HOP HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 47)

2019 ANNUAL RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

During the year under review, the People's Republic of China (the "PRC") faced increasingly complex challenges, both at home and abroad. The Sino-US trade conflict affected negatively on the economy. The food and beverage (the "F&B") sector was hit by escalating prices on meats, and was further aggravated by the African Swine Fever which drastically reduced domestic pork supply. Nonetheless, our management team proactively embarked on measures that enabled Hop Hing to overcome various obstacles.

In 2019, the F&B sector continued to expand and the takeaway segment developed rapidly. Such growth attracted competitors from other industries, brought changes to the long-established catering enterprise business model and spurred technological development. However, long-standing issues remained, most notably the increasing cost of raw materials, labour, rent and third-party delivery platforms, all of which continued to erode profit margin. At the same time, operations became increasingly digitalised and internet-focused, as well as more retail-oriented. The combination of such developments placed certain traditional operators at a disadvantage, facilitating industry consolidation.

While “change is the only constant in life”, another constant that remains true, particularly for the F&B industry, is that good food and services underpin success. At Hop Hing, we have continued to adhere to our principle of dedication to improving customer satisfaction. In 2019, both sales and number of new stores continued to grow. The independent operation of the Hop Hing financial shared service centre and supply chain subsidiary resulted in more cohesive operations throughout the organisational structure, resulting in greater efficiencies. As customer satisfaction has always been our top priority, the Group has actively improved its products, services and workflow by analyzing customer feedback. Furthermore, we have bolstered our incentive scheme to motivate our store managers. With increasing technological support, such as self-service ordering machines and WeChat ordering program, operational efficiency has improved, particularly during peak business hours. Our upgraded customer relationship management (CRM) system has allowed us to conduct targeted marketing and sales to different customers according to their preference and needs. Capitalising on our own delivery service team, we have improved online marketing and sales activities, consequently increasing related income.

In 2020, the PRC economy is expected to face various continuing challenges, but perhaps most significant will be the COVID-19, the first cases of which were reported at the end of 2019. Service industries including F&B and entertainment look set to suffer major hits. The PRC government has already launched a series of policies, including injecting liquidity, offering financing support, adjusting tax policies and postponing social security payments to assist companies experiencing dwindling cash flows – helping them regain momentum and resume normal operations as soon as possible. We believe further tax and expense relief measures will be initiated by the PRC government to boost spending and economic expansion in the near future.

The Group, like other catering enterprises in the country, has been suffering from the outbreak, with certain stores temporarily suspending operation. Nonetheless, we have been ensuring that a number of stores continue to open, while closely monitoring the situation as part of our strong commitment to protecting the health and safety of our employees and customers. Under such hostile operating environment and despite having issued a profit warning on 20 March 2020, the Hop Hing Group is concurrently facing both challenges and opportunities. In the first half of 2020, we will moderate new store openings and our cashflows will be focused on safeguarding our current operations. We will also stand together with suppliers, while seeking to relieve financial pressure on the Group brought about by the pandemic. Based on the government guidelines, we will reopen certain affected stores as soon as safely possible. We will also adhere to our best practices, guided by our basic principle of "Dedication to Customer Satisfaction", to provide consumers with delightful, safe and healthy products, complemented by quality services. In response to growing demand for delicious and convenient home meals, the Group has launched a new "Family Kitchen" product line, which includes pre-packaged food products and "non-contact" delivery services. The Group will continue to develop this product line, which will feature an even wider ranges of choices, and will leverage our well-equipped stores which are able to support delivery services. While improving the quality of our core products, we will also increase the variety of keenly priced products, so as to meet customer demand for diversity, refined taste and affordability, which is in alignment with our customer-oriented operational strategy and guiding principles. In addition, we will increase investments in technology, in order to build a data analysis platform that is capable of analyzing customer demand more speedily and accurately, leading to the prompt adjustment of operational strategies according to what the market dictates. We will also continue the incentive schemes, streamline our business workflow, and improve overall operational efficiency.

As we brace for the COVID-19 pandemic and downward pressure on the PRC economy in 2020, we will place utmost importance on leveraging all of the Group's attributes to overcome whatever obstacles that may arise, so as to achieve the business goals of Hop Hing for 2020. I would like to take this opportunity to extend by appreciation to our Board members, management and staff for their diligence and staunch support. I wish to also express my gratitude to our customers, shareholders and business partners for their trust and loyalty to the Group.

SETO GIN CHUNG, JOHN
Chairman

Hong Kong
30 March 2020

RESULTS

The board of directors (the "Board") of Hop Hing Group Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2019

	Notes	**2019**	2018
		RMB'000	*RMB'000*
			(Restated)
TURNOVER	*5*	**2,102,814**	2,003,617
Cost of sales		**(782,446)**	(737,978)
Other income and gains, net		**17,698**	13,895
Selling and distribution expenses		**(955,892)**	(948,967)
General and administrative expenses		**(187,640)**	(177,499)
Share of profits and losses of joint venture		**(1,264)**	(380)
PROFIT FROM OPERATING ACTIVITIES	*6*	**193,270**	152,688
Finance costs	*7*	**(41,523)**	(621)
PROFIT BEFORE TAX		**151,747**	152,067
Income tax expense	*8*	**(47,637)**	(48,587)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**104,110**	103,480
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*10*		
Basic		**RMB1.07 cents**	RMB1.05 cents
Diluted		**RMB1.06 cents**	RMB1.04 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019 *RMB'000*	2018 *RMB'000* (Restated)
PROFIT FOR THE YEAR	**104,110**	103,480
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to income statement in subsequent periods:		
Exchange differences on translation of financial statements of operations outside Mainland China	**2,330**	7,720
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**2,330**	7,720
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**106,440**	111,200

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	**31 December 2019** *RMB'000*	31 December 2018 *RMB'000* (Restated)	1 January 2018 *RMB'000* (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**206,203**	183,018	177,826
Right-of-use assets		**626,080**	–	–
Investment in a joint venture		**8,556**	9,820	–
Deferred tax assets		**87,128**	43,788	37,092
Prepayments and rental deposits		**42,526**	45,968	42,998
Total non-current assets		**970,493**	282,594	257,916
CURRENT ASSETS				
Stocks		**146,536**	95,483	92,835
Accounts receivable	*11*	**18,473**	17,512	14,802
Prepayments, deposits and other receivables		**110,082**	122,226	81,601
Tax recoverable		**4,128**	1,173	163
Deposit certificates		**60,000**	–	–
Other financial assets		**242,988**	207,023	40,000
Cash and cash equivalents		**252,900**	352,660	534,530
Total current assets		**835,107**	796,077	763,931
CURRENT LIABILITIES				
Accounts payable	*12*	**129,166**	112,608	127,969
Other payables and accrued charges		**328,696**	355,101	312,097
Lease liabilities		**185,977**	–	–
Interest-bearing bank loan		**–**	–	8,330
Tax payable		**12,859**	5,971	8,211
Total current liabilities		**656,698**	473,680	456,607
NET CURRENT ASSETS		**178,409**	322,397	307,324

	Notes	**31 December 2019**	31 December 2018	1 January 2018
		RMB'000	*RMB'000*	*RMB'000*
			(Restated)	(Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,148,902**	604,991	565,240
NON-CURRENT LIABILITIES				
Lease liabilities		**603,075**	–	–
Deferred tax liabilities		**22,666**	21,108	20,618
Total non-current liabilities		**625,741**	21,108	20,618
NET ASSETS		**523,161**	583,883	544,622
EQUITY				
Equity attributable to equity holders of the Company				
Issued share capital		**820,284**	820,284	820,284
Reserves		**(297,123)**	(236,401)	(275,662)
TOTAL EQUITY		**523,161**	583,883	544,622

NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for other financial assets and deposit certificates which have been measured at fair value. These financial statements are presented in renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGE OF PRESENTATION CURRENCY

The presentation currency of the consolidated financial statements in the prior financial period was Hong Kong dollars ("HK$").

Having considered that (i) most of the Group's transactions are denominated and settled in RMB; and (ii) the change of presentation currency will also reduce the impact of any fluctuations in the exchange rate of HK$ against RMB, which is not related directly to the Group's operational performance and is beyond its control, on the consolidated financial statements of the Group, the directors of the Company consider that it is more appropriate to use RMB as the presentation currency of the consolidated financial statements of the Group so that the shareholders of the Company will be presented with a clearer picture of the Group's actual financial performance. Accordingly, the Group has changed its presentation currency of the preparation of the consolidated financial statements from HK$ to RMB starting from 1 January 2019. The comparative figures have been restated to conform with the current year's presentation in RMB and a third consolidated statement of financial position as at 1 January 2018 has been presented.

For the purpose of presenting the consolidated financial statements of the Group in RMB, the assets and liabilities for the consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting periods. Income and expenses in the consolidated income statement and consolidated statement of comprehensive income are translated at the average exchange rates for the financial periods. The share capital, the share premium and reserves are translated at the exchange rates at the dates of transaction.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16, the adoption of the above new and revised standards has had no significant effect on the financial statements.

Adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customers has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of offices, warehouses and stores. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rates as at 1 January 2019.

The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rates where the Group applied the incremental borrowing rates at 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the lease liabilities and the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemption to lease with a lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 January 2019

- Relied on the entity's assessment of whether leases were onerous by applying HKAS 37 immediately before 1 January 2019 as an alternative to performing an impairment review

- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application when applying HKFRS 16

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) *RMB'000*
Assets	
Increase in right-of-use assets	628,662
Increase in deferred tax assets	37,773
Decrease in prepayment, deposits and other receivables	(40,862)
Increase in total assets	625,573
Liabilities	
Increase in lease liabilities	800,369
Decrease in other payables and accrued charges	(61,477)
Increase in total liabilities	738,892
Reserves	
Decrease in retained profits	(113,319)

A reconciliation between the lease liabilities as at 1 January 2019 and the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	907,756
Weighted average incremental borrowing rate as at 1 January 2019	4.10%
Discounted operating lease commitments as at 1 January 2019	800,507
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(138)
Lease liabilities as at 1 January 2019	800,369

4. OPERATING SEGMENT INFORMATION

The Group's primary operating segment is quick service restaurants ("QSR") business. 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 PRC. Therefore, no analysis by geographical region is presented.

5. TURNOVER

An analysis of turnover is as follows:

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Turnover – revenue from contracts with customers		
Sale of products, at a point in time	**2,102,814**	2,003,617

Revenue from contracts with customers

(i) Disaggregated revenue information

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Brands		
Yoshinoya	**1,782,062**	1,703,757
Dairy Queen	**230,809**	210,802
Others	**89,943**	89,058
	2,102,814	2,003,617
Geographical markets		
Beijing-Tianjin-Hebei Province Metropolitan Region	**1,568,417**	1,485,118
Other northern areas of China [Note]	**534,397**	518,499
	2,102,814	2,003,617

Note: Including Liaoning, Inner Mongolia, Heilongjiang and Jilin provinces.

(ii) Performance obligations

Sale of goods

The Group sells goods directly to customers via stores and online food order platforms. The performance obligation is satisfied when the products are delivered to the customers. Payment of the transaction price is due immediately when the customers purchase the goods. The payment is usually settled in cash or using online payment platforms.

6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Foreign exchange differences, net	**5,020**	7,650
Direct cost of stocks sold*	**715,113**	672,384
Loss on disposal/write-off of items of property, plant and equipment, net	**10,308**	8,005
Employee benefit expenses (including directors' emoluments):		
Wages and salaries	**390,516**	364,080
Pension scheme contributions**	**90,621**	89,908
Equity-settled share-based payments	**6,431**	6,883
	487,568	460,871
Depreciation of property, plant and equipment	**91,977**	83,683
Depreciation of right-of-use assets	**196,061**	–
Impairment/(write-back of impairment) of items of property, plant and equipment	**(1,031)**	4,985
Impairment of right-of-use assets	**12,233**	–
Lease payments under operating leases:		
– Minimum lease payments	**–**	234,205
– Contingent rents	**–**	33,771
Lease payments not included in the measurement of lease liabilities	**35,388**	–
Gain on termination of leases	**(3,454)**	–
Auditor's remuneration	**2,628**	2,237
Fair value gain, net – investments at fair value through profit or loss	**(8,851)**	(5,633)

Notes:

* Direct cost of stocks sold is included in "Cost of sales" in the consolidated income statement.

** At 31 December 2019, the Group had no forfeited contributions available to reduce its future contributions to the pension schemes in future years (2018: Nil).

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Interest on bank loans	**–**	44
Bank financing charges and others	**526**	577
Interest on lease liabilities	**40,997**	–
	41,523	621

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. 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 year was 25% on their taxable profits. One of the subsidiaries engaged in agricultural business was entitled to exemption from the standard income tax rate in 2019 and 2018.

The major components of the income tax expense for the year are as follows:

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Current – Hong Kong		
Charge for the year	**1,877**	435
Under/(over) provision in prior years	**(546)**	152
	1,331	587
Current – Elsewhere		
Charge for the year	**46,638**	48,847
Under/(over) provision in prior years	**1,538**	(678)
	48,176	48,169
Deferred	**(1,870)**	(169)
Total income tax charge for the year	**47,637**	48,587

9. DIVIDENDS

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Dividends paid during the year:		
Final dividend for 2018		
– HK0.61 cent (2017: HK0.83 cent) per ordinary share*	**51,356**	69,036
Proposed final dividend:		
HK0.248 cent (2018: HK0.61 cent) per ordinary share	**22,327**	51,847

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the proposed final dividend payable.

* Final dividend for 2018 and 2017 paid during the year ended 31 December 2019 and 2018 represented the dividends paid for the issued ordinary shares, excluding treasury shares held by the trustee under the share award scheme.

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 year attributable to equity holders of the Company of RMB104,110,000 (2018: RMB103,480,000), and the weighted average number of 9,749,007,486 (2018: 9,815,305,745) ordinary shares in issue during the year, as adjusted to reflect the number of shares of 337,477,994 (2018: 313,186,867) held under the share award scheme of the Company.

(b) Diluted earnings per share

For the year ended 31 December 2019, the calculation of diluted earnings per share is based on the consolidated profit for the year attributable to equity holders of the Company of RMB104,110,000 (2018: RMB103,480,000) and the weighted average number of 9,853,728,801 (2018: 9,925,254,290) ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares of 104,721,315 (2018: 109,948,545) calculated as follows:

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Consolidated profit for the year attributable to equity holders of the Company	**104,110**	103,480

Shares	**Number of shares** **2019**	2018
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**9,749,007,486**	9,815,305,745
Effect of dilution – weighted average number of ordinary shares:		
Share award	**100,973,224**	93,283,580
Share options	**3,748,091**	16,664,965
	9,853,728,801	9,925,254,290

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. Overdue balances are reviewed regularly by senior management.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Within 1 month	**17,769**	17,257
1 to 2 months	**704**	255
	18,473	17,512

12. ACCOUNTS PAYABLE

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

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Current and less than 60 days	**111,215**	104,784
Over 60 days	**17,951**	7,824
	129,166	112,608

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

Having considered that most of the Group's transactions are denominated and settled in RMB and the change of presentation currency will also reduce the impact of any fluctuations in the exchange rate of the HKD against the RMB, the Board believes that it is more appropriate to use RMB as the presentation currency for the Group's financial statements starting from 2019, so that the shareholders of the Company will be presented with a clearer picture of the Group's actual financial performance. The comparative figures for the same period of 2018 have also been restated in RMB.

For the year ended 31 December 2019, turnover of the Group's business increased by 5% from RMB2,003.6 million in 2018 to RMB2,102.8 million. While the Group expanded its store network by 38 new stores (net) and increased the delivery business of Yoshinoya products and Dairy Queen products by 8% and 49% respectively, the increase in the promotion activities and the rise in the major operating costs and the third party platform charges put pressure on the profitability of the Group. Profit attributable to equity holders of the Company for the year under review was RMB104.1 million, representing an increase of RMB0.6 million or 0.6% when compared with RMB103.5 million for the year ended 31 December 2018.

Basic and diluted earnings per share for the period were RMB1.07 cents and RMB1.06 cents respectively (2018: RMB1.05 cents and RMB1.04 cents, respectively).

DIVIDENDS

On 28 June 2019, the Company made a final dividend payment of HK0.61 cent per share for the year ended 31 December 2018. The Directors recommended payment of a final dividend of HK0.248 cent per share for the year ended 31 December 2019 (2018: HK0.61 cent per share). Subject to approval by shareholders at the forthcoming Annual General Meeting of the Company, the final dividend will be distributed on or about 29 June 2020 to shareholders whose names appear on the register of members of the Company as at 9 June 2020.

The amount of final dividend recommended was calculated based on the number of ordinary shares in issue at the date of approval of the consolidated financial statements. These financial statements do not reflect the final dividend payable.

BUSINESS REVIEW

Industry review

In 2019, China's economy faced a number of challenges reflecting both cyclical factors and long-term structural trends. The Sino-US trade frictions were full of twists and turns. Due to the adverse effects brought by these unstable factors to the Chinese economy, its GDP growth rate declined from the beginning of 6.6% to 6.1% by the end of the year. Despite the hit sustained from the overall economic slowdown in China, the catering market there still faced fierce competition. As the giants from the internet, retail and property industries continued their cross-sectoral expansion into the catering sector, the competition among catering enterprises became more intense. The scope of competition extended from simply products and services to the catering enterprises' overall operational capabilities including brands, technology, marketing and the supply chain.

In 2019, affected by the outbreak of the African swine fever, pork prices in China rose substantially and pushed up the overall prices of food such as other poultry meat and eggs. As a result, the costs of food recorded a greater increase over previous years. Moreover, the rising labour and rental costs continued to squeeze the profitability of catering enterprises. Food delivery remained at a high proportion in the turnover of the catering business and contributed greater income to catering enterprises. However, at the same time, the high service fees charged by food delivery platforms presented more serious challenges to the survival of catering players, particularly small and medium enterprises. New guidelines on food safety standards were published by the Central Committee of the Communist Party of China and the State Council under their names for the first time. As the state policy and regulations constantly improve, a more stringent supervision and penalty scheme on food safety in the country is expected and will increase the operating costs of catering enterprises.

In the past year, technologies, particularly modern information technologies, such as cloud computing, 5G, the Internet-of-Things, artificial intelligence, big data and the wireless internet, played an increasingly important role in the catering industry. The application of technologies such as self-ordering machines, online food ordering, face recognition payment, smart kitchens and automated facilities not only saved labour costs and improved operational efficiency, but also enhanced the customer experience. The information processing systems such as customer relationship management (the "CRM") and cloud service platforms for catering have boosted the digitalisation and management standards of catering enterprises, which also facilitated more direct interaction with customers, enabling catering enterprises to truly fulfill customers' needs so as to pursue reforms and innovation.

While consumers' income was increasing and their consumption behaviours became increasingly mature, "delicious taste" continued to be consumers' top goal and they paid greater attention to the variety and experience of food taste and presentation style. Alongside an upgrade in consumption, customers continued to show trends of a preference for diverse, personalised and quality-oriented offerings. Furthermore, the increased pressure brought by the competition and the need for improving efficiency has spurred the catering industry to take reference to the highly efficient operating model adopted by the fast-moving retail industry. Through the integration of retail business elements into catering operations and leveraging the technologies, the catering enterprises were evolving from a "traditional labour-intensive services industry" into something more resembling a "modern industrialised retail profession" in terms of procurement, distribution, products, operations, finance and payment and marketing. At the same time, the catering enterprises also needed to convert to delicacy management, with the aim of optimising internal development structure, cutting costs and boosting efficiency in order to cope with the increasingly intensified competition.

Despite encountering challenges, against the backdrop of stable overall economic development in China during the year under review, the catering industry, as a key constituent of the real economy and the key arena of the consumption upgrade, still achieved some progress in 2019. During the year under review, the catering industry continued to lead the consumer goods retail market, becoming the largest segment in China's consumer sector. The catering industry gradually became a new driving force to drive domestic consumption in China and played an important role as a key market in the aspects of expanding domestic consumption, stimulating spending, stabilising growth and benefitting livelihood. Besides, the government launched a series of policies such as taxation and tariff reduction, with the aim of reducing the burden of, and bolstering confidence in, catering enterprises. The government also introduced the "night-time economy" policy in first-tier cities to spur consumers to spend, which yielded some positive effects in the development of catering enterprises.

Business review

To respond to various challenges, the Hop Hing Group had implemented its four business strategies; namely, boosting customer satisfaction, deepening the sharing system under the incentive scheme, newly developing more value-for-money products and technology empowerment, starting from the beginning of 2019. As a service industry player, the satisfaction of customers, and shifts in consumption patterns are indicators which directly affect our businesses. The Hop Hing Group defined the year 2019 as a year of enhancing customers' satisfaction. Its operational team conducted daily tracking based on the customers' scores provided by the third-party internet platforms and took concrete actions to improve the three areas which received the lowest scores from the customers. As at the end of the year, the Group was delighted to see that its core brands earned higher scores for customer satisfaction when compared to last year.

In 2019, economic growth in Mainland China has slowed down and the costs of food ingredients, salaries, rentals and service fees of third-party delivery platforms continued to rise, exacerbating already fierce competition within the catering industry especially in first-tier cities. To provide incentives to store managers in managing their business and maintaining customer satisfaction as well as improving the service standard, the Group has made reasonable adjustments to its second phase incentive scheme by considering from the perspective of the store managers. These adjustments have enhanced the generosity of the scheme and motivated the managers to proactively improve the operation and service of their stores, as well as build closer relations and interact more effectively with their customers. Both the number and frequency of transactions have risen as a result of these efforts.

Sharing of functions and professional operation were the two key features reflected in the Group's organisational structure in 2019. The Group set up a shared financial center in Shenyang which provides centralised accounting procedures for the business of all of the subsidiary companies within the Group, creating a management advantage in terms of consolidation, improved efficiency and sharing of manpower. Meanwhile, the Group's independent supply chain company has also begun operation during the year, which helped lower procurement costs through sharing of resources and bulk purchase, thus securing more quality raw materials at reasonable prices for its new product research and development and offering value-for-money new products to the customers. The outbreak of the African swine fever pushed up prices of poultry, livestock, meat and eggs as well as pork. In response to this, the Group enlarged the space of its cold storage facilities along the supply chain in anticipation so that it could stock up a greater quantity of raw materials such as chicken and beef when prices of those commodities were low, allowing it to effectively minimise the impact from cost increases and maintain a mild year-on-year increase in food costs at only around 0.4%.

2019 was also a key year for the Group's technology empowerment. To improve its operation and customer satisfaction, the Group upgraded its CRM system during the year which included setting up cross-brand membership and labelling systems, building a more accurate customer database, better responding to changes in consumer behaviour and extending its reach to customers in terms of time and space, all to facilitate more targeted marketing. The total number of Hop Hing loyalty members had exceeded 8.5 million in 2019.

In addition, the Group has made improvements targeting the "pain points" during different sales periods to boost sales. The introduction of self-ordering machines and a WeChat ordering mini program ordering function have not only alleviated the pressure of taking orders at restaurants during peak hours and improved service efficiency, hence increase table turnover and drive service efficiency and dine-in transactions, but have also reduced the impact of a surge in labour cost. As for non-peak hours, the Group has not only launched buffet and semi-buffet meals for breakfast and tea time, but also innovative value-for-money combinations bundling drinks and promotional offers. Besides, it has added more tables with built-in induction stove catering for customers who wish to have hotpot for dinner and offered a wide array of non-rice meal choices including noodles series to attract customers with different cuisine preferences and drive sales at different consumption slots. Moreover, the Group has seized the opportunities emerging from the expanding delivery service market to diversify its delivery product mix. At the same time, it has launched promotion activities that enhance interactions with customers, including allowing customers to freely "mix and match" their meal boxes. That together with other effective measures such as optimising its own motorcycle fleet has supported a rise in delivery service revenue.

For the year ended 31 December 2019, the Group's sales revenue in Renminbi increased by 5.0% to RMB2,102.8 million (2018: RMB2,003.6 million), which was attributable to the additional sales brought by new stores, as well as growth of the food delivery business. Through the efficient and quality delivery services provided by the self-owned delivery team, the delivery sales of Yoshinoya products rose up to 40% of the total Yoshinoya's sales of the Group in 2019. Furthermore, the repurchase rate of our members under the Group's CRM system increased during the year.

During the year under review, the Group's overall same-store sales increased by 1.3% (2018: 0.8%) and Yoshinoya recorded a 1.3% same-store sales growth (2018: 1.0%). The increase in the same-store sales of DQ of 1.9% in 2019 (2018: decrease of 1.2%) was mainly due to the increase in the sales of delivery services.

	Percentage Increase in Same Stores Sales (in Renminbi)	
	2019	2018
Overall	**1.3%**	0.8%
By main brands		
Yoshinoya	**1.3%**	1.0%
Dairy Queen	**1.9%**	–1.2%

In 2019, in terms of revenue, the Beijing-Tianjin-Hebei Province Metropolitan Region remained the largest market of the Group and sales revenue from Yoshinoya products accounted for approximately 85% of the Group's total sales.

	2019		2018	
	RMB'000	***% of sales***	*RMB'000*	*% of sales*
a. By Region				
Beijing-Tianjin-Hebei Province Metropolitan Region	**1,568,417**	**74.6%**	1,485,118	74.1%
Other northern areas of China(1)	**534,397**	**25.4%**	518,499	25.9%

(1) *Including Liaoning, Inner Mongolia, Heilongjiang and Jilin provinces*

	2019		2018	
	RMB'000	***% of sales***	*RMB'000*	*% of sales*
b. By Main Brands				
Yoshinoya	**1,782,062**	**84.7%**	1,703,757	85.0%
Dairy Queen	**230,809**	**11.0%**	210,802	10.5%

In 2019, a net total of 38 new stores (2018: 43 net new stores) were opened. As at 31 December 2019, the Group had 597 stores in operation.

	As at 31 December	
	2019	2018
Yoshinoya		
Beijing-Tianjin-Hebei Province Metropolitan Region	**250**	230
Other northern areas of China[(1)]	**130**	125
Henan[(2)]	**5**	2
	385	357
Dairy Queen		
Beijing-Tianjin-Hebei Province Metropolitan Region	**138**	124
Other northern areas of China[(1)]	**51**	49
	189	173
Others		
Beijing-Tianjin-Hebei Province Metropolitan Region	**21**	27
Other northern areas of China[(1)]	**2**	2
	23	29
Total	**597**	559

(1) *Including Liaoning, Inner Mongolia, Heilongjiang and Jilin provinces*

(2) *Operated by the Joint Venture*

To counter the effect of the continuously increase in the price of certain major food materials, the Group started to monitor more closely the market prices of raw materials and adjust the stock level of core food items so as to stabilize the overall cost of our products. We also offered different food combinations and revised the selling prices of certain products to reduce the impact of the increase in the material costs. As a result, the net gross profit margin was down by only 0.4 percentage point from 63.2% in 2018 to 62.8% in 2019.

The incentive scheme implemented by the Group has increased the motivation of our staff and hence the operational efficiency of our stores. As a result, the Group's labour cost as a percentage to sales remained relatively stable in the year under review. The Group's strategy of opening stores with smaller size to cater for more delivery businesses also reduced its rental cost to sales ratio.

	2019		2018	
	RMB'000	***% of sales***	*RMB'000*	*% of sales*
Selling and distribution expenses				
Labour costs	**310,512**	**14.8%**	290,555	14.5%
Rental expenses, depreciation of right-of-use assets and finance costs*	**256,709**	**12.2%**	252,379	12.6%
Depreciation of property, plant and equipment*	**86,595**	**4.1%**	77,824	3.9%
Other operating expenses	**340,468**	**16.2%**	328,209	16.4%

* *The leases related depreciation and finance costs in 2019 have been grouped together with rental expenses for better comparison with the last year's performance.*

Two PRC subsidiaries of the Company received notices from the local tax authorities in January and August 2018 stating that the local tax authorities would carry out tax inspections on the subsidiaries in relation to previous tax periods. As at the date hereof, no finding has been made in respect of the tax inspections. The Board will continue to closely monitor the progress of this matter and will update shareholders and potential investors as and when appropriate and necessary.

FINANCIAL REVIEW

Equity

The number of issued shares of HK$0.10 each of the Company as at 31 December 2019 was 10,070,431,786 (31 December 2018: 10,070,431,786).

As at 1 January 2019, the Company had 902,180,320 outstanding share options. During the year, 72,500,000 share options were granted to an employee of the Group and 26,167,320 share options lapsed. No share options were exercised during the year.

Liquidity and gearing

The Group's gearing ratio (expressed as a percentage of interest-bearing bank loan over equity attributable to equity holders of the Company) as at 31 December 2019 was nil (31 December 2018: Nil).

As at 31 December 2019, the Group recorded a net cash position of RMB252.9 million (2018: RMB352.7 million) (being cash and cash equivalents less interest-bearing bank loan), deposit certificates of RMB60.0 million (2018: Nil) and other financial assets of RMB243.0 million (2018: RMB207.0 million).

The Group's finance costs for the year was RMB41.5 million (2018: RMB0.6 million), which comprised interest on lease liabilities of RMB41.0 million (2018: Nil), after the adoption of the HKFRS 16 from 1 January 2019, and other finance costs RMB0.5 million (2018: RMB0.6 million).

The Group's funding policy is to finance the business operations with internally generated cash and bank facilities. The Group continues to adopt a policy of hedging foreign currency liabilities with foreign currency assets.

REMUNERATION POLICIES

Staff remuneration packages comprise 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 provides other staff benefits including medical insurance, continuing education allowances, provident funds and incentive schemes to eligible staff. The total remuneration paid to the employees (including pension costs, share-based payments and the directors' remunerations) of the Group in the year under review was RMB487.6 million (2018: RMB460.9 million). As at 31 December 2019, the Group had approximately 8,600 full-time and temporary employees (2018: approximately 8,500).

During the year ended 31 December 2019, the Board resolved to grant share awards in respect of 62,914,000 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.

All directors' remunerations were determined by the board of directors (the "Board") of the Company after considering the recommendations of the remuneration committee of the Company.

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 31 December 2019.

PLEDGE OF ASSETS

The Group had no pledge of assets as at 31 December 2019.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisition or disposal of subsidiaries or affiliated companies during the year under review.

PARTICULARS OF IMPORTANT EVENTS

The outbreak of the COVID-19 pneumonia which became a pandemic at the beginning of 2020 has impacted the business environment in PRC, and hence the sales performance of the Group. With reduced business traffic, the operation of certain stores of the Group has been temporarily suspended since then. Based on the unaudited consolidated management accounts of the Group for the two months ended 29 February 2020 (the "Review Period"), the Group recorded a decrease in the same store sales growth and incurred a consolidated loss attributable to shareholders of the Company in the Review Period, as compared to the corresponding period in the first two months of 2019. The Group has implemented various measures to minimize the adverse impact of the COVID-19 on the business and the health and safety of the customers and staff of the Group. Announcements on the above were made by the Company on 28 February 2020 and 20 March 2020.

FUTURE BUSINESS DEVELOPMENT PLAN

Catering Industry Development Trends in 2020

Looking ahead, China's economy, which is currently at a critical juncture of growth slowdown and difficult transformation, will continue to face challenges. The COVID-19 outbreak is expected to weigh on consumption, investment and financial revenue; industries such as the catering and tourism sectors will be amongst the hardest hit. The first half of the year could be a "period of survival" for many enterprises, both state-owned and private. Many of them have stated that if the pandemic lasts, they will have no choice but to close down their businesses. Under this operating environment, cash flow has become particularly important for enterprises and might even be the difference between the survival and closure of a company.

The course of the spread of the COVID-19 remains uncertain at the moment. The Chinese Government and the public are trying their best to fight against the disease and hope to effectively keep it under control in the near term. While the national government has launched a series of stimulus measures such as improving liquidity, granting loan subsidies, allowing deferred tax and social insurance payments and other policies to drive economic development and revive the market economy back to a normal business mode, the negative impact of the virus outbreak on China's economic development is hard to predict particularly should the pandemic persist. Therefore, the Group needs to prepare for a long term battle against adversity.

Future Development Strategy

Similar to other catering enterprises, Hop Hing has also suffered from the temporary suspension of operation of certain stores which has led to a slump in sales as a result of the COVID-19 outbreak. To address this unexpected crisis, the Group has promptly launched enhanced hygiene measures at its stores to protect its employees as well as its customers. Its own delivery service team remains committed to fulfilling its social responsibility and providing "non-contact" delivery service to customers to complement the Government's virus prevention efforts. For stores that are temporarily suspended, they will focus on enhancing the quality of existing products and product research and development, optimising processes and staff training so as to actively identify opportunities amid the crisis situation. Meanwhile, the Group has adopted measures to coordinate and manage cash utilisation and relieve the capital pressure generated from the spread of the virus, such as negotiating with landlords and suppliers for rental reductions and longer credit period respectively. The COVID-19 outbreak will inevitably pose an adverse effect to the Group's financial performance in 2020 if the pandemic lasts. Nonetheless, it will pay close attention to the development of the pandemic and strictly follow the guidelines issued by the Government, hoping to reopen affected stores and regain sales in the shortest possible time.

As for its management during 2020, the Group will first concentrate on improving customer satisfaction. The Group expects to completely roll out an upgraded CRM system in 2020, with an aim to substantially reduce the number of negative ratings by customers and achieve prompt response to every single comment left by customers, in particular complaints, in order to strive for five-star positive ratings and zero negative rating across the three major ordering platforms. Secondly, the Group will further develop its sharing system. The incentive scheme has provided notable incentives to store managers since its launch three years ago. In the new year of 2020, the Group will build on the existing foundation to further optimise the Scheme, thereby achieving better performance under the new development trend. Thirdly, the Group will implement reform of its processes to perfect and streamline procedures. It will leverage technologies and systems to enhance efficiency and resolve issues, as well as refine the organisational structure of its supporting office to make it more Internet-based and, ultimately, more effective and efficient. Fourthly, the Group will strengthen its product competitiveness. The Group's greatest competitive advantage lies in its beef rice bowl. Hence, it will step up efforts in raising the standard of this signature product, both the food quality and its operational procedures, in a bid to produce the best beef rice bowl for its customers. In terms of the development of new products, the Group will concentrate on the research and development of diversified stewed products and drinks to drive new sales. Finally, the Group will continue to step up technological investment and build up a data analysis platform, a back-end CRM management system and upgrade the business intelligence (BI) system in order to speed up the pace and optimise data processing and analysis, providing stronger support to the Group in its decision making and improving its efficiency.

In terms of expansion, concerning the outbreak of COVID-19 which became pandemic in the beginning of 2020, the Group will set aside its store opening plan in the first half of the year and resume exploring store opening opportunities within first– and second-tier cities after COVID-19 is well under control. It will also consider adding more technological elements into its stores moving onward, including the provision of self-ordering machines and a WeChat Mini Program ordering function, in order to promote "non-contact" self-services which are also welcome by the Group's targeted young generation customers. After the COVID-19 incident, it is believed that delicious and convenient home meals will become more popular and bring another transformation to the catering industry. To satisfy customer's home meals need, the Group has launched a new "Family Kitchen" product line including a wide variety of pre-packaged frozen food so as to allow customers to enjoy the Group's tasty products at home with ease.

With a "better life" turning into a "basic need" of citizens as one of the key goals of the Central Government in setting policies, consumption upgrade has become a driver for development. Towards that end, the Group will continue to uphold the "Conscientious about Quality" operating philosophy and provide delicious, healthy, and safe food products to our customers to their satisfaction and enjoyment with peace of mind.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices and procedures. The Company has complied with the code provisions ("CP") of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the financial year ended 31 December 2019.

The principles as set out in the CG Code have been adopted into our corporate governance practices. To ensure strict compliance with the latest CG Code, the Board will (a) review and regularly update the corporate governance policies and practices of the Company; (b) review and oversee the continuous training of the directors and the senior management; (c) examine and monitor the compliance and disclosure of legal and regulatory requirements; (d) develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and (e) review the Company's compliance with the code and disclosure in the corporate governance report of the 2019 annual report.

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 complied with the required standards in the Model Code adopted by the Company throughout the financial year ended 31 December 2019.

AUDIT COMMITTEE

The Company has established an audit committee with terms of reference aligned with the CP of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting process and risk management and internal control systems. For details of the role and function of the committee, please refer to its terms of reference which align with the CP of the CG Code and have also been posted on the websites of both the Hong Kong Exchanges and Clearing Limited (the "HKEx") and the Company.

The audit committee of the Company has met the external auditor of the Company, Messrs. Ernst & Young, and reviewed the Group's results for the year ended 31 December 2019.

The figures in respect of the Group's results for the year ended 31 December 2019 as set out in this preliminary results announcement have been agreed by the Group's independent auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this preliminary results announcement.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

During the year ended 31 December 2019, the trustee of the Company's share award scheme (the "Share Award Scheme") adopted on 20 March 2015, purchased a total of 67,376,600 shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at a total consideration of approximately RMB8,918,000 (HK$10,310,000). As the shares are held by the trustee for the award of shares pursuant to the Share Award Scheme and the trust deed, the shares were 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 year ended 31 December 2019.

AGM AND PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.hophing.com and the website of the HKEx at www.hkexnews.hk. The AGM of the Company is expected to be held on 2 June 2020. A notice convening the AGM and the annual report will be published on the Company's website and the website of the HKEx and will be despatched to all shareholders in due course. Would Shareholders please note that there may be changes to the usual AGM arrangements of the Company if new laws, regulations and measures in relation to COVID-19 promulgated by the Hong Kong SAR government are effective as and when our AGM is held and are applicable. The Company shall inform the Shareholders of such resulting changes in its AGM arrangements, if any, prior to the convening of the AGM.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the shareholders who are entitled to attend the AGM, the register of members of the Company will be closed from 28 May 2020 to 2 June 2020 (both days inclusive), during which period no share transfers will be registered.

In addition, in order to determine the shareholders who are entitled to receive the final dividend for the year ended 31 December 2019, the register of members of the Company will be closed from 8 June 2020 to 9 June 2020 (both days inclusive), during which period no share transfers will be registered. The final dividend will be distributed on or about 29 June 2020 to shareholders whose names appear on the register of members of the Company as at 9 June 2020.

In order to qualify for attending and voting at the forthcoming AGM, and the entitlement for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 27 May 2020 and 5 June 2020 respectively.

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 past year.

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

Hong Kong, 30 March 2020

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), Mr. Sze Tsai To, Robert, 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.