



HOP HING HOLDINGS LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

Stock Code: 47



Interim
Report



2007

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 2007, 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	
		2007	2006
		HK\$'000	HK\$'000
TURNOVER	3	368,306	297,502
Direct cost of stocks sold		(275,218)	(213,213)
Other production and service costs (including depreciation and amortisation of HK\$10,959,000 and HK\$343,000 (2006: HK\$10,977,000 and HK\$210,000), respectively)		(30,288)	(30,980)
Selling and distribution costs		(38,809)	(33,993)
General and administrative expenses		(17,220)	(16,667)
PROFIT FROM OPERATING ACTIVITIES	4	6,771	2,649
Finance costs, net	5	(5,209)	(4,573)
PROFIT/(LOSS) BEFORE TAX		1,562	(1,924)
Tax	6	(1,333)	(678)
PROFIT/(LOSS) FOR THE PERIOD		229	(2,602)
ATTRIBUTABLE TO:			
Equity holders of the Company		449	(2,558)
Minority interests		(220)	(44)
		229	(2,602)
EARNINGS/(LOSS) PER SHARE	7		
— Basic		HK0.11 cent	HK(0.61) cent
— Diluted		HK0.10 cent	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	8	268,628	275,124
Prepaid land lease payments		26,500	26,302
Trademarks		123,688	123,423
Interests in associates		(1,425)	(1,425)
Deferred tax assets		5,047	5,047
Total non-current assets		422,438	428,471
Current assets			
Stocks		116,647	101,856
Accounts receivable	9	76,557	83,196
Prepayments, deposits and other receivables		25,223	37,050
Pledged cash deposits		10,253	6,529
Cash and cash equivalents		21,326	20,250
Total current assets		250,006	248,881
Total assets		672,444	677,352

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

		Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued share capital	12	42,356	41,943
Reserves		365,127	362,267
		407,483	404,210
Minority interests		12,281	12,388
Total equity		419,764	416,598
Non-current liabilities			
Interest-bearing bank loans	10	—	98,000
Deferred tax liabilities		3,665	3,702
Total non-current liabilities		3,665	101,702
Current liabilities			
Accounts payable	11	36,683	34,431
Bills payable		36,151	21,765
Other payables and accrued charges		30,965	42,098
Interest-bearing bank loans	10	144,288	50,849
Tax payable		928	9,909
Total current liabilities		249,015	159,052
Total liabilities		252,680	260,754
Total equity and liabilities		672,444	677,352

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007 (Unaudited)

	Attributable to equity holders of the Company								
	Other							Minority interests	Total
	Issued share capital	Share premium account	properties revaluation reserve	Capital and other reserves	Accumulated losses	Sub-total	HK\$'000		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
Balance at 1 January 2007	41,943	375,090	2,659	64,830	(80,312)	404,210	12,388	416,598	
Exchange realignment	—	—	—	2,065	—	2,065	113	2,178	
Total income and expenses recognised directly in equity	—	—	—	2,065	—	2,065	113	2,178	
Profit/(loss) for the period	—	—	—	—	449	449	(220)	229	
Total income and expenses for the period	—	—	—	2,065	449	2,514	(107)	2,407	
Issue of shares (note 12)	413	346	—	—	—	759	—	759	
Balance at 30 June 2007	42,356	375,436*	2,659*	66,895*	(79,863)*	407,483	12,281	419,764	

* These reserves accounts comprise the reserves of HK\$365,127,000 in the condensed consolidated balance sheet as at 30 June 2007.

For the six months ended 30 June 2006 (Unaudited)

	Attributable to equity holders of the Company								
	Other							Minority interests	Total
	Issued share capital	Share premium account	properties revaluation reserve	Capital and other reserves	Accumulated losses	Sub-total	HK\$'000		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
Balance 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)	
Total income and expenses recognised directly in equity	—	—	—	(194)	—	(194)	193	(1)	
Loss for the period	—	—	—	—	(2,558)	(2,558)	(44)	(2,602)	
Total income and expenses for the period	—	—	—	(194)	(2,558)	(2,752)	149	(2,603)	
Equity-settled share option expenses	—	—	—	120	—	120	—	120	
Issue of shares (note 12)	27	40	—	—	—	67	—	67	
Balance at 30 June 2006	41,736	374,914	2,659	61,749	(76,106)	404,952	11,842	416,794	

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	For the six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM:		
OPERATING ACTIVITIES	17,221	5,005
INVESTING ACTIVITIES	(1,052)	1,312
FINANCING ACTIVITIES	(15,093)	(10,844)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,076	(4,527)
Cash and cash equivalents at beginning of period	20,250	24,552
CASH AND CASH EQUIVALENTS AT END OF PERIOD	21,326	20,025
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	21,326	20,025

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 2006.

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 2007. The adoption of the following HKFRSs does not have any material effect on the financial statements of the Group:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

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.

	Unaudited					
	For the six months ended 30 June					
	Hong Kong		Mainland China		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Revenue from external customers	199,095	188,911	169,211	108,591	368,306	297,502

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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	
	2007	2006
	HK\$'000	HK\$'000
Cost of stocks sold	275,218	213,213
Depreciation	10,959	10,977
Amortisation of prepaid land lease payments	343	210
Gain on disposal of items of property, plant and equipment	(12)	(503)
Gain on disposal of a subsidiary	—	(430)

5. FINANCE COSTS, NET

	Unaudited For the six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Interest on bank borrowings	5,540	4,847
Less: interest income	(331)	(274)
	5,209	4,573

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 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	
	2007	2006
	HK\$'000	HK\$'000
Tax in the income statement represents:		
Provision for Hong Kong profits tax	1,265	572
Provision for tax elsewhere	105	131
	1,370	703
Deferred tax	(37)	(25)
	1,333	678

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. EARNINGS/(LOSS) PER SHARE

a. Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated on the net profit attributable to equity holders of the Company of HK\$449,000 (2006: net loss attributable to equity holders of the Company of HK\$2,558,000) and weighted average of 419,946,334 (2006: 417,206,107) shares in issue during the period.

b. Diluted earnings/(loss) per share

Diluted earnings per share is calculated on the net profit attributable to equity holders of the Company of HK\$449,000 and weighted average of 457,738,821 shares in issue during the period after adjustment for the effect of all dilutive potential ordinary shares of 37,792,487 shares for the six months ended 30 June 2007, calculated as follows:

	Unaudited For the six months ended 30 June 2007 HK\$'000
Profit for the period attributable to equity holders of the Company	449
	Number of shares
Weighted average number of shares in calculating diluted earnings per share:	
Weighted average of shares for the purpose of basic earnings per share	419,946,334
Effect of dilution:	
Share options	5,799,925
Warrants	31,992,562
	457,738,821

Diluted loss per share for the six months ended 30 June 2006 was not presented as the share options and warrants outstanding during the period had an anti-dilutive effect on the basic loss per share.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2007, the Group acquired items of property, plant and equipment with a cost of HK\$852,000 (2006: HK\$873,000). Items of property, plant and equipment with a net book value of HK\$53,000 were disposed of during the six months ended 30 June 2007 (2006: HK\$1,960,000).

9. ACCOUNTS RECEIVABLE

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

	Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
Current and less than 60 days	74,175	80,864
Over 60 days	2,382	2,332
	76,557	83,196

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\$4,421,000 (31 December 2006: HK\$6,804,000) which are repayable on credit terms comparable to those offered to other unrelated customers of the Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. INTEREST-BEARING BANK LOANS

	Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
Current		
Unsecured	34,098	36,349
Secured (Note)	110,190	14,500
	144,288	50,849
Non-current		
Secured (Note)	—	98,000
	144,288	148,849

Note:

Secured interest-bearing loans including certain of the Group's bank loans in mainland China of approximately HK\$94,898,000 (31 December 2006: HK\$101,000,000) which were borrowed by PRC subsidiaries of the Group. These loans are secured on certain properties, plant and equipment and prepaid land lease payments of certain PRC subsidiaries and have no recourse to other members of the Group. As the renewal of these loans is in progress and the time required for completing such renewal is longer than expected, they have been classified as current liabilities.

Bank loans amounting to HK\$42,552,000 (31 December 2006: HK\$40,849,000) and HK\$5,102,000 (31 December 2006: HK\$5,000,000) are secured by corporate guarantees given by the Company and an independent third party, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. ACCOUNTS PAYABLE

An aged analysis of accounts payable as at the balance sheet date, based on the payment due date, is as follows:

	Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
Current and less than 60 days	35,676	33,644
Over 60 days	1,007	787
	36,683	34,431

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

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\$2,752,000 (31 December 2006: HK\$5,805,000) which are payable on credit terms comparable to those offered by other unrelated suppliers of the Group.

12. ISSUED SHARE CAPITAL

- a. During the period ended 30 June 2007, the subscription rights attaching to 4,091,130 shares options were exercised at the price of HK\$0.1834 per share resulting in the issue of 4,091,130 shares of HK\$0.10 each for a total cash consideration, before expenses, of approximately HK\$751,000.
- b. During the period ended 30 June 2007, 33,094 shares of HK\$0.10 each were issued for cash at subscription prices of HK\$0.25 per share, pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of approximately HK\$8,000. During the period ended 30 June 2006, 267,027 shares of HK\$0.10 each were issued for cash at subscription price of HK\$0.25 per share, pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of approximately HK\$67,000.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. CAPITAL COMMITMENTS

	Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
Capital commitments for the acquisition of property, plant and equipment:		
Contracted for	9	9
Authorised, but not contracted for	866	1,076

14. CONTINGENT LIABILITIES

- a. At 30 June 2007, 32 (31 December 2006: 32) employees had completed the required number of years of service under the Hong Kong Employment Ordinance (the "Employment Ordinance") to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments where the termination meets the required circumstances specified in the Employment Ordinance. If the termination of all these employees met the circumstances required by the Employment Ordinance, the Group's liability at 30 June 2007 would be approximately HK\$444,000 (31 December 2006: HK\$383,000).

- b. At 30 June 2007, the contingent liabilities in respect of guarantees given to banks to secure banking facilities utilised by a jointly-controlled entity of the Group amounted to HK\$32,363,000 (31 December 2006: HK\$32,849,000).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. RELATED PARTY TRANSACTIONS

	Notes	Unaudited For the six months ended 30 June	
		2007 HK\$'000	2006 HK\$'000
Transactions with jointly-controlled entities*:			
Sales of goods	a	20,416	27,628
Purchases of goods/services	b	111	35
Production and oil refinement income	c	20,266	20,240
Royalty income	d	5,216	5,005
Property rental income	e	1,492	1,492
Management fee income	f	1,000	1,000
Transactions with companies associated with the controlling shareholders of the Company:			
Sales of goods	a	1,933	1,205
Rental expenses	g	1,751	1,669
Consideration received for disposal of subsidiaries	h	—	430
Transactions with a company in which a director of the Company has an indirect interest:			
Management fee expenses	i	330	280

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

Notes:

- The sale of goods was on normal commercial terms in the ordinary and usual course of business of the Company.
- The purchases of goods/services were at prices comparable to those offered by other unrelated suppliers/providers of the Group.
- The production and oil refinement income was charged based on agreements entered into with the jointly-controlled entities after an arm's length negotiation and was at rates comparable to those offered to other unrelated customers of the Group.
- Pursuant to trademark license agreements entered into between the Group and the 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

- 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 management fee income was charged based on the cost incurred for providing such services.
- g. The rental expenses were paid by reference to open market rental and were subject to the terms of the relevant tenancy agreements.
- h. On 25 January 2006, the Group disposed of a subsidiary to a company associated with a substantial shareholder of the Company. The major asset of the subsidiary was a piece of land in Hong Kong. The consideration of disposal was arrived at by reference to the net book value of the subsidiary at the date of disposal ("the Disposal Date"), adjusted for the market value of that piece of land as at the Disposal Date in accordance with the valuation performed by DTZ Debenham Tie Leung, an independent firm of professionally qualified valuers.
- i. The management fee expenses represented the payment for services by a director of the Company and his staff through a company in which the director has an indirect interest.
- j. Certain of the Group's bank loans in the PRC are secured by a personal guarantee of HK\$6,122,000 given by a senior executive of the Group.

16. PLEDGE OF ASSETS

As at 30 June 2007, 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\$158,026,000 (31 December 2006: HK\$163,971,000), certain accounts receivable and stocks of the Group of approximately HK\$31,119,000 (31 December 2006: HK\$31,833,000), and a cash deposit of the Group of approximately HK\$10,253,000 (31 December 2006: HK\$6,529,000) were pledged to banks to secure banking facilities granted to the Group.

17. POST BALANCE SHEET EVENT

On 17 July 2007, Knight Investment Limited ("Knight"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Wytak Limited ("Wytak"), a company associated with a substantial shareholder of the Company, to sell a property in Hong Kong to Wytak at a consideration of HK\$2,700,000, which was the market value of that property as at the date of disposal in accordance with the valuation performed by DTZ Debenham Tie Leung, an independent firm of professionally qualified valuers. The gain (net of expenses) in relation to the disposal was approximately HK\$653,900. Details of the transaction were summarised in an announcement dated 17 July 2007.

18. APPROVAL OF THE INTERIM FINANCIAL REPORT

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 27 September 2007.

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 June 2007, the profit attributable to equity holders was HK\$0.5 million, as compared to the loss of HK\$2.6 million for the same period in 2006. The basic earnings per share for the period was 0.11 HK cent (2006: basic loss per share 0.61 HK cent).

The profit from operating activities for the six months ended 30 June 2007 was HK\$6.8 million, representing an increase of 156% from HK\$2.6 million for the first half of 2006. Earnings before interest, tax, depreciation and amortization (EBITDA) was HK\$18.1 million, as compared to HK\$13.8 million in 2006.

Dividend

The directors do not recommend payment of any interim dividend for the six months ended 30 June 2007 (2006: Nil).

Review of Operation

During the period under review, the edible oil market had been significantly affected by the escalating raw material costs, which was mainly due to the increasing market tendency of using agricultural raw materials to produce bio-diesel and fuel ethanol which can be used as a gasoline blending additive. The Group has been successful in maintaining its market shares and minimizing the impact of such cost increase by revising the selling prices of the Group's products at appropriate time and increasing the Group's sales market coverage. Together with the Group's efficient operation which has been striving for by the management in the past years, the Group is able to report a profit for the period, the first profitable six-month period since 2002. The other production and service costs as a percentage of turnover has decreased from 10.4% in the first half of 2006 to 8.2% in the period under review, representing an improvement of over 20%.

The Hong Kong economy has well recovered and the people are getting more health conscious than ever. To respond to the market trends and needs, a number of new healthy products under the Group's leading brand names, such as Lion & Globe and Camel, were launched these years. According to the researches carried out by one of the most reputable international research companies, the Group's branded products had the highest market share in the fast-growing healthy edible oil segment in Hong Kong, which includes Canola oil, Olive oil, Sunflower oil and Rice Bran oil, in the period under review. In addition, our Hong Kong made products have added confidence to our customers who care about the quality of the products they pay for. All these together enable us to record a satisfactory contribution from our Hong Kong edible oil operation.

BUSINESS REVIEW AND OUTLOOK (continued)

Review of Operation (continued)

In PRC, the Group's strategy of increasing the depth and width of the market coverage in the more profitable Southern China sales region is now paying back. The sales for the period under review increased significantly by 56% as compared to the first half of last year, despite operating under limited financial resources. The cooperation with fast-growing retailing chains for providing them with exclusive branded products helps to improve the utilization and operational efficiency of the PRC facilities. In the first half of 2007, the PRC edible oil operation continued to record a positive EBITDA.

During the period, the Company received The Best Brand Enterprise Award from Hong Kong Productivity Council recognizing the Group's effort in building up its various leading brands in the edible oil industry. In PRC, Lion & Globe brand has been listed as Chinese Madame's Best Favourite Brand (中華太太最喜歡的品牌) by Madame Box magazine (太太信箱雜誌).

For the purpose of preparing the Group for diversifying into other related sectors so as to balance and enhance the overall financial performance of the Group, the directors announced early this year that a proposal to incorporate a new Cayman Islands company ("Newco") to be the new holding company of the Group so that any new businesses which the Group may acquire in future will be put under Newco, rather than the Company, and by doing so, the business risks and associated liabilities of the new businesses can be kept separate from those of the existing business of the Group, will be presented to the shareholders for approval.

Financial Review

Equity

The number of issued shares of HK\$0.10 each as at 30 June 2007 was 423,562,658 (31 December 2006: 419,438,434). At 1 January 2007, the Company had outstanding 82,296,810 warrants carrying rights to subscribe for an aggregate of 82,296,810 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, 33,094 warrants were exercised for 33,094 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 11,656,088 shares of the Company. Details of the share options outstanding are disclosed in the section under "Share Option Scheme".

BUSINESS REVIEW AND OUTLOOK (continued)

Financial Review (continued)

Liquidity and gearing

As at 30 June 2007, the Group's bank borrowing, including bank loans and bills payable, in Hong Kong was HK\$44.5 million. The Group's other bank borrowings, including bank loans and bills payable, as at the period end were PRC bank borrowings amounted to HK\$135.9 million. Loans of approximately HK\$94.9 million were secured by assets of certain PRC subsidiaries of the Group and have no recourse to other members of the Group.

As explained in note 10, the Group's total bank loans as at the balance sheet date amounted to HK\$144.3 million (31 December 2006: HK\$148.8 million) have all been classified as current liabilities which are repayable or subject to renewal within one year. The Group's gearing ratio (expressed as a percentage of total bank loans over shareholders' funds) as at 30 June 2007 was 35.4% (31 December 2006: 36.8%).

The net interest expense for the period was HK\$5.2 million (2006: HK\$4.6 million). Such increase was mainly attributable to the increase in interest rates during the first half of 2007.

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\$21.6 million (2006: HK\$20.8 million). As at 30 June 2007, the Group had 428 full time and temporary employees (2006: 435).

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

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 16.

Outlook

It is believed that the edible oil market will remain competitive and the raw material costs will continue to stay at a high level in the foreseeable future. The management however has confidence that continuation of the proven strategies of providing quality and premium products that meet the needs of the markets, strengthening customers' loyalty and increasing our penetration and presence in more profitable sales regions will enable the Group to face with these challenges. Opportunities that will improve the profitability of the Group, such as providing customers with OEM or edible oil related services and opportunities created by Closer Economic Partnership Arrangement (CEPA), will be explored by the management.

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 2007, 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	—	1,396,645	3,601,607	3,227,420*	8,225,672	1.9
Wong Yu Hong, Philip	2,045,565	—	—	—	2,045,565	0.5
Sze Tsai To, Robert	2,045,565	—	—	—	2,045,565	0.5
Cheung Wing Yui, Edward	2,443,565	—	—	—	2,443,565	0.6
Seto Gin Chung, John	—	—	—	—	—	—
Shek Lai Him, Abraham	—	—	—	—	—	—
Hung Chiu Yee	772,673	—	—	—	772,673	0.2
Lee Pak Wing	—	—	—	—	—	—
Wong Kwok Ying	—	—	—	—	—	—
Lam Fung Ming, Tammy	—	—	—	—	—	—

* 3,227,420 shares were beneficially owned by a discretionary trust whose discretionary beneficiaries include associates of 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	—	279,329	720,321	645,483**	1,645,133
Wong Yu Hong, Philip	—	—	—	—	—
Sze Tsai To, Robert	—	—	—	—	—
Cheung Wing Yui, Edward	79,600	—	—	—	79,600
Seto Gin Chung, John	—	—	—	—	—
Shek Lai Him, Abraham	—	—	—	—	—
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 associates of Hung Hak Hip, Peter.

Details of the interests 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 2007, 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 following share options were outstanding under the schemes during the period:

Name or category of participant	Number of share options				Date of grant	Exercise period	Price of Company's shares***			
	At	Granted	Exercised	At 30			Exercise price**	Immediately before the		
	1 January 2007	during the period	during the period	June 2007				At date of grant	exercise date	At date of exercise
	HK\$	HK\$	HK\$	HK\$	per share	per share	per share	per share		
Directors										
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	—	—
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	0.603	0.614
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	—	—
Seto Gin Chung, John	417,373	—	—	417,373	4 August 2006*	4 August 2007 to 3 August 2012	0.2940	0.290	—	—
	<u>15,747,218</u>	<u>—</u>	<u>(4,091,130)</u>	<u>11,656,088</u>						

SHARE OPTION SCHEME (continued)

- * The vesting period of the share options 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 as at the date of grant of share options was the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date specified. The prices of the Company's shares immediately before the exercise date and as at the date of exercise of share options were the weighted average of closing prices of the shares as stated in the Stock Exchange's daily quotations sheets on the dates immediately before the exercise dates and the dates of exercise respectively.

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 2007, the interests of those persons (other than the directors and chief executive) holding 5% or more in the shares and underlying shares of the issued share capital 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	27.6%
Hop Hing Oil (1985) Limited ("HHO")	(ii)	155,392,698	36.7%
GZ Trust Corporation ("GZTC")	(iii)	272,528,781	64.3%
Hung Cheung Pui	(iv)	272,528,781	64.3%
Hap Seng Consolidated Berhad ("HSCB")		21,335,277	5.0%
Gek Poh (Holdings) Sdn. Bhd ("GPHSB")	(v)	21,335,277	5.0%
Datuk Seri Panglima Lau Cho Kun ("DSPL")	(vi)	21,335,277	5.0%

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 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) Hung Cheung Pui is the founder of two discretionary trusts, of which GZTC is the trustee. By virtue of the SFO, Hung Cheung Pui is deemed to be interested in the disclosed interest of GZTC mentioned in note (iii).
- (v) HSCB is held as to 57.18% by GPHSB. By virtue of the SFO, GPHSB is deemed to be interested in the disclosed interest of HSCB mentioned above.
- (vi) 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 (v).

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
HSCB		4,267,055
GPHSB	(v)	4,267,055
DSPL	(vi)	4,267,055

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 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) Hung Cheung Pui is the founder of two discretionary trusts, of which GZTC is the trustee. By virtue of the SFO, Hung Cheung Pui is deemed to be interested in the disclosed interest of GZTC mentioned in note (iii).
- (v) HSCB is held as to 57.18% by GPHSB. By virtue of the SFO, GPHSB is deemed to be interested in the disclosed interest of HSCB mentioned above.
- (vi) 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 (v).

Save as disclosed above, as at 30 June 2007, 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 2007, 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%	8,841	54,500	32,363	63,341

Evergreen is a jointly-controlled entity whose interests are held as to 50% by Lawshun Holdings Limited, an indirect 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.

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 2007 are presented below:

Proforma Balance Sheet of Evergreen Oils & Fats Limited

	Unaudited 30 June 2007 HK\$'000
Non-current assets	17,267
Current assets	229,134
Non-current liabilities	(1,213)
Current liabilities	(125,357)
Net assets	119,831
Attributable interests of the Group's share of net assets	59,916

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 “CG Code”) 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 CG Code for any part of the period from 1 January 2007 to 30 June 2007.

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 CG Code. 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 2007. The Group’s external auditors have carried out their review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE (continued)

Audit Committee (continued)

The Company has an Audit Committee with terms of reference revised to align with the provisions of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The terms of reference of the Audit Committee are available to the public on request and are posted on the Company's website.

As at 30 June 2007, the Audit Committee was comprised of Mr. Sze Tsai To, Robert (chairman of the Committee), Mr. Cheung Wing Yui, Edward and Mr. Seto Gin Chung, John, all 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 reviewed with 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 2007.

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. As at 30 June 2007, the Remuneration Committee was comprised of Mr. Hung Hak Hip, Peter (chairman of the Committee), the non-executive Chairman of the Company, and Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui, Edward and Mr. Shek Lai Him, Abraham, three independent non-executive directors of the Company.

The terms of reference of the Remuneration Committee revised to align with the provisions of the CG Code are available to the public on request and are posted on the Company's website.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

During the six months ended 30 June 2007, 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, Mr. Seto Gin Chung, John and Mr. Shek Lai Him, Abraham.

By Order of the Board

Hung Hak Hip, Peter
Chairman

Hong Kong, 27 September 2007

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the board of directors of Hop Hing Holdings Limited

INTRODUCTION

We have reviewed the interim financial information set out on pages 1 to 14 which comprises the condensed consolidated balance sheet of Hop Hing Holdings Limited as at 30 June 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

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

SCOPE OF REVIEW

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

(continued)

CONCLUSION

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

Ernst & Young

Certified Public Accountants

18/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

27 September 2007