products
- A strategic and comprehensive product portfolio to mitigate the impact of the fluctuations of different meat costs

Better Customer Segmentation & Introduction of Chatting

- Track the market and consumption trend based on the **customer segmentation** and **CRM system**
- A new brand “**Chatting**” was introduced to the market in April 2015 to offer different kinds of tea drinks



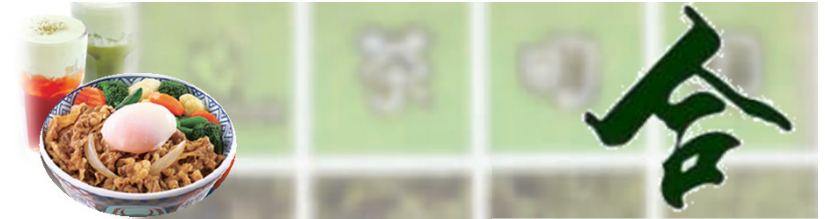
3

Effective Cost Control Measures

“Virtual Partnership Program” to Boost HR Efficiency

- The “**Virtual Partnership Scheme**” has been implemented in all stores in 2Q 2015 and improvement in operating our efficiency can be seen gradually.
- It allows the heads of stores to operate their establishments as if they were the owners and motivate the seniors to be continuous source of various creative ideas and cost-saving suggestions for improving the performance of the Group.
- The plan not only raises the morale of the persons in charge by giving them a sense of ownership, but also allows them to share in the success of the stores.

- A “**Share Award Scheme**” was established in April 2015 to motivate and retain selected senior staffs
- Maintain competitive compensation packages and provide trainings to retain talents

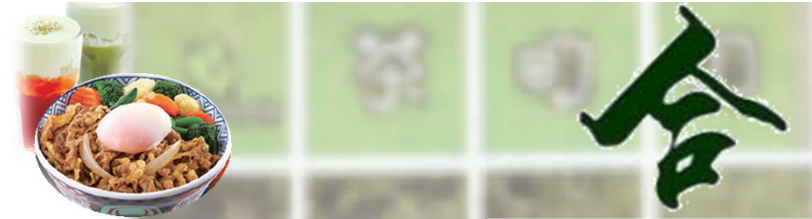


Stringent Rental Control & Improvement of Store Efficiency

- The “**separation of cashier and pick up counters**” has been implemented across all branches in Beijing in Jan 2015 and will eventually be extended to all branches within our Franchised Region this year
- Separation of “cashier” and “pick up” counters to receive more customer orders and enhance the store efficiency



4 Enhance Marketing Initiatives



Build a "At Home" Feeling to Our Customers



- To create an "at home" feeling to our customers as if Yoshinoya is their second home
- The dining concept is "simple and straight forward"
- Allow customers to observe the operation of the kitchen and production process to reinforce the "fresh and made on spot" unique image

Trendy and Fashionable Ice Cream Expert



- Reinforce DQ's image as a young, fashionable and trendy ice-cream expert with distinctive shop front and eye-catching signage
- Improve display and increase product varieties in the front counters



Delivery Service to Bring Additional Income

- Enhanced customer outreach strengthens the Group's delivery capabilities
- Broaden customer base including customers preferring to dine at workplace or home
- Broaden income stream



Internet web online platform



Call Centre

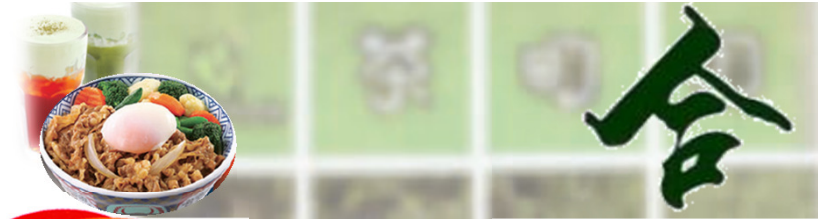
Explore various sales channels



- Link up with several online platforms to boost the sales volume.



Multi-brand Strategies



吉野家

YOSHINOYA

- Introduce different kinds of new products to satisfy customers' needs and broaden customer portfolio
- ◆ "Value meal" product line
- ◆ Stone pot
- ◆ Pork rice
- ◆ Noodle



- Different ice-cream products and side items, such as popcorn, have been introduced to our customers.
- New flavors of Blizzard: waffle, new hotdogs, colorful cones, etc.



NEW 茶町町

Chatting

- Chatting is the new brand that offers different kinds of tea drink and was introduced to the market in April this year.
- More Chatting stores will be opened to offer our customers a variety of drink choices.



Our Mission



*Leading Multi-Brands
Oriental Cuisine Specialist
in the PRC*





HOP HING GROUP HOLDINGS LIMITED

(HKEx Stock code: 47)

Q&A

吉野家
YOSHINOYA

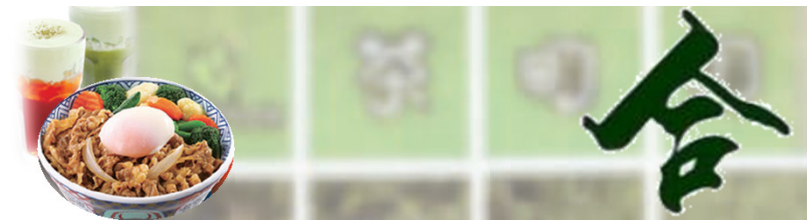


用笃定之心 为料
以细致之心 慢煮
再加上荣誉之心 调味
为您呈上这碗牛肉饭

锅达人

匠息存

Appendix



Maintain Stable Gross Profit & Improving Store EBITDA

