HOP HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 47

Interim Report 2014

CONTENTS

The Board of Directors (the "Board") of Hop Hing Group Holdings Limited (the "Company") herein present their unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014, together with the comparative amounts.

This interim financial report has not been audited, but has been reviewed by the Company's audit committee and the Company's auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**Unaudited For the six months ended 30 June 2014 HK$'000**	2013 HK$'000
CONTINUING OPERATIONS			
TURNOVER	*5*	**1,056,888**	1,000,907
Direct cost of stocks sold		**(394,354)**	(387,136)
Other income and gains/(loss), net	*5*	**(966)**	4,699
Selling and distribution expenses		**(531,002)**	(479,632)
General and administrative expenses		**(106,134)**	(71,589)
PROFIT FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	*6*	**24,432**	67,249
Finance costs	*7*	**(848)**	(1,113)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**23,584**	66,136
Income tax expense	*8*	**(6,106)**	(13,881)
Profit for the period from continuing operations		**17,478**	52,255
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	*9*	**–**	(51,696)
PROFIT FOR THE PERIOD		**17,478**	559

CONDENSED CONSOLIDATED INCOME STATEMENT (continued)

	Notes	Unaudited For the six months ended 30 June 2014 HK$'000	2013 HK$'000
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**17,478**	559
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*11*		
Basic			
– For profit for the period		**HK0.17 cent**	HK0.01 cent
– For profit for the period from continuing operations		**HK0.17 cent**	HK0.53 cent
Diluted			
– For profit for the period		**HK0.17 cent**	HK0.01 cent
– For profit for the period from continuing operations		**HK0.17 cent**	HK0.53 cent

Details of dividends paid in the period are disclosed in note 10 to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited For the six months ended 30 June 2014 HK$'000	2013 HK$'000
PROFIT FOR THE PERIOD	**17,478**	559
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) that have been reclassified or may be subsequently reclassified to income statement:		
Release of exchange fluctuation reserve upon disposal of subsidiaries	**–**	(33,137)
Exchange differences on translation of foreign operations	**(7,448)**	5,812
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD	**(7,448)**	(27,325)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	**10,030**	(26,766)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**10,030**	(26,766)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited 30 June 2014 HK$'000**	Audited 31 December 2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**269,378**	301,148
Deferred tax assets		**17,014**	11,047
Prepayment and rental deposits		**49,651**	50,820
Total non-current assets		**336,043**	363,015
CURRENT ASSETS			
Stocks		**100,408**	111,530
Accounts receivable	*13*	**7,944**	8,098
Prepayments, deposits and other receivables		**55,756**	61,791
Tax recoverable		**11,250**	14,690
Other financial assets	*14*	**53,750**	–
Pledged bank deposits		**43,750**	44,872
Cash and cash equivalents		**252,075**	226,302
Total current assets		**524,933**	467,283

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Notes	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
CURRENT LIABILITIES			
Accounts payable	*15*	**165,950**	131,514
Other payables and accrued charges		**244,844**	242,735
Interest-bearing bank loans	*16*	**35,202**	26,923
Total current liabilities		**445,996**	401,172
NET CURRENT ASSETS		**78,937**	66,111
TOTAL ASSETS LESS CURRENT LIABILITIES		**414,980**	429,126
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**12,301**	11,461
NET ASSETS		**402,679**	417,665
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	*17*	**1,000,629**	1,000,629
Reserves		**(597,950)**	(582,964)
Total equity		**402,679**	417,665

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014 (Unaudited)

	Attributable to equity holders of the Company		
	Issued share capital HK$'000	Share premium account* HK$'000	Merger reserve*# HK$'000
At 1 January 2014	**1,000,629**	**4,044,691**	**(4,857,319)**
Profit for the period	–	–	–
Other comprehensive expense for the period:			
Exchange differences on translation of foreign operations	–	–	–
Total comprehensive income/ (expense) for the period	–	–	–
Release of share option reserve upon the lapse of the share options	–	–	–
Final dividend for 2013 *(note 10)*	–	(25,016)	–
At 30 June 2014	**1,000,629**	**4,019,675**	**(4,857,319)**

* These reserve accounts comprise the reserves in debit balance of HK$597,950,000 in the condensed consolidated statement of financial position as at 30 June 2014.

Merger reserve represents the excess of investment cost in Hop Hing Fast Food Group Holdings Limited ("Hop Hing Fast Food") of HK$4,919,843,000 (being the total consideration of HK$4,964,232,000 reduced by the loans of HK$44,389,000 owed by Hop Hing Fast Food to Queen Board Limited ("Queen Board") and its associates (the "Loan")) over the share capital and share premium of Hop Hing Fast Food of HK$363,000 and HK$62,161,000, respectively arose from acquisition in 2012.

Attributable to equity holders of the Company					
Share option reserve* HK$'000	Exchange fluctuation reserve* HK$'000	Statutory reserve*## HK$'000	Capital and other reserves* HK$'000	Retained profits* HK$'000	Total equity HK$'000
5,461	**24,532**	**16,439**	**69,377**	**113,855**	**417,665**
–	**–**	**–**	**–**	**17,478**	**17,478**
–	**(7,448)**	**–**	**–**	**–**	**(7,448)**
–	**(7,448)**	**–**	**–**	**17,478**	**10,030**
(306)	**–**	**–**	**–**	**306**	**–**
–	**–**	**–**	**–**	**–**	**(25,016)**
5,155	**17,084**	**16,439**	**69,377**	**131,639**	**402,679**

In accordance with the Company Law of the People's Republic of China (the "PRC"), the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory net profit after tax (after offsetting any prior years' losses) to the statutory reserve fund. When the balance of the statutory reserve fund reaches 50% of each entity's registered capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior years' losses or to increase the registered capital. However, such balance of the statutory reserve fund must be maintained at a minimum of 50% of the registered capital offer such usages.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2013 (Unaudited)

	Attributable to equity holders of the Company				
	Issued share capital HK$'000	Share premium account HK$'000	Merger reserve# HK$'000	Share option reserve HK$'000	Exchange fluctuation reserve HK$'000
At 1 January 2013	991,687	4,035,794	(4,857,319)	6,062	48,347
Profit for the period	–	–	–	–	–
Other comprehensive income for the period:					
Release of exchange fluctuation reserve upon disposal of subsidiaries	–	–	–	–	(33,137)
Exchange differences on translation of foreign operations	–	–	–	–	5,812
Total comprehensive income/ (expense) for the period	–	–	–	–	(27,325)
Issue of shares upon exercise of warrants *(note 17)*	8,942	8,942	–	–	–
Share issue expenses	–	(45)	–	–	–
Disposal of subsidiaries	–	–	–	–	–
Final dividend for 2012 *(note 10)*	–	–	–	–	–
Special dividend for 2013 *(note 10)*	–	–	–	–	–
At 30 June 2013	1,000,629	4,044,691	(4,857,319)	6,062	21,022

Merger reserve represents the excess of investment cost in Hop Hing Fast Food of HK$4,919,843,000 (being the total consideration of HK$4,964,232,000 reduced by the Loan) over the share capital and share premium of Hop Hing Fast Food of HK$363,000 and HK$62,161,000, respectively arose from acquisition in 2012.

Attributable to equity holders of the Company						
Properties revaluation reserve HK$'000	Statutory reserve## HK$'000	Capital and other reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non– controlling interests HK$'000	Total equity HK$'000
2,080	15,157	374,569	98,476	714,853	194	715,047
–	–	–	559	559	–	559
–	–	–	–	(33,137)	–	(33,137)
–	–	–	–	5,812	–	5,812
–	–	–	559	(26,766)	–	(26,766)
–	–	–	–	17,884	–	17,884
–	–	–	–	(45)	–	(45)
(2,080)	–	–	2,080	–	(194)	(194)
–	–	(25,016)	–	(25,016)	–	(25,016)
–	–	(280,176)	–	(280,176)	–	(280,176)
–	15,157	69,377	101,115	400,734	–	400,734

In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory net profit after tax (after offsetting any prior years' losses) to the statutory reserve fund. When the balance of the statutory reserve fund reaches 50% of each entity's registered capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior years' losses or to increase the registered capital. However, such balance of the statutory reserve fund must be maintained at a minimum of 50% of the registered capital offer such usages.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited For the six months ended 30 June 2014 HK$'000	2013 HK$'000
NET CASH FLOWS FROM/(USED IN):		
OPERATING ACTIVITIES	**138,921**	97,805
INVESTING ACTIVITIES	**(115,469)**	263,064
FINANCING ACTIVITIES	**(16,463)**	(363,948)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**6,989**	(3,079)
Cash and cash equivalents at beginning of period	**210,917**	182,091
Effect of foreign exchange rates changes, net	**419**	17
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**218,325**	179,029
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**252,075**	193,333
Less: Time deposits with original maturity of more than three months when acquired	**(33,750)**	(14,304)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**218,325**	179,029

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* and other relevant HKASs and Interpretations, Hong Kong Financial Reporting Standards (collectively, the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Save for the adoption of new and revised HKFRSs during the period as set out in note 2 below, and the following new accounting policy adopted by the Group during the period, the accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are the same as those used in the preparation of the annual financial statements for the year ended 31 December 2013.

Financial assets

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the income statement in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial assets are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. BASIS OF PREPARATION (continued)

Impairment of financial assets

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current period's condensed consolidated interim financial statements.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
HK(IFRIC)-Int 21	*Levies*

The adoption of the new and revised HKFRSs has had no significant financial effect on these interim financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these interim financial statements.

HKFRS 9	*Financial Instruments* [4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39* [4]
HKFRS 11 Amendments	Amendments to HKFRS 11 *Accounting for Acquisitions of Interest in Joint Operations* [2]
HKFRS 14	*Regulatory Deferral Accounts* [2]
HKFRS 15	*Revenue from Contracts with Customers* [3]
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptance Methods of Depreciation and Amortisation* [2]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions* [1]
Annual improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014 [1]
Annual improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[1]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in position to state whether these new and revised HKFRSs would have any significant impact on its results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

The Group's primary operating segment is quick service restaurants ("QSR") business after the completion of disposal of the edible oils business (the "Disposal") during the year ended 31 December 2013. Further details of the Disposal are set out in notes 9 and 18 to the condensed consolidated financial statement. Since the QSR business is the only continuing operating segment of the Group, no further analysis thereof is presented.

In addition, the QSR business' revenue and non-current assets, other than deferred tax assets, are predominantly attributable to a single geographical region, which is the PRC. Therefore, no analysis by geographical regions is presented.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. TURNOVER AND OTHER INCOME AND GAINS/(LOSS), NET

Turnover represents the net invoiced value of goods sold during the period.

An analysis of turnover and other income and gains/(loss), net from continuing operations is as follows:

	Unaudited For the six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Turnover		
Sales	**1,056,888**	1,000,907
Other income and gains/(loss), net		
Bank interest income	**1,551**	1,100
Foreign exchange differences, net	**(4,102)**	1,652
Others	**1,585**	1,947
	(966)	4,699

6. PROFIT FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS

The Group's profit from operating activities from continuing operations is arrived at after charging:

	Unaudited For the six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Direct cost of stocks sold	**394,354**	387,136
Depreciation	**62,262**	58,502
Impairment of items of property, plant and equipment	**3,910**	–
Lease payments under operating leases in respect of lands and buildings		
– minimum lease payments	**142,883**	126,543
– contingent rents	**19,018**	17,894
Loss on disposal of items of property, plant and equipment, net	**1,534**	788

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Unaudited For the six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**739**	914
Others	**109**	199
	848	1,113

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Pursuant to the Corporate Income Tax Law of the PRC being effective on 1 January 2008, the PRC corporate income tax rate for the Group's subsidiaries operated in Mainland China during the period was 25% (2013: 25%) on their taxable profits. One of the subsidiaries engaged in agricultural business is entitled to exemptions from the standard income tax rate for a fixed term of one year in 2013 and 2014.

The major components of the income tax expense for the period from continuing operations are as follows:

	Unaudited For the six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Current – Hong Kong		
Charge for the period	**3,089**	533
Current – Elsewhere		
Charge for the period	**7,881**	12,696
Deferred tax	**(4,864)**	652
Total tax charge for the period	**6,106**	13,881

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. DISCONTINUED OPERATION

On 25 April 2013, the Company entered into an agreement with Harvest Trinity Limited, a company incorporated in the British Virgin Islands and wholly-owned by a substantial shareholder of the Company and its associates, pursuant to which the Company agreed to sell its entire equity interest in Hop Hing Oil Group Limited (formerly known as Oleo Chartering Inc.) and its subsidiaries (collectively, the "Edible Oils Group"), which are principally engaged in edible oils business (the "Edible Oil Business") at a total consideration of HK$400 million (subject to adjustment). Details of the Disposal are set out in the Company's circular dated 20 May 2013. The Disposal was completed on 28 June 2013.

The results of the Edible Oils Group for the period from 1 January 2013 to 28 June 2013 (i.e. date of completion of the Disposal) were presented below:

	Note	**Unaudited For the six months ended 30 June 2014 HK$'000**	Audited For the period from 1 January to 28 June 2013 HK$'000
Turnover		–	438,283
Direct cost of stocks sold and services provided		–	(320,520)
Other income and loss, net		–	(136)
Other production and services costs		–	(32,270)
Selling and distribution expenses		–	(53,330)
General and administrative expenses		–	(23,482)
Profit from operating activities		–	8,545
Finance costs		–	(2,068)
Profit before tax from the discontinued operation		–	6,477
Income tax expense		–	(11,864)
Loss for the period from the discontinued operation		–	(5,387)
Loss on disposal of the discontinued operation	*18*	–	(46,309)
Loss for the period from the discontinued operation		–	(51,696)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. DISCONTINUED OPERATION (continued)

The net cash flows incurred by the Edible Oils Group were as follows:

	Unaudited For the six months ended 30 June 2014 HK$'000	Audited For the period from 1 January to 28 June 2013 HK$'000
Operating activities	–	(8,751)
Investing activities	–	(800)
Financing activities	–	(19,419)
Effect of foreign exchange rates changes, net	–	571
Net cash flows	–	(28,399)
Losses per share:		
Basic, from the discontinued operation	–	HK(0.52) cent
Diluted, from the discontinued operation *	–	HK(0.52) cent

* No adjustment had been made to the basic loss per share amount presented in respect of a dilution as the warrants and share options outstanding had an anti-dilutive effect on the basic loss per share presented.

The calculations of basic and diluted losses per share from the discontinued operation were based on:

	Unaudited For the six months ended 30 June 2014 HK$'000	Audited For the period from 1 January to 28 June 2013 HK$'000
Loss attributable to equity holders of the Company from the discontinued operation	–	(51,696)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. DISCONTINUED OPERATION (continued)

	Unaudited Number of shares	
	30 June 2014	30 June 2013
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation (note 11)	**10,006,288,386**	9,935,700,728

10. DIVIDENDS

	Unaudited For the six months ended 30 June	
	2014 HK$'000	2013 HK$'000
Dividends paid during the period:		
Final dividend for 2013 – HK0.25 cent (2012: HK0.25 cent) per ordinary share	**25,016**	25,016
Special dividend for 2013 – HK2.8 cents per ordinary share	**–**	280,176
	25,016	305,192

11. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

a. Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit for the period attributable to equity holders of the Company, and the weighted average number of 10,006,288,386 (2013: 9,935,700,728) ordinary shares in issue during the period.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (continued)

b. Diluted earnings per share

For the period ended 30 June 2013, the calculation of diluted earnings per share is based on the consolidated profit for the period attributable to equity holders of the Company and the weighted average number of 9,968,104,150 ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares of 32,403,422 calculated as follows:

	Unaudited For the six months ended 30 June 2014 HK$'000	2013 HK$'000
Consolidated profit attributable to equity holders of the Company:		
From continuing operations	**17,478**	52,255
From a discontinued operation	**–**	(51,696)
	17,478	559

	Unaudited Number of shares 30 June 2014	30 June 2013
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**10,006,288,386**	9,935,700,728
Effect of dilution – weighted average number of ordinary shares:		
Warrants	**–**	31,864,037
Share options *	**–**	539,385
	10,006,288,386	9,968,104,150

* The outstanding share options of the Company have not been included in the computation of diluted earnings per share for the period as the exercise price of these options were higher than the average market prices of the Company's shares during the period and they therefore had no dilutive effect on the Company's earnings per share.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment with a cost of HK$43,354,000 (2013: HK$94,327,000). Items of property, plant and equipment with a net book value of HK$1,534,000 (2013: HK$188,936,000) were disposed of during the six months ended 30 June 2014.

13. ACCOUNTS RECEIVABLE

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Accounts receivable	**7,944**	8,098

The Group's QSR business is mainly traded on a cash basis and the accounts receivable as at the end of the reporting period were mainly due from shopping malls.

An aged analysis of the accounts receivable as at the end of the reporting period, based on payment due date and net of provisions, is as follows:

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Current (neither past due nor impaired)	**7,114**	8,098
Within 60 days past due	**830**	–
	7,944	8,098

14. OTHER FINANCIAL ASSETS

Other financial assets represent unlisted principal-guaranteed financial products purchased from the banks in the PRC with maturity periods not more than three months. These financial products were classified as available-for-sale financial assets and stated at cost.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. ACCOUNTS PAYABLE

An aged analysis of accounts payable as at the end of the reporting period, based on the payment due date, is as follows:

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Current and less than 60 days	**164,634**	118,741
Over 60 days	**1,316**	12,773
	165,950	131,514

The accounts payable are non-interest-bearing and are normally settled within credit terms of 7 to 90 days.

16. INTEREST-BEARING BANK LOANS

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Current (repayable within one year or on demand)		
Bank loans – unsecured	**35,202**	–
Bank loans – secured *(note a)*	**–**	26,923
	35,202	26,923

Notes:

a. Certain of the Group's bank facilities are secured by the pledge of certain of the Group's time deposits amounting to HK$43,750,000 as at 30 June 2014 (31 December 2013: HK$44,872,000).

b. Fixed interest rate bank loans of HK$5,202,000 (31 December 2013: HK$26,923,000) were denominated in Renminbi. All other bank loans were denominated in Hong Kong dollars with floating interest rates as at 30 June 2014.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. SHARE CAPITAL

During the six months ended 30 June 2013, 89,417,356 ordinary shares of HK$0.10 each were issued for cash at a subscription price of HK$0.20 per share, pursuant to the exercise of the Company's warrants, for a total cash consideration, before expenses, of approximately HK$17,884,000.

18. DISPOSAL OF SUBSIDIARIES

	Unaudited 30 June 2014 HK$'000	Audited 28 June 2013 HK$'000
Net assets of the subsidiaries disposed of:		
Property, plant and equipment	–	188,148
Prepaid land lease payments	–	26,860
Trademarks	–	125,304
Deferred tax assets	–	893
Stocks	–	121,044
Accounts receivable	–	148,390
Prepayments, deposits and other receivables	–	21,657
Tax recoverable	–	1,408
Cash and cash equivalents	–	28,742
Accounts payable	–	(42,226)
Other payables and accrued charges	–	(35,950)
Interest-bearing bank loans	–	(100,627)
Tax payable	–	(12,035)
Deferred tax liabilities	–	(1,526)
Non-controlling interests	–	(194)
	–	469,888
Release of exchange fluctuation reserve	–	(33,137)
Transaction costs directly attributable to the disposal of subsidiaries	–	4,171
Loss on disposal of the subsidiaries *(note 9)*	–	(46,309)
	–	394,613
Satisfied by:		
Cash	–	394,613
An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiaries was as follows:		
Cash consideration	–	394,613
Cash and cash equivalents disposal of	–	(28,742)
Less: Transaction cost directly attributable to the disposal of subsidiaries	–	(4,171)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	–	361,700

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following commitments for capital expenditure:

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Property, plant and equipment:		
Contracted, but not provided for	**1,764**	1,625

20. CONTINGENT LIABILITIES

During the years ended 31 December 2010, 2011, 2012 and 2013, the Hong Kong Inland Revenue Department (the "IRD") issued protective assessments for the years of assessment 2003/2004, 2004/2005, 2005/2006 and 2006/2007 to certain joint ventures and subsidiaries of the Edible Oils Group, in respect of which tax reserve certificates totaled to HK$24,100,000 and HK$1,500,000 were purchased by the joint ventures and the subsidiaries of the Edible Oils Group respectively. The joint ventures and the subsidiaries of the Edible Oils Group lodged objections with the IRD against these assessments.

Taking into account of the development of the objections, the resources that would be required to pursue the case further and the advice of the tax consultant of the joint ventures and the Edible Oils Group, a total provision of HK$11.7 million was made in the financial statements of the Edible Oils Group for the period from 1 January 2013 to 28 June 2013 for the probable settlement amount of this tax case pursuant to the latest settlement communication with the IRD.

During the period ended 30 June 2014, the IRD agreed the above compromise settlement amounts and issued the revised assessments for the years of assessment 2003/2004, 2004/2005, 2005/2006 and 2006/2007 to certain joint ventures and subsidiaries of the Edible Oils Group accordingly.

Pursuant to the agreement entered into between the Company and Harvest Trinity Limited for the Disposal, the Company undertook to indemnify Harvest Trinity Limited from further tax liabilities, including the aforesaid protective assessments, relating to periods prior to the date of completion of the Disposal. In the opinion of the management, adequate tax provision has been made by the Edible Oils Group before the date of completion of the Disposal.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. RELATED PARTY TRANSACTIONS

(a) In addition to those transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with related parties during the reporting period:

	Notes	Unaudited For the six months ended 30 June 2014 HK$'000	2013 HK$'000
Transactions with companies associated with the controlling shareholder of the Company and/or a non-executive director of the Company:			
Sales of goods	*(i)*	–	987
Rental expenses	*(ii)*	**237**	4,345
Interest expenses	*(iii)*	–	263

Notes:

(i) The sales and purchase of goods were based on mutually agreed terms.

(ii) The rental expenses were charged by reference to open market rental and were subject to the terms of the relevant tenancies.

(iii) The interest expenses were charged by reference to open market interest rate.

(b) On 25 April 2013, the Company and Harvest Trinity Limited, a company controlled by a substantial shareholder of the Company, entered into an agreement pursuant to which the Company has agreed to sell the entire issued share capital of Hop Hing Oil Group Limited (formerly known as Oleo Chartering Inc.) for a consideration of HK$400 million (subject to adjustment). Details of the Disposal have been set out in the Company's announcement made on 25 April 2013 and circular dated 20 May 2013. Further details of which are given in notes 9 and 18 to the condensed consolidated financial statements.

22. APPROVAL OF THE INTERIM FINANCIAL REPORT

This interim financial report was approved and authorised for issue by the Board on 29 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

For the six months ended 30 June 2014, the turnover of the Group's quick service restaurant ("QSR") business was HK$1,056.9 million, an increase of 5.6% over the turnover of HK$1,000.9 million for the six months ended 30 June 2013. Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period under review was HK$86.7 million, against HK$125.8 million for the same period in 2013. The profit for the period under review from the Group's QSR business was HK$17.5 million, compared to HK$52.3 million for the first half of last year.

The Group's profit attributable to the equity holders of the Company for the six months under review was HK$17.5 million (six months ended 30 June 2013: HK$0.6 million). The higher profit for the period compared to the corresponding period in 2013 was mainly due to the inclusion within the profit for the six months ended 30 June 2013 of a loss of HK$51.7 million from the edible oil operation of the Group (the "Discontinued Operation"), which represented a book loss of HK$46.3 million incurred upon disposal of the Discontinued Operation and the loss of HK$5.4 million incurred by the Discontinued Operation during the period from 1 January 2013 to the date of completion of the relevant disposal transaction.

Basic and diluted earnings per share for the period were HK0.17 cent and HK0.17 cent respectively (six months ended 30 June 2013: HK0.53 cent and HK0.53 cent respectively).

DIVIDEND

On 30 June 2014, the Company made payment of a final dividend of HK0.25 cent per share for the year ended 31 December 2013. The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATION AND PROSPECTS

Industry review

In the first half of 2014, the recovery of China's economic growth was slower than expected. The ongoing campaign of China government against extravagance and corruption has resulted in the curbing of dining and entertainment spending by many of the enterprises which has in turn adversely affected consumer sentiment. With a substantial portion of their customers disappearing and concerned about their own business survival, caterers have used the most direct way to compete for customers – price cutting. This has intensified the competition amongst the market players. Together with the escalating rental costs, labour costs, food costs and utility expenses, the profitability of catering enterprises was under intense pressure. On the other hand, the severe competition does have the effect of accelerating the reformation of the catering industry and has forced restaurants and the catering service providers to re-evaluate the effectiveness of their business models under the existing business environment. Amidst consolidation, well-established quick service restaurants providing safe quality food are eventually expected to benefit.

Business review

In the first half of 2014, our sales revenue grew by 5.6% to HK$1,056.9 million (six months ended 2013: HK$1,000.9 million), which reflected the gradual recovery of our same store sales growth ("SSSG") and the increase in sales orders received by internet and WAP-based ordering systems. Operating against a challenging market environment, the Group has carried out detailed research in the various cities within its franchised region. Different, yet prudent, store opening strategies have been developed within individual cities accounting for the distinct identity, culture and eating habits of each city and at the same time meeting our stringent internal store opening requirements. The Group has also periodically monitored changes in the infrastructure and market environment in each city as the basis for evaluating its existing store network. Certain of our under-performing stores with little chance to get back to health within a reasonable time were closed down. This exercise enables us to optimise our store network. Corresponding write-offs and provisions have been made for those stores that have either been closed or would be closed in the near future.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATION AND PROSPECTS (continued)

Business review (continued)

During the period under review, a net total of eight new stores (six months ended 30 June 2013: 37 new stores), including four Yoshinoya restaurants and four Dairy Queen stores, were opened in existing markets and selected regions. As at 30 June 2014, there were 448 stores in operation.

	As at	
	30 June 2014	31 December 2013
Yoshinoya		
Beijing-Tianjin-Hebei Province Metropolitan Region	**220**	223
Liaoning	**67**	61
Inner Mongolia	**9**	9
Jilin	**2**	2
Heilongjiang	**10**	9
	308	304
Dairy Queen		
Beijing-Tianjin-Hebei Province Metropolitan Region	**112**	109
Liaoning	**19**	19
Inner Mongolia	**6**	6
Heilongjiang	**3**	2
	140	136
Total	**448**	440

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATION AND PROSPECTS (continued)

Business review (continued)

In the first half of 2014, resources were allocated to market research and monitoring of the changing needs of the consumers in different cities. The market intelligence enables us to further optimise our product mix and offer appropriate products to meet the needs of each group of our target customers, such as value meal products for younger groups and full meals in a cozy environment for those who can afford it. To address the modern trend, we started offering an internet ordering option to our customers in December 2013. Starting from April this year, our customers could place their orders through our WAP-based ordering system. Together with various advertising and promotional activities carried out in the first six months of this year, we could see a gradual recovery of our customer traffic and sales revenue. The SSSG for the period under review was 4.1%, compared to -10.3% for the same period in 2013.

	Percentage Increase in Same Stores Sales Six months Ended 30 June	
	2014	2013
Overall	**4.1%**	–10.3%
By Business		
Yoshinoya	**4.6%**	–11.5%
Dairy Queen	**0.1%**	–3.9%

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATION AND PROSPECTS (continued)

Business review (continued)

In the period under review, the Beijing-Tianjin-Hebei Province Metropolitan Region continued to account for about three quarters of the Group's revenue.

	Six Months Ended 30 June			
	2014		2013	
	HK$'000	**% of sales**	HK$'000	% of sales
a. By Region				
Beijing-Tianjin-Hebei Province Metropolitan Region	**786,688**	**74.4%**	752,886	75.2%
Northeast China [1]	**270,200**	**25.6%**	248,021	24.8%
	1,056,888	**100.0%**	1,000,907	100.0%

(1) Including Liaoning, Inner Mongolia, Jilin and Heilongjiang.

Yoshinoya products have been one of the favorite choices of the white-collar population and the expanding delivery service, gradual recovery of traffic count and sales performance has been encouraging. Dairy Queen is still in the process of implementing its revised brand image repositioning strategy. As a result, the contribution to the sales revenue of the Group by Yoshinoya products in the period under review has slightly increased to 90.3% while Dairy Queen products accounted for 9.7% of the Group's total sales.

	Six Months Ended 30 June			
	2014		2013	
	HK$'000	**% of sales**	HK$'000	% of sales
b. By Business				
Yoshinoya	**954,047**	**90.3%**	895,988	89.5%
Dairy Queen	**102,841**	**9.7%**	104,919	10.5%
	1,056,888	**100.0%**	1,000,907	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATION AND PROSPECTS (continued)

Business review (continued)

The "Three Highs" phenomena, namely high food costs, high labour costs and high rental costs, have always been a dominant issue for the catering industry in these years. The measures implemented by the management to alleviate the impact brought about by the ever-increasing raw material costs have included strategic and bulk procurement of key food ingredients without compromising on food quality and proactive flexible product promotional programmes. These measures have enabled the Group to maintain its gross margin at a reasonable and stable percentage. Our gross profit margin recorded an improvement of 1.4% from 61.3% in the first six months of 2013 to 62.7% in the period under review.

	Six Months Ended 30 June	
	2014	2013
Gross Profit Margin	**62.7%**	61.3%

High labour costs and rental costs are the other two major challenges that QSR players have to tackle. Apart from raising the salaries and wages to meet the minimum wage requirement in the PRC, the Group has devised incentive schemes to further motivate our staff and reward those who are able to meet the targets assigned by their supervisors. To mitigate the impact of ever-rising labour costs, various measures have been implemented by the management to improve the operating efficiency of our labour force, including automation, revisiting the efficiency of the working lines and simplifying operational procedures without compromising on quality of food and internal controls. The labour cost under selling and distribution costs expressed as a percentage of sales has gone up by 1.2% to 12.7% in the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATION AND PROSPECTS (continued)

Business review (continued)

Operating under a slowly recovering economy and a high cost business environment, the rate of increase in the Group's sales income was less than the rates of increase in expenses and higher expenses expressed as percentages of sales resulted. It is believed that the increases in these percentages would be slower when the economy is growing at a faster pace.

	Six Months Ended 30 June			
	2014		2013	
	HK$'000	**% of sales**	HK$'000	% of sales
Labour Costs	**134,618**	**12.7%**	115,116	11.5%
Rental Expense	**150,536**	**14.2%**	140,459	14.0%
Depreciation and Amortisation	**59,012**	**5.6%**	56,492	5.6%
Other Operation Expenses	**186,836**	**17.7%**	167,565	16.8%
Total Selling and Distribution Expenses	**531,002**	**50.2%**	479,632	47.9%

In the first half of 2014, the Renminbi ("RMB") depreciated against the Hong Kong dollar. As the Group's operation is mainly in China, such depreciation in RMB has resulted in a currency exchange loss being recorded by the Group in the period under review.

Overall, the management's effort in improving the SSSG during the review period and the launch of internet ordering at the end of last year and WAP-based ordering systems in April this year have enabled the Group to report an increase in revenue. However, the resulting increase in the gross profit of the Group in the first half of 2014 could only partially offset the rising operational costs caused by new stores, the escalation of operational costs in the PRC environment, provisions and write-offs for stores closure costs and the depreciation of the RMB during the period. As a result, the Group's QSR business reported a profit for the period which was lower than that of the corresponding period in 2013.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATION AND PROSPECTS (continued)

Financial Review

Equity

The number of issued shares of HK$0.10 each of the Company as at 30 June 2014 was 10,006,288,386 (31 December 2013: 10,006,288,386). As at 1 January 2014, the Company had 27,719,520 outstanding share options. During the period under review, 1,552,200 share options were lapsed.

Liquidity and gearing

As at 30 June 2014, the Group's total bank borrowings were bank loans of HK$35.2 million (31 December 2013: HK$26.9 million), which were unsecured bank loans borrowed by subsidiaries of the Group and were either repayable or subject to renewal within one year.

The Group's gearing ratio (expressed as a percentage of interest-bearing bank loans over equity attributable to equity holders of the Company) as at 30 June 2014 was 8.7% (31 December 2013: 6.4%).

The interest expense for the period was HK$0.8 million (six months ended 30 June 2013: HK$1.1 million).

The Group's funding policy is to finance the business operations with internally generated cash and bank facilities. The Group's bank borrowings are basically denominated in Hong Kong dollars and Renminbi. The Group continues to adopt the policy of hedging foreign currency liabilities with foreign currency assets.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATION AND PROSPECTS (continued)

Financial Review (continued)

Remuneration policies

Staff remuneration packages of the staff of the Group are comprised of salary and discretionary bonuses and are determined with reference to the market conditions and the performance of the Group and the individuals concerned. The Group also provided other staff benefits including medical insurance, continuing education allowances, provident funds and share options to eligible staff of the Group. The total remuneration paid to the employees (including pension costs and the directors' remuneration) of the Group in the period under review was HK$193 million (six months ended 30 June 2013: HK$186 million), of which, HK$193 million (six months ended 30 June 2013: HK$158 million) was the total staff cost in QSR business. As at 30 June 2014, the Group had 8,470 full time and temporary employees (30 June 2013: 8,733).

Details of share options granted under the share option scheme of the Company are set out in the section under "Share Option Scheme".

Operating segment information

Details of the operating segment information are set out in note 4 to the condensed consolidated interim financial statements.

Contingent liabilities

Details of the contingent liabilities are set out in note 20 to the condensed consolidated interim financial statements.

Pledge of assets

Details of the pledge of assets are set out in note 16 to the condensed consolidated interim financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATION AND PROSPECTS (continued)

Outlook

With all the challenges we have faced, including the slow recovery of the economy, weak customer sentiment and escalating operational costs, the management has taken a prudent approach in operating within such a difficult environment in near term. After the current consolidation of the catering industry is completed in the next few years, the Group expects that it would benefit from the implementation of a range of reform policies by China's government, ongoing rapid urbanisation and the continuous increase of salaries and wages in China which will raise the living standard and the disposable income of the general public who will ultimately be our target customers. Hence, the Group remains cautiously optimistic about the growth of the catering industry in China in the medium-to-long-run.

Nowadays, consumers are getting more and more conscious about food quality. In line with this concern, we shall continue to exercise stringent control on the quality of raw materials which are all sourced from reliable and well-established suppliers with whom we have long-term cooperative relationships. Our business model of having minimal food processing steps and cooking and serving our customers at the spot where they place their orders enables us to present to our customers the value proposition of the Group, which is to provide tasty, safe, quick and convenient, yet inexpensive, food. This image of quality and customer loyalty together with the Group's standardised and relatively efficient operational and control systems built up over the last 20 years are valuable assets. These assets form a solid platform for us to move forward, open new stores and expand our network coverage swiftly when the economy has recovered and the current food safety issues affecting the QSR market have passed.

Our successful delivery platform has given the Group a solid foundation to reach customers who prefer to stay at their offices or homes thereby expanding our customer base. The Group will continue to enhance its delivery service by expanding the geographical coverage of its Web and mobile WAP ordering networks.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF OPERATION AND PROSPECTS (continued)

Outlook (continued)

New items will continuously be added to our menus to satisfy the ever-changing needs of our customers and attract customers from different market segments. While our value meal products target the younger generation who are price-sensitive, our tasty stone pot series are for customers who enjoy having a full meal in a cozy environment. Our efforts here are important to boost our position as an "Oriental Cuisine Specialist."

As for our ice-cream business, we shall reposition the brand identity of Dairy Queen by reinforcing ourselves as a fashionable, trendy ice-cream expert. New stores will be built to align our in-store brand context to express and strengthen the ice-cream expert image. To retain our customers and attract younger crowds, we shall continue to increase our product varieties and launch new products, such as hand-made waffles, and improve the display of the varieties of our menu at the front counters.

The Group is in the process of implementing a series of programmes to optimise its menus, creating new store décor and procuring new equipment, devising staff operational procedures and extending store networks with a view to improve operating efficiency and profitability of the Group as a whole. Other appropriate initiatives pioneered in our flagship "Sunshine Kitchen" and will be adopted in building our new stores include separating the food ordering counters and the food pick-up counters so as to improve the efficiency of the front line operation and maintain the fresh taste of our food by shortening the serving and delivery time for freshly prepared food to our customers.

Apart from the existing QSR business, the Group will continue to look for and evaluate opportunities that bring steady long term growth and advance its strategy to become a multi-brand QSR operator.

By Order of the Board

Hung Ming Kei, Marvin
Chief Executive Officer
Hong Kong, 29 August 2014

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, the interests of the directors and chief executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

Interests in ordinary shares of the Company

	Number of shares held, capacity and nature of interest					
Name of director	Directly and beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	Percentage of the Company's issued share capital
Hung Hak Hip, Peter	–	2,011,168	4,092,411,047 notes(i) to (iv)	–	4,094,422,215	40.918%
Seto Gin Chung, John	500,847	–	–	–	500,847	0.005%
Hung Ming Kei, Marvin	104,163	–	3,412,399,373 note(v)	219,228,648 notes(vi)	3,631,732,184	36.294%
Wong Yu Hong, Philip	2,454,678	–	–	–	2,454,678	0.025%
Sze Tsai To, Robert	2,454,678	–	–	–	2,454,678	0.025%
Cheung Wing Yui, Edward	3,027,798	–	–	–	3,027,798	0.030%
Shek Lai Him, Abraham	–	–	–	–	–	–
Siu Wai Keung	7,400,000	–	–	–	7,400,000	0.074%
Lam Fung Ming, Tammy	–	–	–	–	–	–
Wong Kwok Ying	–	–	–	–	–	–

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Interests in ordinary shares of the Company (continued)

Notes:

(i) 3,412,399,373 shares were beneficially owned by a discretionary trust, the trustee of which is beneficially owned by Mr. Hung Hak Hip, Peter and his spouse. Out of the 3,412,399,373 shares, Mr. Hung Ming Kei, Marvin was also deemed to be interested in 199,642,838 shares by virtue of indirectly controlling more than one-third of the voting power at general meetings of the registered holder of such shares. Such shares were duplicated between Mr. Hung Hak Hip, Peter and Mr. Hung Ming Kei, Marvin.

(ii) 166,787,730 shares were beneficially owned by a family discretionary trust, the trustee of which is beneficially owned by Mr. Hung Hak Hip, Peter.

(iii) 438,457,296 shares were beneficially owned by two discretionary trusts, the trustee of them is beneficially owned by Mr. Hung Hak Hip, Peter. Each of such discretionary trusts held 219,228,648 shares in the Company.

(iv) 74,766,648 shares held by Mr. Hung Hak Hip, Peter through a controlled corporation.

(v) 3,412,399,373 shares were beneficially owned by a discretionary trust, the trustee of which is beneficially owned by Mr. Hung Ming Kei, Marvin. Out of the 3,412,399,373 shares, Mr. Hung Hak Hip, Peter was also deemed to be interested in 199,642,838 shares by virtue of indirectly controlling more than one-third of the voting power at general meetings of the registered holder of such shares. Such shares were duplicated between Mr. Hung Hak Hip, Peter and Mr. Hung Ming Kei, Marvin.

(vi) 219,228,648 shares were beneficially owned by a discretionary trust which discretionary beneficiaries included a company owned by Mr. Hung Ming Kei, Marvin. Mr. Hung Hak Hip, Peter was also deemed to be interested in 219,228,648 shares by virtue of being one of the beneficiaries of such discretionary trust and also the beneficial owner of the trustee of such discretionary trust (a discretionary trust mentioned in Note (iii) above) for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between Mr. Hung Hak Hip, Peter and Mr. Hung Ming Kei, Marvin.

Save as disclosed above and the share options granted to the directors as disclosed under the heading "Share Option Scheme" in this report, as at 30 June 2014, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

SHARE OPTION SCHEME

As at 30 June 2014, the following share options granted under the share option scheme of the Company which was adopted on 12 March 2008 and became effective on 25 April 2008 were outstanding:

	Number of share options							Price of Company's shares			
Name or category of participant	At 1 January 2014	Granted during the period	Lapsed during the period	Exercised during the period	At 30 June 2014	Date of grant (Note 2)	Exercise period	Exercise price (Note 3) HK$ per share	At date of grant (Note 4) HK$ per share	Immediately before the exercise date HK$ per share	At date of exercise HK$ per share
Directors											
Hung Hak Hip, Peter	4,928,000	-	-	-	4,928,000	27 April 2009	27 April 2010 up to 26 April 2019	0.35	0.35	N/A	N/A
Seto Gin Chung, John	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 up to 26 April 2019	0.35	0.35	N/A	N/A
Wong Yu Hong, Philip	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 up to 26 April 2019	0.35	0.35	N/A	N/A
Sze Tsai To, Robert	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 up to 26 April 2019	0.35	0.35	N/A	N/A
Cheung Wing Yui, Edward	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 up to 26 April 2019	0.35	0.35	N/A	N/A
Shek Lai Him, Abraham	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 up to 26 April 2019	0.35	0.35	N/A	N/A
Lam Fung Ming, Tammy	1,527,320	-	-	-	1,527,320	27 April 2009	Commencement subject to Note 1 below and up to 26 April 2019 (Note 1a)	0.35	0.35	N/A	N/A
Wong Kwok Ying	4,928,000	-	-	-	4,928,000	27 April 2009	Commencement subject to Note 1 below and up to 26 April 2019	0.35	0.35	N/A	N/A
	23,703,320	-	-	-	23,703,320						
Ex-Director (Note 5)	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 up to 26 April 2019	0.35	0.35	N/A	N/A
Ex-Employees	1,552,200	-	(1,552,200)	-	-	27 April 2009	Commencement subject to Note 1 below and up to 27 June 2014 (Note 1b)	0.35	0.35	N/A	N/A
	27,719,520	-	(1,552,200)	-	26,167,320						

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

SHARE OPTION SCHEME (continued)

Notes:

(1) Having considered the participants' achievement of performance targets, the Board had notified the participants the details of vesting of share options including the number of share options being vested and the date of commencement of the Exercise Period of the vested share options in accordance with the Share Option Scheme.

(1a) Upon re-designation of Lam Fung Ming, Tammy as non-executive director of the Company on 28 June 2013 and pursuant to the Share Option Scheme, the Board endorsed that the Exercise Period of her vested share option shall be up to 26 April 2019 and all unvested share options previously granted to her were lapsed on 28 June 2013.

(1b) Upon completion of disposal of edible oil business of the Group on 28 June 2013, employees who were previously employed for the edible oil business were no longer employees of the Group. All unvested share options previously granted to the ex-employees were lapsed on 28 June 2013 and all outstanding vested share options of these ex-employees were lapsed on 28 June 2014.

(2) Subject to note (1) above, the share options are subject to vesting periods which run from the date of grant to the commencement of the exercise period.

(3) The exercise price of the share options is subject to adjustments.

(4) The price of the Company's shares disclosed is the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the day specified.

(5) Mr. Lee Pak Wing resigned as a non-executive director of the Company on 20 May 2013. In accordance with the Share Option Scheme, share options granted to Mr. Lee shall remain effective until the end of the Exercise Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the headings "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" and "Share Option Scheme" above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or their respective spouse or minor children to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, the interests of substantial shareholders/other persons in the shares and underlying shares of the Company, as notified to the Company and recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Interests in Ordinary Shares of the Company

Name of shareholder	*Notes*	Number of ordinary shares held	Percentage of the Company's issued share capital
True Force Ventures Limited	*(i)*	1,408,783,784	14.08%
Earn Field International Limited	*(ii)*	1,408,783,784	14.08%
H H Hung (2008) Limited	*(iii)*	3,412,399,373	34.10%
Ever Intellect Limited	*(iv)*	605,245,026	6.05%
Hung Hak Hip, Peter	*(v)*	4,094,422,215	40.92%
Hung Diana Wan Ling	*(vi)*	4,094,422,215	40.92%
Winner Planet Limited	*(vii)*	1,625,526,805	16.25%
Creative Mount Limited	*(viii)*	1,587,229,730	15.86%
North China Fast Food (2008) Limited	*(ix)*	3,412,399,373	34.10%
Ample Great Ventures Limited	*(x)*	3,412,399,373	34.10%
Hung Ming Kei, Marvin	*(xi)*	3,631,732,184	36.29%
Arisaig Asia Consumer Fund Limited	*(xii)*	981,288,000	9.81%
Arisaig Partners (Mauritius) Limited	*(xiii)*	981,288,000	9.81%
Cooper Lindsay William Ernest	*(xiv)*	981,288,000	9.81%

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Interests in Ordinary Shares of the Company (continued)

Notes:

(i) The registered holder of the shares disclosed above.

(ii) The registered holder of the shares disclosed above.

(iii) H H Hung (2008) Limited directly controls more than one-third of the voting power at general meetings of Predominance Limited. Predominance Limited is deemed to be interested in the shares mentioned in notes (i)-(ii) above, and 594,831,805 shares held by certain shareholders of the company.

(iv) Ever Intellect Limited indirectly holds the entire issued share capital of certain registered shareholders.

(v) As disclosed in the section under "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares", by virtue of the SFO, Mr. Hung Hak Hip, Peter is deemed to be interested in:

  (a) 3,412,399,373 shares held through H H Hung (2008) Limited mentioned in note (iii) above;

  (b) 605,245,026 shares held through Ever Intellect Limited mentioned in note (iv) above;

  (c) 74,766,648 shares held through a controlled corporation; and

  (d) 2,011,168 shares held through Mr. Hung Hak Hip, Peter's spouse.

(vi) Mrs. Hung Diana Wan Ling is the wife of Mr. Hung Hak Hip, Peter and is deemed to be interested in the shares mentioned in note (v) above.

(vii) The registered holder of the shares disclosed above.

(viii) The registered holder of the shares disclosed above.

(ix) North China Fast Food (2008) Limited indirectly controls more than one-third of the voting power at general meetings of certain registered shareholders including Winner Planet Limited, Creative Mount Limited and Predominance Fortune Limited. The company is deemed to be interested in the shares mentioned in notes (vii) and (viii) above and 199,642,838 shares held by Predominance Fortune Limited.

(x) Ample Great Ventures Limited is the sole shareholder of North China Fast Food (2008) Limited which is deemed to be interested in shares mentioned in notes (ix) above.

(xi) Mr. Hung Ming Kei, Marvin holds the entire issued share capital of Ample Great Ventures Limited and is deemed to be interested in the shares mentioned in note (ix) above. He is also directly and beneficially owned 104,163 shares. In addition, Mr. Hung Ming Kei, Marvin is deemed to be interested in 219,228,648 shares beneficially owned by a discretionary trust whose discretionary beneficiaries included a company owned by him.

(xii) The registered holder of the shares disclosed above.

(xiii) Arisaig Partners (Mauritius) Limited is the investment manager of Arisaig Asia Consumer Fund Limited and is deemed to be interested in the shares mentioned in note (xii) above.

(xiv) Mr. Cooper Lindsay William Ernest indirectly holds one-third of the voting power at general meetings of Arisaig Partners (Mauritius) Limited and is deemed to be interested in the shares mentioned in note (xii) above.

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Interests in Ordinary Shares of the Company (continued)

Save as disclosed above, as at 30 June 2014, the Company had not been notified of any persons other than the directors of the Company whose interests are set out in the sections "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" and "Share Option Scheme" above, who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

CHANGE OF INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes and updated information regarding the Directors of the Company since the Company's last published annual report and up to the date of this interim report are set out below:

(a) Hon. Shek Lai Him, Abraham, *GBS, JP*, retired as an independent non-executive director of Hsin Chong Construction Group Limited, a listed company in Hong Kong, upon conclusion of its annual general meeting on 12 May 2014 as Mr. Shek did not stand for re-election;

(b) Mr. Seto Gin Chung, John, an independent non-executive director of the Company, was appointed as the Vice Chairman of the board of directors of the Company with effect from 29 August 2014 entitling an annual director's fee of HK$300,000 thereafter;

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

CHANGE OF INFORMATION ON DIRECTORS (continued)

(c) The annual director's fee of Mr. Cheung Wing Yui, Edward, *BBS*, an independent non-executive director of the Company, for the year ended 31 December 2014 was changed from HK$220,000 to HK$275,000 with effect from 29 August 2014; and

(d) The annual director's fee of Mr. Siu Wai Keung, an independent non-executive director of the Company, for the year ended 31 December 2014 was changed from HK$220,000 to HK$275,000 with effect from 29 August 2014.

The updated biographies of Directors of the Company are available on the Company's website.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance practices and procedures. The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules for the period from 1 January 2014 to 30 June 2014. The principles as set out in the CG Code have been applied in our corporate governance practice.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct of dealings in securities of the Company by the directors. The Model Code also applies to "relevant employees" as defined in the CG Code.

Based on specific enquiry of the Company's directors, the directors confirmed that they have complied with the required standards in the Model Code adopted by the Company throughout the accounting period covered by this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

CORPORATE GOVERNANCE (continued)

Audit Committee

The directors have engaged the Group's external auditors to review the interim report for the six months ended 30 June 2014. The Group's external auditors have carried out their review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Company established an audit committee with terms of reference aligned with the provisions of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The terms of reference of the audit committee have been posted on the websites of Hong Kong Exchanges and Clearing Limited ("HKEX") and the Company.

The audit committee comprised of Mr. Sze Tsai To, Robert (chairman of the committee), Mr. Seto Gin Chung, John (the Vice Chairman of the Company), Mr. Cheung Wing Yui, Edward, *BBS*, all of them are independent non-executive directors of the Company, and Mr. Hung Hak Hip, Peter, the non-executive Chairman of the Company. The chairman of the audit committee has the required appropriate professional financial qualifications and experience.

In the period under review, the audit committee reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the interim financial report for the six months ended 30 June 2014.

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

CORPORATE GOVERNANCE (continued)

Remuneration Committee

The remuneration committee of the Company was established with a particular responsibility to review the Company's remuneration policy for directors and members of the senior management. The remuneration committee comprised of Mr. Cheung Wing Yui, Edward, *BBS* (chairman of the committee), Mr. Sze Tsai To, Robert, and Hon. Shek Lai Him, Abraham, *GBS, JP*, all of them are independent non-executive directors of the Company, and Mr. Hung Hak Hip, Peter, the non-executive Chairman of the Company.

The terms of reference of the remuneration committee align with the provisions of the CG Code and have been posted on the websites of HKEX and the Company.

Nomination Committee

To comply with the CG Code, a nomination committee of the Company has been formed and its member comprised of Mr. Hung Hak Hip, Peter (chairman of the committee), the non-executive Chairman of the Company, Mr. Seto Gin Chung, John, independent non-executive director of the Company (Vice Chairman of the Company), Mr. Hung Ming Kei, Marvin, an executive director and the chief executive officer of the Company, Dr. Hon. Wong Yu Hong, Philip *GBS* and Hon. Shek Lai Him, Abraham, *GBS, JP*, both are independent non-executive directors of the Company.

The terms of reference of the nomination committee align with the provisions of the CG Code and have been posted on the websites of HKEX and the Company.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

During the six months ended 30 June 2014, there were no purchases, sales or redemptions by the Company or any of its subsidiaries of the Company's listed securities.

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

BOARD OF DIRECTORS

As at the date of this interim report, the executive directors of the Company are Mr. Hung Ming Kei, Marvin and Mr. Wong Kwok Ying. The non-executive directors of the Company are Mr. Hung Hak Hip, Peter (Chairman) and Ms. Lam Fung Ming, Tammy. The independent non-executive directors of the Company are Mr. Seto Gin Chung, John (Vice Chairman), Dr. Wong Yu Hong, Philip, *GBS*, Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui, Edward, *BBS*, Hon. Shek Lai Him, Abraham, *GBS, JP* and Mr. Siu Wai Keung.

VOTE OF THANKS

We would like to thank all of our customers, suppliers, business associates and bankers for their continued support and members of our management team and staff for their hard work during the period under review.

By Order of the Board

Hung Hak Hip, Peter
Chairman

Hong Kong, 29 August 2014

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

EY 安永

To the board of directors of Hop Hing Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial statements of Hop Hing Group Holdings Limited set out on pages 1 to 24, which comprises the condensed consolidated statement of financial position as at 30 June 2014, and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION (continued)

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

29 August 2014