HOP HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 47)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

RESULTS

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 2016, together with the comparative amounts.

These interim financial results have not been audited, but have 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 2016 HK$'000	2015 HK$'000
TURNOVER	5	**1,017,372**	1,014,791
Direct cost of stocks sold		**(376,079)**	(382,237)
Other income and gains/(loss), net	5	**2,140**	4,099
Selling and distribution expenses		**(492,142)**	(493,717)
General and administrative expenses		**(95,996)**	(107,266)
PROFIT FROM OPERATING ACTIVITIES	6	**55,295**	35,670
Finance costs	7	**(500)**	(498)
PROFIT BEFORE TAX		**54,795**	35,172
Income tax expense	8	**(15,170)**	(9,457)
PROFIT FOR THE PERIOD		**39,625**	25,715
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**39,625**	25,715
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	10		
Basic		**HK0.40 cent**	HK0.26 cent
Diluted		**HK0.40 cent**	HK0.26 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited For the six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**39,625**	25,715
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) to be reclassified to income statement in subsequent periods:		
Exchange differences on translation of foreign operations	**(8,344)**	43
OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD	**(8,344)**	43
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**31,281**	25,758
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**31,281**	25,758

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**200,444**	212,409
Deferred tax assets		**33,878**	26,789
Prepayment and rental deposits		**46,358**	45,945
Total non-current assets		**280,680**	285,143
CURRENT ASSETS			
Stocks		**118,146**	126,133
Accounts receivable	11	**7,970**	6,947
Prepayments, deposits and other receivables		**53,805**	53,702
Tax recoverable		**3,849**	5,808
Cash and cash equivalents		**428,430**	355,513
Total current assets		**612,200**	548,103
CURRENT LIABILITIES			
Accounts payable	12	**118,809**	101,479
Other payables and accrued charges		**293,576**	261,145
Interest-bearing bank loan		**10,000**	–
Tax payable		**11,057**	6,255
Total current liabilities		**433,442**	368,879
NET CURRENT ASSETS		**178,758**	179,224
TOTAL ASSETS LESS CURRENT LIABILITIES		**459,438**	464,367
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**18,570**	16,433
NET ASSETS		**440,868**	447,934
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**1,007,043**	1,007,043
Reserves		**(566,175)**	(559,109)
Total equity		**440,868**	447,934

Notes:

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, 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 2015.

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

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

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.

Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
HKFRS 16	*Lease*[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
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. 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.

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

Turnover represents the invoiced value of goods sold, net of sales related taxes, during the period.

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

	Unaudited For the six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Turnover		
Sales	**1,017,372**	1,014,791
Other income and gains/(loss), net		
Bank interest income	**2,310**	3,252
Foreign exchange differences, net	**(2,155)**	116
Government grants	**1,095**	121
Others	**890**	610
	2,140	4,099

6. PROFIT FROM OPERATING ACTIVITIES

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

	Unaudited For the six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Direct cost of stocks sold	**376,079**	382,237
Depreciation	**51,028**	53,611
Impairment of items of property, plant and equipment	**–**	1,164
Lease payments under operating leases in respect of lands and buildings		
– minimum lease payments	**133,911**	138,859
– contingent rents	**17,612**	18,958
Loss on write-off of items of property, plant and equipment, net	**1,079**	5,319

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited For the six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Interest on bank loans	**6**	327
Bank financing charges and others	**494**	171
	500	498

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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.

The PRC corporate income tax rate for the Group's subsidiaries operated in Mainland China during the period was 25% (2015: 25%) on their taxable profits. One of the subsidiaries engaged in agricultural business is entitled to exemptions from the standard income tax rate in 2015 and 2016.

The major components of the income tax expense/(credit) for the period are as follows:

	Unaudited For the six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**1,414**	1,153
Current – Elsewhere		
Charge for the period	**19,616**	10,852
Over-provision in prior years	**–**	55
Deferred tax	**(5,860)**	(2,603)
Total tax charge for the period	**15,170**	9,457

9. DIVIDEND

	Unaudited For the six months ended 30 June 2016 *HK$'000*	2015 *HK$'000*
Dividend paid during the period:		
Final dividend for 2015 – HK0.25 cent (2014: HK0.25 cent) per ordinary share	**25,176**	25,176

10. 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 9,968,198,232 (2015: 10,006,288,386) ordinary shares in issue during the period, as adjusted to reflect the number of shares of 211,547,400 (2015: 64,143,000) held under the share award scheme of the Company.

b. Diluted earnings per share

For the period ended 30 June 2016, 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 9,988,214,050 (2015: 10,019,921,330) ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares of 20,015,818 (2015: 13,632,944) calculated as follows:

	Unaudited For the six months ended 30 June 2016 *HK$'000*	2015 *HK$'000*
Consolidated profit attributable to equity holders of the Company	**39,625**	25,715

	Unaudited Number of shares	
	30 June 2016	30 June 2015
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**9,968,198,232**	10,006,288,386
Effect of dilution – weighted average number of ordinary shares:		
Share options *	**–**	1,141,022
Share award	**20,015,818**	12,491,922
	9,988,214,050	10,019,921,330

* The outstanding share options of the Company have not been included in the computation of diluted earnings per share for the period ended 30 June 2016 as these options had no dilutive effect on the Company's basic earnings per share.

11. ACCOUNTS RECEIVABLE

The Group's QSR products are mainly sold on a cash basis. Accounts receivable of the Group's QSR business were mainly due from shopping malls and internet platform service providers with credit terms within 60 days. The overdue balances are reviewed regularly by senior management.

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 2016 ***HK$'000***	Audited 31 December 2015 *HK$'000*
Current (neither past due nor impaired)	**7,967**	6,806
Within 60 days past due	**3**	141
	7,970	6,947

12. 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 2016	Audited 31 December 2015
	HK$'000	*HK$'000*
Current and less than 60 days	**114,768**	97,797
Over 60 days	**4,041**	3,682
	118,809	101,479

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

For the six months ended 30 June 2016 (the "period under review"), the turnover of the Group's business amounted to HK$1,017.4 million (for the first half of 2015: HK$1,014.8 million). Earnings before interest, tax, depreciation and amortization (EBITDA) for the period under review were HK$106.3 million, representing an increase of HK$17.0 million from HK$89.3 million for the same period in 2015. The profit attributable to equity holders of the Company for the period under review was HK$39.6 million, representing an increase of HK$13.9 million or 54.1% when compared to HK$25.7 million for the first half of last year. The higher profit for the period under review compared to the corresponding period in 2015 was mainly due to the Group's active adjustment of its operating strategy during the period under review, particularly the strengthened online delivery business and establishment of smaller stores; coupled with the reduction in the cost of sales and effective cost control measures.

Basic and diluted earnings per share for the period were HK0.40 cent and HK0.40 cent respectively (six months ended 30 June 2015: HK0.26 cent and HK0.26 cent respectively).

DIVIDEND

On 30 June 2016, the Company made payment of a final dividend of HK0.25 cent per share for the year ended 31 December 2015. The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

REVIEW OF OPERATION AND PROSPECTS

Industry review

In the first half of 2016, a host of factors prevailing in 2015 including China's sluggish economy, the growing impacts of the internet on caterers, fierce competition in the mid-range and low-end markets affecting the PRC catering industry continued to bear on China's quick service restaurant ("QSR") players including the Group. Thus, the business environment where the Group operates remained challenging. After going through structural adjustments and industry consolidation, the catering industry has gone back to appreciating its core essence of "catering to consumer needs and going back to basics" and at the same time effectively made use of the internet and emerging payment instruments to expand sales. QSR players managed to gradually find the right direction and continued to make adjustments that agree with the new norm in mass catering. Despite facing complex external factors and a testing market environment plus the emergence of various new issues, the major players in the industry have remained prudent and continued the pace of transformation and adjustment.

Business review

In the first half of 2016, the Group's Renminbi sales revenue increased by 5.3% to RMB856,627,000 (for the first half of 2015: RMB813,862,000). Apart from the additional sales brought by new stores, another contributor to revenue growth was the Group's proactive efforts to connect with delivery platforms on the internet during the period under review, which drove the improvement in sales of the delivery business, as well as introduced new flavour products continuously to stimulate consumption.

The management actively sought innovative measures conducive to promoting performance growth and the six major business strategies laid down at the beginning of the year including: enhancing Online-To-Offline ("O2O") strategies and delivery capability, upgrading the information system, opening stores at suitable locations and opportune time, improving operating efficiency, elevating customer satisfaction level and strengthening the image of the Group's brands. Relevant measures were put into effective practice in the first half of the year. The six strategies contributed differently to the improvement in sales, profits and morale of the Group during the period under review.

With an aim to provide more efficient and quality delivery services, the Group set up its own delivery team to provide customers with faster delivery and give them more satisfactory consumer experience. As a result, the Group recorded significant growth in delivery sales.

During the period under review, the Group actively adjusted its store opening strategy. On the one hand, it shut down stores that did not match its future development direction. On the other hand, with an emphasis on investment returns, it opened relatively smaller stores and ensured the design of these new stores can offer more comfort to customers. As at 30 June 2016, the Group had 455 stores in operation.

	As at	
	30 June 2016	31 December 2015
Yoshinoya		
Beijing-Tianjin-Hebei Province Metropolitan Region	**214**	212
Liaoning	**72**	69
Inner Mongolia	**11**	10
Heilongjiang	**9**	10
Jilin	**2**	2
	308	303
Dairy Queen		
Beijing-Tianjin-Hebei Province Metropolitan Region	**100**	106
Liaoning	**21**	22
Inner Mongolia	**7**	6
Heilongjiang	**6**	6
Jilin	**2**	2
	136	142
Others		
Beijing-Tianjin-Hebei Province Metropolitan Region	**11**	10
Total	**455**	455

In the first half of 2016, despite the difficult business environment, the Group's dedication in executing its six core growth strategies enabled it to successfully improve a majority of its same store sales. The Group's overall same store sales (denominated in Renminbi) remained constant (for the first half of 2015: -2.7%). Yoshinoya recorded a 1% same store sales growth (for the first half of 2015: -2.9%). As for Dairy Queen, which stores are mainly in shopping malls, due to the change of consumption pattern in China which led to a decline of shopping mall traffics, same store sales declined by 9.5% (for the first half of 2015: -0.5%). However, the Group has been adjusting the operating strategy of Dairy Queen with an aim to reposition the Dairy Queen brand and strengthen the brand's penetration at strategic locations, including adding more stores in mega-size shopping malls of over 10,000 sq. m. to boost the brand's appeal to younger consumers. The Group is cautiously optimistic that Dairy Queen's sales performance will gradually improve in the second half of the year.

	Percentage Increase in Same Stores Sales (denominated in Renminbi) Six months Ended 30 June	
	2016	2015
Overall	**0.0%**	–2.7%
By main brands		
Yoshinoya	**1.0%**	–2.9%
Dairy Queen	**–9.5%**	–0.5%

In the period under review, in terms of revenue, the Beijing-Tianjin-Hebei Province Metropolitan Region remained the largest market of the Group and sales revenue from Yoshinoya's products accounted for approximately 88% of the Group's total revenue.

	Six Months Ended 30 June			
	2016		2015	
	RMB'000	***% of sales***	*RMB'000*	*% of sales*
a. By Region				
Beijing-Tianjin-Hebei Province Metropolitan Region	**644,828**	**75.3%**	604,106	74.2%
Northeast China [1]	**211,799**	**24.7%**	209,756	25.8%

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

	Six Months Ended 30 June			
	2016		2015	
	RMB'000	***% of sales***	*RMB'000*	*% of sales*
b. By main brands				
Yoshinoya	**751,250**	**87.7%**	727,329	89.4%
Dairy Queen	**87,805**	**10.3%**	86,452	10.6%

Under such severe market environment, the Group continued to execute its proven policy of strategic and bulk procurement of key food ingredients through strategic sourcing and continuous extension and improvement of its supply chains without compromising the food quality. Coupled with the replacement of business tax with value-added tax, the Group managed to lower procurement cost of key food ingredients compared to 2015 and achieved a gross profit margin of 63.0% for the first six months of 2016, up by 0.7 percentage point compared with the same period in 2015.

	Six Months Ended 30 June	
	2016	2015
Gross Profit Margin	**63.0%**	62.3%

In addition, as a result of the Group's active implementation of measures to motivate its team, such as raising the percentage of store bonus, labour costs increased. However, with the incentive and appraisal scheme being successful in encouraging store managers and supervisors to actively improve the efficiency of store operations, savings were made in many operating costs, such as utility and repair costs, which in aggregate offset partially the increase in labour costs. The Group also increased interaction with fans by stepping up use of the internet tapping its wide coverage to roll out marketing strategy, thus greatly enhanced the cost effectiveness of advertising and publicity.

	Six Months Ended 30 June			
	2016		2015	
	HK$'000	***% of sales***	*HK$'000*	*% of sales*
Labour Costs	**153,136**	**15.1%**	134,188	13.2%
Rental Expense	**142,719**	**14.0%**	145,469	14.3%
Depreciation	**47,640**	**4.7%**	47,059	4.6%
Other Operation Expenses	**148,647**	**14.6%**	167,001	16.6%
Total Selling and Distribution costs	**492,142**	**48.4%**	493,717	48.7%

Financial Review

Equity

The number of issued shares of HK$0.10 each of the Company as at 30 June 2016 was 10,070,431,786 (31 December 2015: 10,070,431,786).

Liquidity and gearing

As at 30 June 2016, the Group's total bank borrowing was a bank loan of HK$10 million (31 December 2015: Nil), which was unsecured, denominated in Hong Kong dollars and repayable 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 2016 was 2.3% (31 December 2015: 0%).

The finance costs for the period were HK$0.5 million (six months ended 30 June 2015: HK$0.5 million).

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

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, share options and share awards 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$208 million (six months ended 30 June 2015: HK$195 million). As at 30 June 2016, the Group had 7,971 full time and temporary employees (30 June 2015: 7,460).

During the period ended 30 June 2016, the Board resolved to grant share awards in respect of 17,030,499 shares to certain selected participants who are not a director, chief executive or substantial shareholder of the Company, nor an associate (as defined under the Listing Rules) of any of them.

Operating segment information

Details of the operating segment information are set out in note 4.

Contingent liabilities

The Group had no material contingent liability outstanding as at 30 June 2016.

Pledge of assets

The Group had no pledge of assets as at 30 June 2016.

Future Development of the Group's Business

Catering development trends in 2016

With the slowdown in growth in the number of mobile internet users and the gradual saturation of internet penetration, going back to basics has become the development trend for traditional industries which at the same time have to compete with online companies going offline. From the Group's perspective, guided by its three major strategies – decentralising, hastening collection of information and optimising customer experience, it will continue to bring about more changes in terms of business model innovation.

Future development strategy

Looking ahead, as the internet gains popularity, the Group will continue to strengthen O2O marketing strategy and make good use of this platform to actively transform its online business. With the upgraded information system to track and analyse the market and consumption data collected from the internet platforms, including the Group's official website, its mobile WAP ordering system and the social media platforms, it will be able to analyse relevant data so as to better define market segments, of consumer and customer groups, compile precise records and analysis on users to aid marketing to target customer groups, thereby enhance the efficiency and effectiveness of marketing.

With the aid of online platforms, the Group is able to gather fans and gain a good understanding of the changing needs and preferences of consumers, so that it can swiftly cope with the changing market environment. In fact, the Group has made active efforts over the past year to develop a new O2O business model aiming for integration of its online and offline businesses to give customers a pleasant dining experience. In particular, the Group integrated e-commerce with physical stores, offering a closed circuit transaction model where orders and payments are processed online and services are provided at physical stores to create a more enjoyable experience for customers. In the first half of the year, the Group began cooperation with more providers of e-payment tools to seize e-commerce opportunities and further penetrated into customer groups that are younger and with high spending power. Apart from actively strengthening partnership with a number of domestic online restaurant platforms and search engines, in the second half this year, the Group will launch an official e-mall on a mobile communication platform in China to grasp the tremendous opportunities of online and offline orders and integrate e-commerce with physical stores, as complemented by its own growing delivery team. The objective of all these initiatives is to expand the Group's market share and increase sales.

As for the dining environment, the Group will spare no effort in pursuing new ideas that can provide customers with fresh consumption experience. At the same time, the optimisation and reform of restaurant and kitchen designs will also effectively improve the utilisation of store area which will translate into better returns to the Group. In addition, the Group will strive to strengthen the efficiency and quality of its delivery service, including improving the design of existing thermal lunch boxes, such that customers can enjoy steaming hot and good quality food delivered to them at home or in the office.

Another area of great importance, which the Group has never stopped perfecting, is risk management and monitoring. The Group's food safety and occupational health and safety management system are ISO22000 and OHSAS18001 certified. The Group also implements strict quality control over all raw materials and keeps strengthening cooperation with suppliers who share its commitment to food safety.

Furthermore, starting in May 2016, business tax has been replaced by value added tax in China. The impact of the change will be more apparent in the second half year. This will help keep the Group's gross profit margin stable/have a positive impact on the Group's gross profit margin.

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

By Order of the Board
Hop Hing Group Holdings Limited
Hung Ming Kei, Marvin
Chief Executive Officer

Hong Kong, 26 August 2016

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 2016 to 30 June 2016. 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 the interim report.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

During the six months ended 30 June 2016, the trustee of the Company's share award scheme ("Share Award Scheme") as adopted on 20 March 2015 purchased on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a total of 144,644,000 shares of the Company at a total consideration of approximately HK$15,324,000. As the shares are held by the trustee for the award of shares pursuant to the Share Award Scheme, and the shares are therefore not cancelled. Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities during the six months ended 30 June 2016.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the Company's website at *www.hophing.com* and the website of Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk*. The interim report will be despatched to shareholders of the Company and made available at the aforesaid websites in due course.

VOTE OF THANKS

On behalf of the Group, I would like to thank all of our customers, suppliers, business associates and bankers for their unwavering support. I wish to also express my gratitude to members of our management team and staff for their diligence and perseverance during the period under review.

By Order of the Board
Hop Hing Group Holdings Limited
Seto Gin Chung, John
Chairman

Hong Kong, 26 August 2016

As at the date of this announcement, the executive directors of the Company are Mr. Hung Ming Kei, Marvin and Mr. Wong Kwok Ying. The independent non-executive directors of the Company are Mr. Seto Gin Chung, John (Chairman), Dr. Hon. 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. Wan Sai Cheong, Joseph. The non-executive director of the Company is Ms. Lam Fung Ming, Tammy.