



Hop Hing Holdings Limited

(Incorporated in Bermuda with limited liability)
Stock Code : 47

Interim Report 2006

The Board of Directors (the "Board") of Hop Hing 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 2006, 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	
		2006 HK\$'000	2005 HK\$'000
TURNOVER	3	297,502	349,412
Direct cost of stocks sold and services provided		(213,213)	(263,655)
Other production and service costs (including depreciation and amortisation of HK\$10,977,000 and HK\$210,000 (2005: HK\$12,188,000 and HK\$203,000), respectively)		(30,980)	(29,871)
Selling and distribution costs		(33,993)	(35,220)
General and administrative expenses		(16,667)	(19,005)
PROFIT FROM OPERATING ACTIVITIES	4	2,649	1,661
Finance costs, net	5	(4,573)	(6,586)
LOSS BEFORE TAX		(1,924)	(4,925)
Tax	6	(678)	(1,125)
LOSS FOR THE PERIOD		(2,602)	(6,050)
ATTRIBUTABLE TO:			
Equity holders of the Company		(2,558)	(6,073)
Minority interests		(44)	23
		(2,602)	(6,050)
LOSS PER SHARE	7		
– Basic		HK(0.61) cent	HK(1.48) cents
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30 June 2006 HK\$'000	Audited 31 December 2005 HK\$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment		282,550	290,575
Prepaid land lease payments		15,990	15,802
Trademarks		123,210	122,944
Interests in associates		(1,425)	(1,425)
Deferred tax assets		6,271	6,271
Total non-current assets		426,596	434,167
Current assets			
Stocks		90,414	83,415
Accounts receivable	8	68,076	81,226
Prepayments, deposits and other receivables		40,140	36,411
Pledged cash deposits		1,894	1,226
Cash and cash equivalents		20,025	24,552
Total current assets		220,549	226,830
Total assets		647,145	660,997
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued share capital	11	41,736	41,709
Reserves		363,216	365,808
		404,952	407,517
Minority interests		11,842	11,693
Total equity		416,794	419,210
Non-current liabilities			
Interest-bearing bank loans	9	6,000	8,000
Deferred tax liabilities		4,958	4,983
Total non-current liabilities		10,958	12,983
Current liabilities			
Accounts payable	10	30,002	40,020
Bills payable		5,825	4,099
Other payables and accrued charges		32,819	35,032
Interest-bearing bank loans	9	149,358	148,463
Tax payable		1,389	1,190
Total current liabilities		219,393	228,804
Total liabilities		230,351	241,787
Total equity and liabilities		647,145	660,997

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006 (Unaudited)

	Attributable to equity holders of the Company							
	Issued share capital HK\$'000	Share premium account HK\$'000	Other properties revaluation reserve HK\$'000	Capital and other reserves HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2006	41,709	374,874	2,659	61,823	(73,548)	407,517	11,693	419,210
Exchange realignment	-	-	-	(194)	-	(194)	193	(1)
Equity-settled share option expenses	-	-	-	120	-	120	-	120
Issue of shares (note 11)	27	40	-	-	-	67	-	67
Loss for the period	-	-	-	-	(2,558)	(2,558)	(44)	(2,602)
At 30 June 2006	41,736	374,914*	2,659*	61,749*	(76,106)*	404,952	11,842	416,794

* These reserves accounts comprise the reserves of HK\$363,216,000 in the condensed consolidated balance sheet as at 30 June 2006.

For the six months ended 30 June 2005 (Unaudited)

	Attributable to equity holders of the Company							
	Issued share capital HK\$'000	Share premium account HK\$'000	Other properties revaluation reserve HK\$'000	Capital and other reserves HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2005	40,925	374,079	16,892	58,759	(81,070)	409,585	11,948	421,533
Transfer upon disposal	-	-	(17,252)	-	17,252	-	-	-
Deferred tax reversed upon disposal	-	-	3,019	-	-	3,019	-	3,019
Issue of shares	375	637	-	-	-	1,012	-	1,012
Loss for the period	-	-	-	-	(6,073)	(6,073)	23	(6,050)
At 30 June 2005	41,300	374,716	2,659	58,759	(69,891)	407,543	11,971	419,514

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Unaudited
For the six months
ended 30 June

	2006 HK\$'000	2005 HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM:		
OPERATING ACTIVITIES	5,005	10,929
INVESTING ACTIVITIES	1,312	2,522
FINANCING ACTIVITIES	(10,844)	(12,699)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,527)	752
Cash and cash equivalents at beginning of period	24,552	35,476
CASH AND CASH EQUIVALENTS AT END OF PERIOD	20,025	36,228
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	20,025	36,228

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 (“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 those new HKFRSs adopted during the period as set out in note 2 below, the accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2005.

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

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods commencing on or after 1 January 2006. The adoption of the following HKFRSs does not have any material effect on the financial statements of the Group:

HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 and HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRS - Int 4	Determining whether an Arrangement contains a Lease

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Group expects that application of these new HKFRSs will have no material impact on how the results and financial position of the Group are prepared and presented:

HKAS 1 Amendment	Presentation of Financial Statements “Capital Disclosures” ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK (IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK (IFRIC) - Int 8	Scope of HKFRS 2 ³
HK (IFRIC) - Int 9	Reassessment of Embedded Derivates ⁴

¹ Effective for accounting periods beginning on or after 1 January 2007

² Effective for accounting periods beginning on or after 1 March 2006

³ Effective for accounting periods beginning on or after 1 May 2006

⁴ Effective for accounting periods beginning on or after 1 June 2006

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. TURNOVER AND SEGMENT INFORMATION

The Group's primary segment is the edible oils and food related business segment. Since it is the only business segment of the Group, no further analysis thereof is presented.

Segment information is presented below in respect of the Group's geographical segment, which is regarded as the secondary segment.

	Hong Kong		Mainland China		Consolidated	
	Unaudited		Unaudited		Unaudited	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	188,911	198,930	108,591	150,482	297,502	349,412

4. PROFIT FROM OPERATING ACTIVITIES

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

	Unaudited	
	For the six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Cost of stocks sold	213,213	262,759
Gain on disposal of subsidiaries	(430)	(452)

5. FINANCE COSTS, NET

	Unaudited	
	For the six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Interest on bank borrowings	4,847	6,697
Less: interest income	(274)	(111)
	4,573	6,586

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Overseas taxes have been provided for at the applicable tax rates, if required.

	Unaudited	
	For the six months	
	ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Tax in the income statement represents:		
Provision for Hong Kong profits tax	572	1,040
Provision for tax elsewhere	131	60
	703	1,100
Deferred tax	(25)	25
	678	1,125

Note: The Group has received notices of assessment from the Inland Revenue Department in Hong Kong in respect of the Group's assessable profits arising from royalty income, which is under objection.

7. LOSS PER SHARE

a. Basic loss per share

Basic loss per share is calculated based on the net loss attributable to equity holders of the Company of HK\$2,558,000 (2005: HK\$6,073,000) and the weighted average of 417,206,107 shares (2005: 410,830,020 shares) in issue during the period.

b. Diluted loss per share

Diluted loss per share for both periods have not been presented as the share options and warrants outstanding during the periods had an anti-dilutive effect on the basic loss per share for these periods.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. ACCOUNTS RECEIVABLE

The aged analysis of accounts receivable as at the balance sheet date is as follows:

	Unaudited	Audited
	30 June	31 December
	2006	2005
	HK\$'000	HK\$'000
Current and less than 60 days	66,823	79,202
Over 60 days	1,253	2,024
	68,076	81,226

The Group's products are sold either on a cash on delivery basis, or on an open account basis ranging from 7 to 70 days of credit. Each customer has a maximum credit limit and overdue balances are regularly reviewed by the senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, the concentration of credit risk is not considered significant. Accounts receivable are non-interest-bearing.

Included in the Group's accounts receivable are amounts due from the Group's jointly-controlled entities of HK\$4,538,000 (31 December 2005: HK\$5,692,000) which are repayable on credit terms comparable to those offered to other unrelated customers of the Group.

9. INTEREST-BEARING BANK LOANS

	Unaudited	Audited
	30 June	31 December
	2006	2005
	HK\$'000	HK\$'000
Current		
Unsecured	31,766	27,771
Secured (Note)	117,592	120,692
	149,358	148,463
Non-current		
Secured – Hong Kong	6,000	8,000
	155,358	156,463

Note: Secured interest-bearing bank loans included certain of the Group's bank loans in mainland China of approximately HK\$112 million which were borrowed by a PRC subsidiary of the Group and secured on certain property, plant and equipment and prepaid land lease payments of certain PRC subsidiaries and have no recourse to other members of the Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. ACCOUNTS PAYABLE

The aged analysis of accounts payable as at the balance sheet date is as follows:

	Unaudited 30 June 2006 HK\$'000	Audited 31 December 2005 HK\$'000
Current and less than 60 days	26,587	37,376
Over 60 days	3,415	2,644
	30,002	40,020

The accounts payable are non-interest-bearing and are normally settled within credit terms of 7-day to 60-day.

Included in the Group's accounts payable are amounts due to certain companies associated with another venturer of the Group's jointly-controlled entities of HK\$3,123,000 (31 December 2005: HK\$7,612,000) which are payable on credit terms comparable to those offered by other unrelated suppliers of the Group.

11. SHARE CAPITAL

During the period, 267,027 shares of HK\$0.10 each were issued for cash at a subscription price of HK\$0.25 per share for cash pursuant to the exercise of 267,027 warrants of the Company for a total cash consideration, before expenses, of approximately HK\$67,000.

12. COMMITMENTS

	Unaudited 30 June 2006 HK\$'000	Audited 31 December 2005 HK\$'000
Capital commitments for the acquisition of property, plant and equipment:		
Contracted for	1,487	1,438
Authorised, but not contracted for	1,101	1,399

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. RELATED PARTY TRANSACTIONS

		Unaudited For the six months ended 30 June	
		2006	2005
Notes		HK\$'000	HK\$'000
Transactions with jointly-controlled entities*:			
Sales of goods	a	27,628	26,419
Purchases of goods/services	b	35	619
Production and oil refinement income	c	20,240	22,486
Royalty income	d	5,005	5,274
Property rental income	e	1,492	3,202
Other property related income	f	–	790
Management fee income	g	1,000	2,000
Transactions with companies associated with the controlling shareholders of the Company:			
Sales of goods	a	1,205	858
Rental income	h	–	829
Rental expenses	i	1,669	575
Consideration received for disposal of subsidiaries	j	430	5,803
Transactions with a company in which a director of the Company has an indirect interest:			
Management fee expenses	k	280	480

* The Group has proportionately consolidated 50% of the transactions with its jointly-controlled entities in its consolidated income statement.

Notes:

- a. The sales of goods were at prices comparable to those offered to other unrelated customers of the Group.
- b. The purchases of goods/services were at prices comparable to those offered by other unrelated suppliers/providers of the Group.
- c. The production and oil refinement income was charged based on agreements entered into with a jointly-controlled entity after an arm's length negotiation and was at rates comparable to those offered to other unrelated customers of the Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

- d. Pursuant to trademark licence agreements entered into between the Group and certain jointly-controlled entities, the royalties received for the use of the trademarks are calculated based on a percentage, as agreed between the parties from time to time, on the gross sales value of licensed products sold by the jointly-controlled entities within Hong Kong and Macau.
- e. The property rental income related to income arising from letting certain properties and barges included in property, plant and equipment. The property rental income was charged by reference to the relevant industry practice and open market rental and was subject to review on a regular basis.
- f. The other property related income included air-conditioning charges and property management fee and were charged based on costs incurred in managing the properties and providing air-conditioning services.
- g. The management fee income was charged based on costs incurred for providing such services.
- h. The rental income was charged by reference to open market rental and was subject to review according to the terms of the relevant tenancies.
- i. The rental expenses were paid by reference to open market rental and were subject to the terms of the relevant tenancy agreements.
- j. In period under review, the Group disposed of a subsidiary to a company associated with a non-executive director of the Company. The major asset of the subsidiary was a piece of land in Hong Kong. The consideration was arrived at by reference to the net book value of the subsidiary at the date of disposal (the "Disposal Date"), adjusted by the market value of that piece of land as at the Disposal Date in accordance with the valuation performed by an independent valuer.

The transaction in 2005 was approved by the directors at a meeting held on 29 April 2005, and details of the transaction were summarised in a circular to the shareholders dated 23 May 2005.

- k. The management fee expenses represented the payment for services rendered by a director of the Company and his staff through a company in which the director has an indirect interest therein.

Certain of the Group's bank loans in the PRC are secured by a corporate guarantee provided by a minority shareholder of a PRC subsidiary to the extent of HK\$4,854,000 and a personal guarantee of HK\$5,825,000 given by a senior executive of the Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. PLEDGE OF ASSETS

As at 30 June 2006, certain prepaid land lease payments, certain leasehold land and buildings and certain plant and machinery of the Group with an aggregate carrying value of approximately HK\$167,984,000 (31 December 2005: HK\$193,166,000), certain accounts receivable and stocks of the Group of approximately HK\$28,341,000 (31 December 2005: HK\$23,324,000), and cash deposits of the Group of approximately HK\$1,894,000 (31 December 2005: HK\$1,226,000) were pledged to banks to secure banking facilities granted to the Group.

15. POST BALANCE SHEET EVENT

On 30 August 2006, Hop Hing Oil (Holdings) Limited (“HHOH”), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Hung’s Investments Limited (“Hung’s”), an associate of a non-executive director of the Company, to transfer the entire issued ordinary share capital of Able Mark (HK) Limited (“Able Mark”), a then indirect wholly-owned subsidiary of the Company, and assign the shareholder’s loan in the sum of HK\$494,664 due to HHOH by Able Mark to Hung’s for a total consideration of HK\$2,584,666 and made a gain of HK\$2,090,000. Details of the transaction were summarised in a press announcement dated 30 August 2006.

16. APPROVAL OF THE INTERIM FINANCIAL REPORT

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 22 September 2006.

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 June 2006, the Group's turnover decreased as compared to the corresponding period in last year. This is mainly attributable to the Group's reduced activities in the low profit margin bulk trading business in PRC in the period under review.

The loss attributable to equity holders of the Company was HK\$2.6 million, an improvement of 57% when compared to the net loss of HK\$6.1 million for the same period in 2005. The loss per share for the period was 0.61 HK cent (2005: loss per share 1.48 HK cents).

The profit from operating activities for the six months ended 30 June 2006 was HK\$2.65 million, representing an increase of 59% from HK\$1.66 million for the first half of 2005.

Dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2006 (2005: Nil).

Review of Operation

During the period under review, the edible oil markets remained to be competitive and the fuel cost continued to stay at a high level. With the improving market sentiment, the market began to accept sharing their suppliers' increasing material and operational costs. Together with the benefit of the record high market refinery premium enjoyed by the Group's refineries in Hong Kong and PRC in the period, the Group's gross profit margin increased to 28.3%, a 16% improvement when compared to that for the first half of 2005. Streamlining operational costs and improving operational efficiency have always been the management's continuing tasks. The general and administrative expenses decreased by 12% to HK\$16.7 million this year from HK\$19.0 million for the same period in 2005.

The Group's disposal of certain of its subsidiaries whose major assets and liabilities were certain properties in Hong Kong and a syndicated bank loan in April last year has offset the impact of increases in interest rates during the first half of 2006. The net interest expenses for the six months under review decreased by HK\$2.0 million, or 30.6%, when compared to the first half of last year.

BUSINESS REVIEW AND OUTLOOK (continued)

Review of Operation (continued)

In Hong Kong, the Group continued its strategy to strengthen its brand loyalty and provide variety of quality products for its customers to choose. As the Group has the only refinery facilities in Hong Kong, the Group has the edge of providing its customers with products freshly refined, blended and bottled in Hong Kong. Various new and healthy products, such as Olive Sunflower oil, had been launched into the market. In the period under review, the Group maintained its significant market share in Hong Kong and recorded an increasing contribution from this segment.

Apart from continuously receiving awards confirming the quality and market recognition of the Group's products, the integrated management system of Hop Hing Oil Investment Limited, one of the wholly-owned subsidiaries of the Group, received ISO 9001:2000 and ISO 14001:2004 certification in the period under review.

The Group's PRC retail edible oil segment recorded an increase in sales tonnage despite the competitive market during the period. Providing OEM services to the Group's retailing customers also enabled the Group to improve the utilisation and operational efficiency of its facilities in PRC. Although the Group's PRC operation reported operating losses after depreciation of properties, plant and equipment and amortisation of prepaid land lease payments, it continued to contribute to the Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) positively during the period under review.

Financial Review

Equity

The number of issued shares of HK\$0.10 each as at 30 June 2006 was 417,357,738 (31 December 2005: 417,090,711). At 1 January 2006, the Company had outstanding 82,598,968 warrants carrying rights to subscribe for an aggregate of 82,598,968 new shares of HK\$0.10 each in the Company at an initial subscription price of HK\$0.25 per share. During the period under review, 267,027 warrants were exercised for 267,027 shares of HK\$0.10 each at a price of HK\$0.25 per share.

As at the period end date, there were outstanding share options granted to certain eligible employees entitling them to subscribe for 17,375,410 shares of the Company. Details of the share options outstanding are disclosed in the section under "Share Option Scheme" in the interim financial report.

BUSINESS REVIEW AND OUTLOOK (continued)

Financial Review (continued)

Liquidity and gearing

As at 30 June 2006, the Group's bank borrowing in Hong Kong was HK\$36.9 million. The Group's other bank borrowings as at the period end were PRC bank borrowings, amounted to HK\$124.3 million. Loans of approximately HK\$112 million were secured by assets of certain PRC subsidiaries of the Group and with no recourse to other members of the Group.

As at the balance sheet date, the Group's total bank loans amounted to HK\$155.4 million (31 December 2005: HK\$156.5 million), of which HK\$149.4 million was either repayable or subject to renewal within one year and the balance was repayable within two to five years. The Group's gearing ratio (expressed as a percentage of total bank loans over shareholders' funds) as at 30 June 2006 was 38.4% (31 December 2005: 38.4%).

The net interest expenses for the period was HK\$4.6 million (2005: HK\$6.6 million). Such decrease was mainly attributable to repayments of bank loans and disposal of certain subsidiaries of the Group which carried certain of the Group's bank borrowings in Hong Kong in last year.

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

Remuneration policies and share option scheme

Remuneration packages comprised salary and bonuses based on individual merits. The total remuneration paid to the employees (including pension costs and the directors' remuneration) of the Group in the period under review was HK\$20.8 million (2005: HK\$20.7 million). As at 30 June 2006, the Group had 435 full time and temporary employees (30 June 2005: 420).

Details of share options granted under the Share Option Scheme of the Company are set out in the section under "Share Option Scheme" in the interim financial report.

BUSINESS REVIEW AND OUTLOOK (continued)

Financial Review (continued)

Segmented information

In the period under review, the Group's edible oil business in Hong Kong continued to account for a major proportion of the Group's turnover.

Details of the segmented information are set out in note 3.

Pledge of assets

Details of the pledge of assets are set out in note 14.

Outlook

With the improving market sentiment in Hong Kong, it is expected the consumers will be more willing than before to pay for premium products. The Group will continue with its proven existing strategies to reinforce its customer loyalty and provide its customers with wide range of quality and high value added products. Capturing opportunities created by Closer Economic Partnership Arrangement (CEPA) remained an objective of the Group.

Following the uplift of the PRC's quota system on controlling the import of edible oils at the beginning of this year, the fierce competition in the PRC edible oil market persists. Apart from continuing with our strategy to focus on Southern China sales region, the management will explore opportunities to provide its customers with OEM or other edible oil related services which the Group excels at.

Vote of Thanks

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

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

As at 30 June 2006, 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 were as follows:

Interests in ordinary shares of the Company

Name of director	Number of shares held, capacity and nature of interest				Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust		
Hung Hak Hip, Peter	-	-	3,601,607	3,227,420*	6,829,027	1.6
Wong Yu Hong, Philip	2,045,565	-	-	-	2,045,565	0.5
Sze Tsai To, Robert	-	-	-	-	-	-
Cheung Wing Yui, Edward	2,443,565	-	-	-	2,443,565	0.6
Seto Gin Chung, John	-	-	-	-	-	-
Hung Chiu Yee	772,673	-	-	-	772,673	0.2
Lee Pak Wing	-	-	-	-	-	-
Wong Kwok Ying	-	-	-	-	-	-
Lam Fung Ming, Tammy	-	-	-	-	-	-

* the 3,227,420 shares were beneficially owned by a discretionary trust whose discretionary beneficiaries include an associate of Mr. Hung Hak Hip, Peter.

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

Interests in warrants of the Company

Name of director	Number of warrants held, capacity and nature of interest				Total
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	
Hung Hak Hip, Peter	–	–	720,321	645,483**	1,365,804
Wong Yu Hong, Philip	–	–	–	–	–
Sze Tsai To, Robert	–	–	–	–	–
Cheung Wing Yui, Edward	79,600	–	–	–	79,600
Seto Gin Chung, John	–	–	–	–	–
Hung Chiu Yee	154,534	–	–	–	154,534
Lee Pak Wing	–	–	–	–	–
Wong Kwok Ying	–	–	–	–	–
Lam Fung Ming, Tammy	–	–	–	–	–

** 645,483 warrants were beneficially owned by a discretionary trust whose discretionary beneficiaries include an associate of Mr. Hung Hak Hip, Peter.

Details of the interest of the directors in the share options of the Company are separately disclosed under the section headed "Share Option Scheme" below.

Save as disclosed above, as at 30 June 2006, 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 that was required to be recorded pursuant to Section 352 of the SFO.

SHARE OPTION SCHEME

On 25 June 2004, the shareholders of the Company approved the termination of the share option scheme adopted by the Company on 30 June 2000 (the "2000 Share Option Scheme") and the adoption of a new share option scheme (the "2004 Share Option Scheme") with rules complying with the new requirements of Chapter 17 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Upon termination of the 2000 Share Option Scheme, no further share options can be granted thereunder but in all other respects the provisions of the 2000 Share Option Scheme shall remain in force and all share options granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

The movements of the share options granted to the directors of the Company under the schemes during the period were as follows:

Name of Scheme/ Name of Director	Number of share options				Date of grant	Exercise period	Price of Company's shares***			
	At 1 January 2006	Granted during the period	Exercised during the period	At 30 June 2006			Exercise price** of HK\$	At date of grant of HK\$	Immediately before exercise date of HK\$	At date of exercise of HK\$
2000 Share Option Scheme										
Hung Hak Hip, Peter	4,752,105	-	-	4,752,105	17 November 2000	17 November 2000 to 16 November 2010	0.1834	0.227	-	-
Sze Tsai To, Robert	2,045,565	-	-	2,045,565	22 November 2000*	22 November 2001 to 21 November 2006	0.1834	0.230	-	-
Hung Chiu Yee	2,045,565	-	-	2,045,565	17 November 2000	17 November 2000 to 16 November 2010	0.1834	0.227	-	-
Lee Pak Wing	2,376,052	-	-	2,376,052	17 November 2000	17 November 2000 to 16 November 2010	0.1834	0.227	-	-
Wong Kwok Ying	4,091,130	-	-	4,091,130	17 November 2000	17 November 2000 to 16 November 2010	0.1834	0.227	-	-
	<u>15,310,417</u>	<u>-</u>	<u>-</u>	<u>15,310,417</u>						
2004 Share Option Scheme										
Lam Fung Ming, Tammy	2,064,993	-	-	2,064,993	26 May 2005*	26 May 2006 to 25 May 2016	0.2860	0.280	-	-

* The vesting period of the share option is from the date of grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustments.

*** The price of the Company's shares disclosed is the Stock Exchange closing price on the day specified.

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 arrangement to enable the directors of the Company or their respective spouse or minor children to acquire benefits by means of acquisitions of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2006, the interests of those persons (other than the directors and chief executive) holding 5% or more of the issued share capital, 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 holder	Notes	Number of ordinary shares held	Percentage of the Company's issued share capital
Hung's (1985) Limited ("Hung's")	(i)	117,136,083	28.1%
Hop Hing Oil (1985) Limited ("HHO")	(ii)	155,392,698	37.2%
GZ Trust Corporation ("GZTC")	(iii)	272,528,781	65.3%
Hung Cheung Pui	(iv)	272,528,781	65.3%
Hap Seng Consolidated Berhad ("HSCB")	(v)	21,335,277	5.1%
Malaysian Mosaics Berhad ("MMB")	(vi)	21,335,277	5.1%
Gek Poh (Holdings) Sdn. Bhd ("GPHSB")	(vii)	21,335,277	5.1%
Datuk Seri Panglima Lau Cho Kun ("DSPL")	(viii)	21,335,277	5.1%

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

Interests in ordinary shares of the Company (continued)

Notes:

- (i) Hung's is the registered holder of the shares disclosed above.
- (ii) HHO is the registered holder of the shares disclosed above.
- (iii) GZTC is the registered holder of the majority units of certain unit trusts, of which Hung's and HHO are trustees. By virtue of the SFO, GZTC is deemed to be interested in the shares held by Hung's and HHO.
- (iv) Mr. Hung Cheung Pui is the founder of two discretionary trusts, of which GZTC is the trustee. By virtue of the SFO, Mr. Hung Cheung Pui is deemed to be interested in the disclosed interest of GZTC mentioned in note (iii).
- (v) By virtue of the SFO, HSCB is deemed to be interested in the shares disclosed above.
- (vi) HSCB is held as to 52.9% by MMB. By virtue of the SFO, MMB is deemed to be interested in the disclosed interest of HSCB mentioned in note (v).
- (vii) MMB is held as to 50.49% by GPHSB. By virtue of the SFO, GPHSB is deemed to be interested in the disclosed interest of MMB mentioned in note (vi).
- (viii) DSPL holds 56% interest in GPHSB. By virtue of the SFO, DSPL is deemed to be interested in the disclosed interest of GPHSB mentioned in note (vii).

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

Interests in warrants of the Company

Name of holder	Notes	Number of warrants held
Hung's	(i)	23,427,216
HHO	(ii)	31,078,539
GZTC	(iii)	54,505,755
Hung Cheung Pui	(iv)	54,505,755

Notes:

- (i) Hung's is the registered holder of the warrants disclosed above.
- (ii) HHO is the registered holder of the warrants disclosed above.
- (iii) GZTC is the registered holder of the majority units of certain unit trusts, of which Hung's and HHO are trustees. By virtue of the SFO, GZTC is deemed to be interested in the warrants held by Hung's and HHO.
- (iv) Mr. Hung Cheung Pui is the founder of two discretionary trusts, of which GZTC is the trustee. By virtue of the SFO, Mr. Hung Cheung Pui is deemed to be interested in the disclosed interest of GZTC mentioned above.

Save as disclosed above, as at 30 June 2006, the Company had not been notified of any persons, other than the directors of the Company whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" 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.

DISCLOSURES PURSUANT TO RULE 13.22 OF THE LISTING RULES

Advances and Guarantees to an Affiliated Company

As at 30 June 2006, the following advances were made to and guarantees were given for banking facilities granted to Evergreen Oils & Fats Limited ("Evergreen"), an affiliated company of the Company:

Affiliated company	Percentage of equity held by the Group	Balance of advances HK\$'000	Guarantees given HK\$'000	Extent of guaranteed facilities utilised HK\$'000	Aggregate of advances and guarantees given HK\$'000
Evergreen	50%	9,075	77,000	26,912	86,075

Evergreen is a jointly-controlled entity whose interests are held as to 50% by Lawshun Holdings Limited, a wholly-owned subsidiary of the Company, and 50% by an independent third party. The advances are trade receivables arising from the ordinary course of business of the Group and are unsecured, interest-free and repayable on demand.

The relevant percentage ratio of the above advances to and guarantees given for the banking facilities granted to Evergreen in aggregate exceeded 8% under Rule 13.16 of the Listing Rules.

DISCLOSURES PURSUANT TO RULE 13.22 OF THE LISTING RULES (continued)

Pursuant to the continuing disclosure requirements under Rule 13.22 of the Listing Rules, the proforma balance sheet of Evergreen and the Group's attributable interest in Evergreen as at 30 June 2006 are presented below:

Proforma Balance Sheet of Evergreen Oils & Fats Limited

	Unaudited 30 June 2006 HK\$'000
Non-current assets	18,535
Current assets	205,730
Non-current liabilities	(1,350)
Current liabilities	(108,897)
Net assets	114,018
Attributable interests of the Group's share of net assets	57,009

CORPORATE GOVERNANCE

Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance practices and procedures. The Company has adopted its code on corporate governance based on the principles set out in the Code of Corporate Governance Practices (the "Code on CG Practices") contained in Appendix 14 of the Listing Rules.

None of the directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions set out in the Code on CG Practices for any part of the period from 1 January 2006 to 30 June 2006.

CORPORATE GOVERNANCE (continued)

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 code provision A.5.4 of the Code on CG Practices. Based on specific enquiry of the Company's directors, the directors confirmed that they have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim financial report.

Audit Committee

The directors have engaged the Group's external auditors to review the interim financial report for the six months ended 30 June 2006. The Group's external auditors have carried out their review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants.

The Company has an Audit Committee with terms of reference revised to align with the provisions of the Code on CG Practices 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 shall be available to the public on request and will be included in the Company's website once it is set up.

As at 30 June 2006, the Audit Committee comprised Mr. Sze Tsai To, Robert (chairman of the Committee) and Mr. Cheung Wing Yui, Edward, both of them are independent non-executive directors, 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.

The Audit Committee has 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 2006.

CORPORATE GOVERNANCE (continued)

Remuneration Committee

The Remuneration Committee was established with a particular responsibility to review the Company's remuneration policy for directors and members of the senior management. The Remuneration Committee currently comprises Mr. Hung Hak Hip, Peter (chairman of the Committee), the non-executive Chairman of the Company, and three independent non-executive directors, namely, Dr. Wong Yu Hong, Philip, Mr. Sze Tsai To, Robert and Mr. Cheung Wing Yui, Edward.

In 2005, the terms of reference of the Remuneration Committee had been revised to align with the provisions of the Code on CG Practices. The terms of reference of the Remuneration Committee shall be available to the public on request and will be included in the Company's website once it is set up.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

During the six months ended 30 June 2006, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

BOARD OF DIRECTORS

As at the date of this interim financial report, the Executive Directors of the Company are Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy. The Non-executive Directors of the Company are Mr. Hung Hak Hip, Peter, Ms. Hung Chiu Yee and Mr. Lee Pak Wing. The Independent Non-executive Directors of the Company are Dr. Wong Yu Hong, Philip, Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui, Edward and Mr. Seto Gin Chung, John.

By Order of the Board

Hung Hak Hip, Peter

Chairman

Hong Kong, 22 September 2006

INDEPENDENT REVIEW REPORT

To the Board of Directors of Hop Hing Holdings Limited

We have been instructed by the Company to review the interim financial report set out on pages 1 to 12.

Respective responsibilities of directors and auditors

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved and authorised for issue by, the directors. It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion 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.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports” issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of Group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2006.

Ernst & Young

Certified Public Accountants

Hong Kong

22 September 2006