Hop Hing Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 47

百合 牛柳粒
糖醋骨 蒜香青口
鮮蟹肉薯餅 花菇肉片有味
香煎 浸鮮魚片伴脆米 五穀飯
豆腐餅 紅炆牛肋條
芝士 七彩絲
味噌白 脆香雞翼
鱈魚柳
雞肉丸伴 伴炸麵
香草番茄醬

annual report 2007


獅球嘜
橄欖小米油
Pure
Olive Oil
獅球嘜
芥花籽油
獅球嘜
醇香花生油
獅球嘜
花生油
葵花
駱駝嘜
麒麟
醇香花生油
全港芥花籽油
獅球嘜
銷售
1
獅球嘜
駱駝嘜
麒麟
厨寶
Kitchen King
紅桃
SS
GE

Contents

Corporate Information

DIRECTORS

Hung Hak Hip, Peter* *(Chairman)*
Wong Yu Hong, Philip**
Sze Tsai To, Robert**
Cheung Wing Yui**
Seto Gin Chung, John**
Shek Lai Him, Abraham**
Hung Chiu Yee*
Lee Pak Wing*
Wong Kwok Ying
Lam Fung Ming, Tammy

* *Non-executive directors*
** *Independent non-executive directors*

SOLICITORS

Coudert Brothers, in association with Orrick, Herringion & Sutcliffe, LLP
39th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

COMPLIANCE ADVISER

CIMB-GK Securities (HK) Limited
25/F., Central Tower
28 Queen's Road Central
Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Limited
Clifton House
75 Fort Street
P. O. Box 1350 GT
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
46/F., Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Bank of China Ltd. (Guangzhou Panyu Sub-branch)

REGISTERED OFFICE

Clifton House
75 Fort Street
P. O. Box 1350 GT
Grand Cayman
KY1-1108
Cayman Islands

COMPANY SECRETARY AND PRINCIPAL PLACE OF BUSINESS

Wong Kwok Ying
Units E & F, 2/F.
Hop Hing Building
9 Ping Tong Street East
Tong Yan San Tsuen
Yuen Long
New Territories
Hong Kong

WEBSITE

http://www.hophing.com

Chairman's Statement

REVIEW OF OPERATION AND PROSPECTS

Hop Hing Group Holdings Limited ("HHGH") was incorporated on 1 August 2007 and recorded a loss of HK$0.2 million in the period from 1 August 2007 (date of incorporation) to 31 December 2007.

For the year ended 31 December 2007, the consolidated profit attributable to equity holders of Hop Hing Holdings Limited ("HHHL") was HK$0.2 million, as compared to the loss of HK$6.8 million for the year ended 31 December 2006. The earnings per share for the year was HK0.04 cent (2006: loss per share HK1.62 cents).

The earnings before interest, tax and depreciation and amortization ("EBITDA") of HHHL and its subsidiaries (the "Group") for the year was HK$33.3 million, a decrease of HK$2.0 million as compared to the EBITDA of HK$35.3 million for the year 2006. It is mainly attributable to impairment losses of HK$9.4 million on certain property, plant and equipment and prepaid land lease payments. Before taking into account such impairment losses of HK$9.4 million, the profit before tax of the Group for the year under review was HK$9.3 million which is 2.7 times of the profit before tax of HK$3.5 million for 2006.

DIVIDEND

No interim dividend was paid by HHHL (2006: Nil) and the directors of HHGH and HHHL do not recommend the payment of any final dividend for the period and year under review respectively (2006: Nil).

REVIEW OF OPERATION

During the year under review, the edible oil market was mainly driven by the soaring 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 market prices of our major raw materials went up by 50 percent to over 120 percent in 2007. These prices kept on climbing up to their record high prices in the first quarter of 2008, resulting in accumulated increases of 80 percent to over 200 percent from the beginning of 2007. Although revising prices of our products could release part of the pressure brought about by the raw material cost increases, the gross margin of the Group for the year under review dropped and the sales-related selling expenses went up significantly. Despite operating under such difficult market conditions, the Group had been able to report a growth in sales tonnage. The Group's efficient operation which has been striving for by the management in the past years is now paying back. The other production and service costs went down by 7.1%, as compared to the preceding year.

Chairman's Statement

In Hong Kong, healthy eating has been the trend of the city. To meet the needs of the market, a number of new healthy products, including Canola oil, Sunflower oil, Rice Bran oil and Olive oil, were launched by the Group. According to the Nielsen Edible Oil MarketTrack Supermarket Service data collected by The Nielsen Company (Hong Kong) Limited, one of the most reputable international research companies in Hong Kong, the Group's Lion & Globe Canola oil products was ranked first in sales value in the Canola oil segment in the period from October 2006 to September 2007. In addition, the Group received 2007 Best New Product Award from Park'n Shop and Lion & Globe, the Group's flagship brand, received 8th Favourite Brand Award in Outstanding Performance within a category – Staples from Wellcome. The above ranking and awards from the leading supermarkets in Hong Kong confirm the continuous and coordinated effort of the Group's sales and marketing and research and development teams and, at the same time, reinforce the management's belief that riding on market trends and providing more healthy choices to our customers can always build a win-win situation for both the Group and our customers. Hence, our Hong Kong edible oil segments could deliver a satisfactory contribution to the Group even though it operated under an un-precedented difficult environment.

During the year, the Environmental Campaign Committee awarded us with Grand Award (Green SME) of 2006 Hong Kong Eco-Business Awards, recognizing the Group's environmental efforts in the past years.

In PRC, the results of the Group's strategy of increasing the depth and width of the market coverage in the more profitable Southern China sales region could now be translated into figures. The retail and catering sales tonnage in Southern China recorded an increase of over 20% as compared to last year, despite the rocketing raw material costs and operating under most difficult conditions. Although the results of the PRC edible oil operation was still being affected by the depreciation of properties, plant and equipment and amortization of prepaid land lease payments, it continued to record a positive EBITDA for the year under review.

To pave way for capturing any possible future diversification opportunities, the directors of HHHL proposed in January 2007 to change the domicile of the holding company of the Group from Bermuda to the Cayman Islands by way of a scheme of arrangement (the "Scheme"). The Scheme was approved by the shareholders of HHHL on 7 April 2008 and sanctioned by the Supreme Court of Bermuda on 11 April 2008. On the date of this statement, HHGH is the ultimate holding company of the Group and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

FINANCIAL REVIEW

Liquidity and gearing

HHGH did not have any bank borrowings as at 31 December 2007 and did not incur any interest expenses in the period under review.

As at 31 December 2007, the Group's bank borrowing, including bank loans and bills payable, in Hong Kong was HK$47.4 million. The Group's other bank borrowings, including bank loans and bills payable, as at year end were PRC bank borrowings, including bank loans and bills payable, amounted to HK$131.1 million. Loans of approximately HK$96.8 million were secured by assets of certain PRC subsidiaries of the Group and have no recourse to other members of the Group.

Chairman's Statement

As at the balance sheet date, the Group's total bank loans amounted to HK$148.0 million (31 December 2006: HK$148.8 million), all of them (31 December 2006: HK$50.8 million) were either repayable or subject to renewal within one year. The Group's gearing ratio (expressed as a percentage of total bank loans over equity attributable to equity holders of HHHL) as at 31 December 2007 was 36% (31 December 2006: 37%).

The net interest expenses for the year was HK$11.0 million (2006: HK$9.4 million). Such increase was mainly attributable to the increase in interest rates in PRC during the 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

HHGH did not have any staff in the period under review and at the period end date.

Remuneration packages of the staff of the Group are comprised of salary and bonuses and are determined with reference to market conditions and the performance of the individuals concerned. The Group also provided other staff benefits including medical insurance, continuing education allowance and share options to eligible staff of the Group. The total remuneration paid to the employees (including pension costs and the directors' remuneration) of the Group in the year under review was HK$47 million (2006: HK$42 million). As at 31 December 2007, the Group had 420 full time and temporary employees (31 December 2006: 449).

As at 31 December 2007, HHGH did not have any share option scheme. Details of the share option scheme of HHHL are set out in note 27 to the financial statements of HHHL set out in the Appendix to this report.

SEGMENT INFORMATION

HHGH did not have any turnover 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 in the year under review.

Details of the segmented information of the Group are disclosed in note 4 to the financial statements of HHHL set out in the Appendix to this report.

CONTINGENT LIABILITIES

As at the balance sheet date, HHGH did not have any contingent liabilities.

Details of the contingent liabilities of the Group are disclosed in note 33 to the financial statements of HHHL set out in the Appendix to this report.

Chairman's Statement

PLEDGE OF ASSETS

As at 31 December 2007, HHGH did not have any pledge of assets.

Details of the pledge of assets of the Group are disclosed in notes 13, 14, 19, 20 and 24 to the financial statements of HHHL set out in the Appendix to this report.

OUTLOOK

The management believed that the edible oil costs will continue to stay at the current high level in the foreseeable future, if not further going up. Price revisions of edible oil products in PRC are subject to the approval of National Development and Reform Commission in PRC. With the Group's operational efficiency and proven strategies of providing quality and premium products that meet the needs of the markets and increasing our penetration and presence in more profitable sales region, the management has confidence to meet with these challenges. The management will also explore other opportunities to improve the profitability of the Group, such as providing our customers with edible oil related services which we excel at, and developing other edible oil related products and seek to further exploit opportunities created by Closer Economic Partnership Arrangement (CEPA).

As the Redomicile proposal has now been completed, the Directors will act more proactively to try to diversify the Group's business to other related sectors so as to balance and enhance the overall financial performance of the Group to create value for shareholders.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of HHGH will be closed from 23 May 2008 to 26 May 2008, both days inclusive, during which period no transfer of shares of HHGH will be effected. In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates, must be lodged with HHGH's Registrars in Hong Kong, 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 4:00 p.m. on 22 May 2008 for registration.

VOTE OF THANKS

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

HUNG HAK HIP, PETER
Chairman

29 April 2008

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Hop Hing Group Holdings Limited ("HHGH") is committed to maintaining a high standard of corporate governance practices and procedures. Both HHGH and Hop Hing Holdings Limited ("HHHL") have adopted their codes on corporate governance (the "CG Code") based on the principles set out in the Code of Corporate Governance Practices contained in Appendix 14 of Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

None of the directors of HHHL is aware of any information that would reasonably indicate that HHHL and its subsidiaries (the "Group") did not meet the applicable code provisions set out in the CG Code for any part of the period from 1 January 2007 to 31 December 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS

HHGH and HHHL have 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 HHGH and HHHL by the directors respectively. 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 HHHL's directors, the directors confirmed that they complied with the required standard in the Model Code throughout the financial year ended 31 December 2007.

BOARD OF DIRECTORS

As at 31 December 2007, the Board of HHGH and HHHL was comprised of the same ten directors, including three non-executive directors, being Mr. Hung Hak Hip, Peter (Chairman), Ms. Hung Chiu Yee and Mr. Lee Pak Wing; five independent non-executive directors, being Dr. Wong Yu Hong, Philip, Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui, Mr. Seto Gin Chung, John and Mr. Shek Lai Him, Abraham and two executive directors, being Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy. Biographical details of these directors which include relationships among themselves are set out under "Directors' and Senior Executives' Biographies" on pages 13 to 15.

The Board of HHGH accepts that it is ultimately accountable and responsible for the performance and affairs of HHGH. Although the Board bears overall responsibility for HHGH, the management of HHGH (including the executive directors) is the custodian and administrator of the day-to-day performance of HHGH.

HHGH has received an initial written confirmation of independence from each of the independent non-executive directors who consider themselves to be independent.

The Board of HHGH will meet at least four times a year and on other occasions when a Board decision is required on major issues. Directors may participate in meeting via telephone or video-conferencing link. Board consents are given by vote at the Board meetings and supplemented via circulation of written resolutions between Board meetings.

Corporate Governance Report

During the year, HHHL held four full board meetings (including those with voting by communication) and there were two full board circulations. Individual attendance record at full board meetings of HHHL are set out on page 11 of this report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The CG Code requires that the roles of the Chairman and Chief Executive Officer be separated and not performed by the same individual.

The Chairman's principal responsibility is to ensure effective running of the Board, enabling the Board as a whole to play a full and constructive part in the development and determination of the Group's strategies and overall commercial objectives. The Chief Executive Officer is responsible for day-to-day management of the Group's business and achieving the strategic and commercial objectives agreed by the Board.

In 2007, the Chairman of HHHL was Mr. Hung Hak Hip, Peter. The role of the Chief Executive Officer was shared by Mr. Wong Kwok Ying (Chief Financial Officer) and Ms. Lam Fung Ming, Tammy (Chief Operating Officer).

NON-EXECUTIVE DIRECTORS' TERM OF OFFICE

The non-executive directors of HHGH are appointed for specific terms, subject to retirement and re-election in accordance with the provisions of the amended and restated memorandum and articles of association of HHGH.

In 2007, the non-executive directors of HHHL were also appointed for specific terms, subject to retirement and re-election in accordance with the provisions of bye-laws of HHHL.

REMUNERATION OF DIRECTORS

The remuneration committee of HHGH was established on 29 April 2008 with a particular responsibility to review HHGH's remuneration policy for directors and members of the senior management. The remuneration committee is currently comprised of Mr. Hung Hak Hip, Peter (chairman of the Committee), the non-executive Chairman of HHGH, Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui and Mr. Shek Lai Him, Abraham, the three independent non-executive directors of HHGH.

The terms of reference of the remuneration committee of HHGH align with the provisions of the CG Code and are available to the public on request and have also been posted on HHGH's website.

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the remuneration committee of HHGH with reference to directors' duties, responsibilities and performance and the results of the Group.

The remuneration committee of HHHL held one meeting in 2007. During the meeting, the remuneration committee reviewed the remuneration packages of all directors and senior management of HHHL. Meeting attendance records of the remuneration committee of HHHL are set out on page 11 of this report.

Corporate Governance Report

Information relating to the remuneration of each director of HHHL for 2007 is set out in note 8 to the financial statements of HHHL set out in the Appendix to this report.

NOMINATION OF DIRECTORS

Currently, HHGH does not have a nomination committee and it is the Board's responsibility to identify individuals suitably qualified for becoming board members when necessary. The Board will give due consideration to the suitability of a candidate for directorship after taking into account his experience, qualification and other relevant factors. All candidates must also meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an independent non-executive director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

AUDITORS' REMUNERATION

Auditors' remuneration of HHGH for the period under review payable to Ernst & Young, HHGH's external auditors, was borne by HHHL.

During 2007, the fees payable to Ernst & Young, HHHL's external auditors, for the Group's audit services totalled to HK$1,298,000 (2006: HK$1,198,000). Ernst & Young has also provided the Group with non-audit services, including the review of interim financial report of HHHL and services in relation to the redomicile proposal at fees totalled to HK$758,000 (2006: review of interim financial report of HHHL at a fee of HK$398,000).

AUDIT COMMITTEE

Both HHGH and HHHL established audit committee with terms of reference aligned with the provisions of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The terms of reference of the audit committee of HHGH are available to the public on request and have also been posted on HHGH's website.

The audit committee of HHGH is currently comprised of Mr. Sze Tsai To, Robert (chairman of the Committee), Mr. Cheung Wing Yui 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 HHGH. The chairman of the Audit Committee has the required appropriate professional financial qualifications and experience.

HHGH's results for the period ended 31 December 2007 and the Group's annual results for the year ended 31 December 2007 have been reviewed by the audit committee of HHHL.

In 2007, the audit committee of HHHL 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 audited accounts of HHHL for the year ended 31 December 2006 and the interim financial report of HHHL for the six months ended 30 June 2007.

The audit committee of HHHL held two meetings and there was 1 full audit committee circulation in 2007. Meeting attendance records of the full audit committee meetings of HHHL are set out on page 11.

Corporate Governance Report

FINANCIAL REPORTING

The directors of HHGH and HHHL acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group.

As at 31 December 2007, the directors of HHGH and HHHL did not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the ability of HHGH and the Group to continue as a going concern respectively. Accordingly, the financial statements of HHGH and the Group were prepared on a going concern basis.

The responsibilities of the external auditors with respect to financial reporting are set out in the Independent Auditors' Report included in this Annual Report.

INTERNAL CONTROL

The Board of HHGH is responsible for the Group's system of internal control that is designed to facilitate effective and efficient operations and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. In devising internal controls, the Group has regard to the nature and extent of the risk, the likelihood of it crystallizing and the cost of controls. A system of internal control is designed to manage, but not eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute, assurance against the risk of material misstatement, fraud or losses.

The Board of HHHL, with the assistance of its audit committee, assesses the effectiveness of internal control of the Group by considering reviews performed by the management, the independent auditors and the internal assessment report outsourced and performed by a firm of qualified accountants. Such reviews during the Group's financial year ended 31 December 2007 did not reveal any significant defects.

The aforesaid is an ongoing process for identifying, evaluating and managing of significant business, financial, compliance and operational risks specific to the Group. Relevant recommendations made by HHGH's audit committee, the independent auditor and the external accountants who perform the reviews at least annually would be implemented, if appropriate, as soon as possible by the Group to further enhance its internal control policies, procedures and practices.

COMMUNICATION WITH SHAREHOLDERS

The Board of HHGH uses its endeavour to maintain an ongoing and transparent communication with all shareholders and, in particular, will communicate with shareholders in general meetings and encourage their participation. HHGH will also communicate with its shareholders by various other means, such as publication of annual and interim reports, announcements, circulars and additional information on the Group's business activities and development on HHGH's website: http://www.hophing.com. Details of poll vote procedures, which comply with the Listing Rules and the memorandum and articles of association of HHGH, will be included in HHGH's circular to be sent to shareholders of HHGH on 30 April 2008 and will also be set out in the proceedings of HHGH's general meetings.

Corporate Governance Report

HHHL'S DIRECTORS'/COMMITTEE MEMBERS' ATTENDANCE IN 2007

	Meetings attended/Eligible to attend		
Name of Director	Full Board	Full Audit Committee	Remuneration Committee
Non-executive Directors			
Hung Hak Hip, Peter *(Chairman of the Board and the remuneration committee)*	4/4	2/2	1/1
Hung Chiu Yee	4/4	N/A	N/A
Lee Pak Wing	4/4	N/A	N/A
Independent Non-executive Directors			
Wong Yu Hong, Philip (Note 1)	4/4	N/A	N/A
Sze Tsai To, Robert *(Chairman of the audit committee)*	4/4	2/2	1/1
Cheung Wing Yui	2/4	2/2	1/1
Seto Gin Chung, John (Note 2)	4/4	2/2	N/A
Shek Lai Him, Abraham (Note 3)	4/4	N/A	1/1
Executive Directors			
Wong Kwok Ying	4/4	N/A	N/A
Lam Fung Ming, Tammy	4/4	N/A	N/A

Notes:

1. Dr. Wong Yu Hong, Philip, resigned from the remuneration committee of HHHL on 1 January 2007.

2. Mr. Seto Gin Chung, John was appointed a member of the audit committee of HHHL on 1 January 2007.

3. Mr. Shek Lai Him, Abraham was appointed an independent non-executive director and a member of the remuneration committee of HHHL on 1 January 2007.

Report of the Directors

The directors present their report and the audited financial statements of Hop Hing Group Holdings Limited ("HHGH") for the period from 1 August 2007 (date of incorporation) to 31 December 2007.

PRINCIPAL ACTIVITIES

HHGH did not have any principal activities in the period from 1 August 2007 (date of incorporation) to 31 December 2007.

RESULTS AND DIVIDENDS

HHGH's loss for the period ended 31 December 2007 and the state of affairs of HHGH at that date are set out in the financial statements on pages 22 to 28.

The directors of HHGH do not recommend the payment of any dividend for the period.

SUMMARY FINANCIAL INFORMATION

As this is the first set of financial statements of HHGH since its incorporation, no comparative amount is presented.

A summary of the published results and of the asset and liabilities of the Group for the last five financial years, as extracted from the audited financial statements of HHHL, is set out on page 104. This summary does not form part of the audited financial statements of HHHL.

SHARE CAPITAL

Details of movements in HHGH's share capital during the period, together with the reasons therefor, are set out in note 5 to the financial statements.

Report of the Directors

DIRECTORS

The directors of HHGH during the period and up to the date of this report were:

Hung Hak Hip, Peter* *(Chairman)*	(appointed on 1 August 2007)
Wong Yu Hong, Philip**	(appointed on 4 September 2007)
Sze Tsai To, Robert**	(appointed on 4 September 2007)
Cheung Wing Yui**	(appointed on 4 September 2007)
Seto Gin Chung, John**	(appointed on 4 September 2007)
Shek Lai Him, Abraham**	(appointed on 4 September 2007)
Hung Chiu Yee*	(appointed on 1 August 2007)
Lee Pak Wing*	(appointed on 1 August 2007)
Wong Kwok Ying	(appointed on 1 August 2007)
Lam Fung Ming, Tammy	(appointed on 1 August 2007)

* *Non-executive directors*

** *Independent non-executive directors*

All directors are subject to retirement by rotation and re-election at the annual general meeting of HHGH in accordance with the provisions of HHGH's amended and restated memorandum and articles of association. At the forthcoming annual general meeting, all directors retire and, being eligible, offer themselves for re-election.

DIRECTORS AND SENIOR EXECUTIVES' BIOGRAPHIES

(a) Non-executive directors

Mr. Hung Hak Hip, Peter, aged 63, Chairman, is a chartered accountant and worked in the Hong Kong securities industry before joining the Group in 1975. Mr. Hung is the brother of Ms. Hung Chiu Yee, a non-executive director of the Group. Certain associates of Mr. Hung are discretionary beneficiaries of a discretionary trust which beneficially own securities in HHGH.

Dr. The Hon Wong Yu Hong, Philip, *GBS, JD, Ph D,* aged 69, appointed a director of the Group in 1989, is a prominent businessman who serves on the board of a number of public organizations, including member of the Legislative Council for the Hong Kong Special Administrative Region ("SAR"), Life Honorary Chairman of the Chinese General Chamber of Commerce and board member of the Hong Kong Trade Development Council. Dr. Wong received the Gold Bauhinia Star Award from the Hong Kong SAR Government in 2003 and the Courvoisier Awards for Business Excellency from the then Chief Justice of Hong Kong, Sir Denys Roberts, in 1986.

Mr. Sze Tsai To, Robert, aged 67, was appointed a director of the Group on 1 June 2000. Mr. Sze is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants and was a partner in an international firm of accountants with which he practised for over 20 years. He is also a non-executive director of a number of Hong Kong listed companies.

Report of the Directors

DIRECTORS AND SENIOR EXECUTIVES' BIOGRAPHIES (Continued)

(a) Non-executive directors (Continued)

Mr. Cheung Wing Yui, aged 58, appointed a director of the Group in 1989, is a consultant of Woo, Kwan, Lee & Lo, solicitors. Mr. Cheung is also a qualified solicitor in England and Singapore and a member of CPA Australia.

Mr. Seto Gin Chung, John, aged 59, appointed a director of the Group on 25 April 2006, is a director of Pacific Eagle Asset Management Limited since January 2006. He is an independent non-executive director of China Everbright Limited and Kowloon Development Company Limited. He was the Chief Executive Officer of HSBC Broking Services (Asia) Limited from 1982 to 2001. He was the chairman and a non-executive director of International Financial Network Holdings Limited from 2001 to 2005. He was a non-executive director of Hong Kong Exchanges and Clearing Limited from 2000 to 2003, a council member of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from 1994 to 2000 and was the first vice chairman of the Stock Exchange from 1997 to 2000. He holds a Master of Business Administration degree from New York University, USA and has over 30 years of experience in the securities and futures industry.

The Hon Shek Lai Him, Abraham, *SBS, J.P.*, aged 62, was appointed a director of the Group on 1 January 2007. Mr. Shek graduated from the University of Sydney, Australia with a Bachelor of Arts. He is a member of the Legislative Council for the Hong Kong SAR representing real estate and construction functional constituency since 2000. Currently, Mr. Shek is a member of the Council of The Hong Kong University of Science & Technology and member of the Court of The University of Hong Kong. He is also a director of The Hong Kong Mortgage Corporation Limited and was a member of the Managing Board of Kowloon-Canton Railway Corporation up to 1 December 2007. Mr. Shek was appointed as a Justice of the Peace in 1995. He is an independent non-executive director of a number of Hong Kong listed companies.

Ms. Hung Chiu Yee, aged 67, appointed a director of the Group in 1988, holds a Bachelor of Science degree and was a former senior executive of the Group. She has business interests in cosmetics and trading. Ms. Hung is the sister of Mr. Hung Hak Hip, Peter.

Mr. Lee Pak Wing, aged 62, holds a Master of Science degree in production technology. He joined the Group in 1979 prior to which he was a systems manager with Tyco Industries Limited. He was formerly the Vice-chairman of the Group.

Report of the Directors

DIRECTORS AND SENIOR EXECUTIVES' BIOGRAPHIES (Continued)

(b) Executive directors

Mr. Wong Kwok Ying, aged 48, is the Chief Financial Officer and Company Secretary of the Group and was appointed a director of the Group on 10 January 2000. Mr. Wong is a certified public accountant (practising) in Hong Kong and a fellow member of the Hong Kong Institute of Certified Public Accountants. He has over 25 years' finance, accounting and audit experience. Prior to joining the Group in 1990, he worked with one of the international accounting firms in Hong Kong.

Ms. Lam Fung Ming, Tammy, aged 44, is the Chief Operating Officer of the Group and responsible for the Group's sales activities, manufacturing, quality assurance and product development. She holds a Bachelor of Science degree in Food Science and Technology and a Higher Diploma in Chemical Technology from the Hong Kong Polytechnic University. She has over 15 years' experience in the oil and food industry. Ms. Lam joined the Group in 1990 and was appointed a director of the Group on 1 November 2004.

(c) Senior executives

Mr. Lian Bai Xiang, aged 59, is the General Manager for the Group's PRC operations. He obtained a Diploma in Industrial Enterprise Management from the Shanghai University of Textile in 1987. He has held various managerial positions with PRC entities for over 20 years. He is also the general manager of a Sino-foreign equity joint venture of the Group. Mr. Lian joined the Group in 1993.

Mr. Wan Kam Shing, aged 59, is the Project Manager of the Group. He has managerial experience in cold storage, food service sales and sales of fast moving consumer goods gained in Hong Kong and Mainland China. Mr. Wan joined the Group in 1997.

Ms. Tai Bik Yin, aged 46, is the company secretarial and human resources manager of the Group. She is an associate of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in UK. She holds a bachelor of law degree from Peking University, a master of law degree in Chinese and Comparative Law from the City University of Hong Kong and a master of business administration degree from the Open University of Hong Kong. Ms. Tai joined the Group in 2005.

Report of the Directors

DIRECTORS' INTERESTS IN CONTRACTS

Other than the transactions disclosed under the heading "Connected Transactions and Continuing Connected Transactions" in the directors' report of HHHL set out in the Appendix to this report, none of the directors had a significant interest, either directly or indirectly, in any contract of significance to the business of the Group to which HHGH or any of its holding companies or fellow subsidiaries was a party during the period.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting was a party to any service contract with HHGH which is not determinable by HHGH within one year without payment other than statutory compensation.

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

Neither directors nor chief executive were interested in the shares of HHGH as at 31 December 2007.

Details of the interests of the directors and chief executive in the shares and underlying shares of HHHL or its associated corporations as at 31 December 2007 are disclosed in the report of the directors of HHHL set out in the Appendix to this report.

SHARE OPTION SCHEME

As at 31 December 2007, HHGH did not have any share option scheme. The adoption of a share option scheme after 31 December 2007 is one of the post balance sheet events set out in note 7 to the financial statements of HHGH.

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" in the report of the directors of HHHL set out in the Appendix to this report, and the share option scheme disclosures in note 27 to the financial statements of HHHL set out in the Appendix to this report, at no time during the period was HHGH or any of its holding companies or fellow subsidiaries a party to any arrangements to enable the directors of HHGH or their respective spouse or minor children to acquire benefits by means of acquisition of shares in or debentures of HHGH or any other body corporate.

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

As at 31 December 2007, HHHL was the sole shareholder of HHGH.

Details of those persons holding 5% or more in the shares and underlying shares of the issued share capital of HHHL as at 31 December 2007 are disclosed in the report of the directors of HHHL set out in the Appendix to this report.

Report of the Directors

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected Transactions

Details of connected transactions for the year ended 31 December 2007 are disclosed in the report of the directors of HHHL set out in the Appendix to this report.

Continuing Connected Transactions

On 8 May 2006, Hop Hing Oil Investment Limited ("HHOI"), an indirect wholly-owned subsidiary of HHHL , as the tenant, entered into two tenancy agreements (the "Tenancy Agreements") with Wytak, as the landlord, for renting certain premises from Wytak in the period from 29 April 2006 to 28 April 2009.

The aggregate rent paid under the Tenancy Agreements by the Group for the year ended 31 December 2007 was approximately HK$3.5 million which did not exceed the annual threshold under Rule 14A.34 of the Listing Rules.

On 5 August 2005, Panyu Hop Hing Oils & Fats Co. Ltd. ("Panyu Hop Hing "), an indirect wholly-owned subsidiary of HHHL , entered into a sales agreement (the "Sales Agreement") with Shenzhen You Rong Retail Co. Ltd. ("Shenzhen You Rong") for the sale of various edible oil products manufactured by the Group to Shenzhen You Rong for three financial years ended 31 December 2007.

The aggregate sales by Panyu Hop Hing to Shenzhen You Rong under the Sales Agreement in the year ended 31 December 2007 was approximately HK$6.5 million.

Subsequent to the expiry of the Sales Agreement and on 6 February 2008, Panyu Hop Hing entered into a new sales agreement with Shenzhen You Rong with similar terms and conditions of the Sales Agreement for three financial years ending 31 December 2010.

Shenzhen You Rong was a connected person of HHHL, the then ultimate holding company of the Group, of which HHGH was a wholly-owned subsidiary in the period from 1 August 2007 to 31 December 2007, for the reason as set out below:

Hop Hing Oil (1985) Limited (as trustee of Hop Hing Oil Unit Trust ("HHOUT")) and Hung's (1985) Limited (as trustee of Hung's Unit Trust ("Hung's UT")) held approximately 35.6% and 26.9% respectively of the issued share capital of HHHL . GZ Trust Corporation ("GZTC") (as trustee of HHOUT and Hung's UT) holds 51% of the issued units of each of the HHOUT and Hung's UT. GZTC was therefore entitled to control indirectly the exercise of approximately 31.9% of the voting power at any general meeting of HHHL and was hence a controlling shareholder of HHHL (as defined in the Listing Rules). GZTC is indirectly interested in Shenzhen You Rong so as to exercise or control the exercise of 30% or more of the voting power at the general meetings of Shenzhen You Rong. Shenzhou You Rong is therefore an associate of GZTC and constituted a connected person of HHHL under the Listing Rules. In addition, Mr. Hung Hak Hip, Peter is a director of Shenzhen You Rong.

Report of the Directors

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

Continuing Connected Transactions (Continued)

Details of the continuing connected transactions were set out in HHHL's announcements dated 5 August 2005, 8 May 2006 and 18 February 2008.

In respect of the Tenancy Agreements and the Sales Agreement which constitute continuing connected transactions, HHHL has fully complied with the reporting requirements under Rule 14A.45 of the Listing Rules and annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules. Independent shareholders' approval of these transactions is not required as the threshold stipulated under Rule 14A.34 of the Listing Rules has not been exceeded at any relevant time.

The independent non-executive directors of HHHL have reviewed and confirmed that the continuing connected transactions arising from the Tenancy Agreements and the Sales Agreement during the year ended 31 December 2007 had been entered into (i) in the ordinary and usual course of business of HHHL; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of HHHL as a whole.

The auditors of both HHGH and HHHL have reviewed the continuing connected transactions arising from the Tenancy Agreements and the Sales Agreement and confirmed that the transactions (i) had received the approval of the Board of Directors of HHHL; (ii) had been entered into in accordance with the Tenancy Agreements and the Sales Agreement governing the transactions; and (iii) had not exceeded the annual caps disclosed in the announcements of HHHL dated 5 August 2005 and 8 May 2006.

Save for the connected transaction and continuing connected transactions disclosed above, there were no other transactions which, in the opinion of the directors, constitute connected transactions that are subject to the reporting requirement under the Listing Rules.

ADVANCES AND GUARANTEES TO AN AFFILIATED COMPANY

Advances and guarantees to Evergreen Oils & Fats Limited, an affiliated company of HHHL as at 31 December 2007, are disclosed in the report of the directors of HHHL set out in the Appendix to this report.

MAJOR CUSTOMERS AND SUPPLIERS

HHGH did not have any customers or suppliers in the period under review.

Details of the major customers and suppliers of the Group are disclosed in the report of the directors of HHHL set out in the Appendix to this report.

Report of the Directors

RETIREMENT BENEFITS SCHEMES

HHGH did not have any employees in the period under review.

Details of the Group's defined contribution benefits schemes are disclosed in the report of the directors of HHHL set out in the Appendix to this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under HHGH's memorandum and articles of association or the laws of the Cayman Islands, which would oblige HHGH to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OF REDEMPTION OF OWN LISTED SECURITIES

The shares of HHGH were not listed securities during the period.

SUFFICIENCY OF PUBLIC FLOAT

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

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of HHGH are set out in note 7 to the financial statements of HHGH.

AUDITORS

Ernst & Young were appointed as the first auditors of HHGH during the period. Ernst & Young retire and a resolution for their reappointment as auditors of HHGH will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

HUNG HAK HIP, PETER
Chairman

29 April 2008

Independent Auditors' Report

ERNST & YOUNG
安 永 會 計 師 事 務 所

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

We have audited the financial statements of Hop Hing Group Holdings Limited ("HHGH") set out on pages 22 to 28, which comprise the balance sheet as at 31 December 2007, and the income statement and the statement of changes in equity for the period from 1 August 2007 (date of incorporation) to 31 December 2007, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of HHGH are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Independent Auditors' Report

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

AUDITORS' RESPONSIBILITY (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of HHGH as at 31 December 2007 and of the loss of HHGH for the period from 1 August 2007 (date of incorporation) to 31 December 2007 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

29 April 2008

Income Statement

Period from 1 August 2007 (date of incorporation) to 31 December 2007

	Note	Period from 1 August 2007 (date of incorporation) to 31 December 2007 HK$'000
TURNOVER		–
General and administrative expenses		(247)
LOSS FOR THE PERIOD	3	(247)

Balance Sheet

31 December 2007

	Notes	HK$'000
ASSETS		
Current assets		
Prepayments		24
EQUITY AND LIABILITIES		
Equity		
Issued share capital	5	–
Accumulated loss		(247)
Total equity		(247)
Current liabilities		
Other payables		4
Due to a fellow subsidiary	6	267
Total liabilities		271
Total equity and liabilities		24

HUNG HAK HIP, PETER
CHAIRMAN

WONG KWOK YING
EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER

Statement of Changes in Equity

Period from 1 August 2007 (date of incorporation) to 31 December 2007

	Note	**Issued share capital** HK$'000	**Accumulated loss** HK$'000	**Total** HK$'000
Issue of share upon incorporation	5	–	–	–
Loss for the period		–	(247)	(247)
At 31 December 2007		–	(247)	(247)

Notes to Financial Statements

31 December 2007

1. CORPORATE INFORMATION

Hop Hing Group Holdings Limited ("HHGH") is a limited liability company incorporated in the Cayman Islands. The registered office of HHGH is situated at Clifton House, 75 Fort Street, P.O. Box 1350 GT, Grand Cayman, KY1-1108, Cayman Islands.

HHGH did not carry out any business in the period from 1 August 2007 (date of incorporation) to 31 December 2007 except for incurring the expenses as set out in note 3 below.

HHGH was incorporated in the Cayman Islands on 1 August 2007. Upon its incorporation, HHGH had an authorised ordinary share capital of HK$380,000 divided into 3,800,000 shares of HK$0.10 each. As at 31 December 2007, the immediate holding company of HHGH was Hop Hing Holdings Limited ("HHHL"), which is incorporated in Bermuda with limited liability.

Subsequent to the balance sheet date, on 25 April 2008, HHGH became the holding company of HHHL and its subsidiaries (the "Group") pursuant to a reorganisation, details of which are set out in note 7 to the financial statements.

2.1 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 the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. A cash flow statement has not been presented as HHGH did not operate a bank or cash account or hold any cash equivalents and had no cash transactions during the current period. Accordingly, in the opinion of the directors, the presentation of a cash flow statement would provide no additional useful information to the users of the financial statements.

Notes to Financial Statements

31 December 2007

2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 2 Amendment	*Share-based Payment – Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 8	*Operating Segments*[1]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[2]
HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*[3]
HK(IFRIC)-Int 12	*Service Concession Arrangements*[5]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[4]
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*[5]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 March 2007
4 Effective for annual periods beginning on or after 1 July 2008
5 Effective for annual periods beginning on or after 1 January 2008

HHGH is in the process of assessing the impact of these new and revised HKFRSs upon initial application. It is expected that these new and revised HKFRSs would unlikely have a significant impact on HHGH's results of operations and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to HHGH if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls or is under control with HHGH; (ii) has an interest in HHGH that gives it significant influence over HHGH; or (iii) has joint control over HHGH;

(b) the party is a member of the key management personnel of HHGH or its holding company; and

(c) the party is a close member of the family of any individual referred to in (a) or (b).

Notes to Financial Statements

31 December 2007

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities at amortised cost

Financial liabilities including an amount due to a fellow subsidiary and other payables are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

3. LOSS FOR THE PERIOD

The Company's loss for the period is arrived at after charging:

	Period from 1 August 2007 (date of incorporation) to 31 December 2007 HK$'000
Legal and professional fees	**247**

No director's remuneration was paid by HHGH during the period from 1 August 2007 (date of incorporation) to 31 December 2007.

Auditor's remuneration for the current period was borne by HHHL.

4. TAX

No provision for Hong Kong profits tax has been made as HHGH did not generate any assessable profits arising in Hong Kong during the period from 1 August 2007 (date of incorporation) to 31 December 2007.

Notes to Financial Statements

31 December 2007

5. SHARE CAPITAL

	HK$'000
Authorised:	
3,800,000 ordinary shares of HK$0.10 each	380
Issued and fully paid:	
1 ordinary share of HK$0.10 issued upon incorporation	–

The change in the authorised and issued share capital of HHGH subsequent to the balance sheet date is set out in note 7 to the financial statements.

Share options

During the period and as at 31 December 2007, HHGH did not have any share option scheme. Subsequent to the balance sheet date, on 12 March 2008, HHGH adopted a share option scheme, the details of which are set out in note 7 to the financial statements.

Warrants

During the period and as at 31 December 2007, HHGH did not have any outstanding warrant. Subsequent to the balance sheet date, on 25 April 2008, 81,595,250 warrants were issued by HHGH, the details of which are set out in note 7 to the financial statements.

6. DUE TO A FELLOW SUBSIDIARY

The balance due to a fellow subsidiary, which is unsecured, interest-free and repayable on demand, represents the legal and professional fees paid by that fellow subsidiary on behalf of HHGH. Subsequent to the balance sheet date, on 25 April 2008, the fellow subsidiary became an indirectly wholly-owned subsidiary of HHGH, the details of which are set out in note 7 to the financial statements.

7. POST BALANCE SHEET EVENTS

(a) On 31 January 2007, the directors of HHHL proposed a change of domicile of the holding company of HHHL and its subsidiaries ("the Group") from Bermuda to the Cayman Islands by way of a scheme of arrangement (the "Scheme"), pursuant to which the structure of the Group would be reorganised such that HHGH, which was a wholly-owned subsidiary of HHHL as at the balance sheet date, would become the new holding company of the Group (the "Reorganisation").

Notes to Financial Statements

31 December 2007

7. POST BALANCE SHEET EVENTS (Continued)

(a) (Continued)

Subsequent to the balance sheet date, the Scheme was approved by the shareholders of HHHL on 7 April 2008 and sanctioned by the Supreme Court of Bermuda on 11 April 2008. Upon the Scheme becoming effective on 25 April 2008:

(i) All the 435,887,212 ordinary shares of HHHL outstanding as at 25 April 2008 were cancelled and extinguished and the issued share capital of HHHL was reduced accordingly;

(ii) HHHL allotted and issued 1,000 new ordinary shares of HK$0.10 each, credited as fully paid, to HHGH; and

(iii) The authorised share capital of HHHL was reduced to HK$100,000 divided into 1,000,000 ordinary shares of HK$0.10 each.

In consideration of the cancellation and extinguishment of the 435,887,212 ordinary shares of HHHL outstanding as at 25 April 2008, the holders of these ordinary shares received the ordinary shares of HHGH credited as fully-paid, on the basis of one ordinary share of HHGH for every one ordinary share of HHHL then held. On 25 April 2008, HHGH became the holding company of the Group. In addition, the warrantholders of HHHL received, on 25 April 2008, one warrant of HHGH for every one warrant of HHHL then held.

The listing status of HHHL was withdrawn on 28 April 2008 and the shares of HHGH were listed on the main board of the Stock Exchange by way of introduction on 29 April 2008. Further details of the Reorganisation are set out in HHHL's scheme document dated 14 March 2008.

(b) Subsequent to the balance sheet date, on 12 March 2008, HHGH adopted a share option scheme (the "Share Option Scheme") which became effective on 25 April 2008.

The main purpose of the Share Option Scheme is to attract, retain and reward the participants and to provide to the participants a performance incentive for continued and improved services with the Group. The participants of the Share Option Scheme include any full-time employee and any director of the Group, and any person approved by the board of directors or shareholders of HHGH. The Share Option Scheme became effective on 25 April 2008 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date on which the Share Option Scheme was adopted.

The maximum aggregate number of shares of HK$0.10 each in HHGH which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of HHGH must not exceed in aggregate 10% of the shares in issue from time to time (the "Overall Scheme Limit"). No options may be granted under any scheme of HHGH if such grant will result in the Overall Scheme Limit being exceeded.

Notes to Financial Statements

31 December 2007

7. POST BALANCE SHEET EVENTS (Continued)

(b) (Continued)

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other scheme must not in aggregate exceed 10% of the shares in issue as at the effective date of the Share Option Scheme (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Subject to the Overall Scheme Limit, HHGH may seek approval from its shareholders in a general meeting for refreshing the Scheme Mandate Limit. However, the total number of shares which may be issued upon exercise of all options to be granted under the refreshed limit must not exceed 10% of the shares in issue as at the date of approval of the shareholders of HHGH of the refreshing of the Scheme Mandate Limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares of HHGH in issue.

The period within which the options may be exercised in accordance with the terms of the Share Option Scheme, shall: (i) be determined by the directors; (ii) commence on the expiration of 12 months (or such shorter period as may be determined by the directors) from the date of offer of options; and (iii) in any event not less than 3 years or more than 10 years from the date on which it commences.

The offer of a grant of options must be accepted within 21 days from the date of the offer. The exercise price of an option to subscribe for shares granted pursuant to the Share Option Scheme shall not be less than the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant, which must be a business day; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an offer is made.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

8. COMPARATIVE AMOUNTS

As this is the first set of financial statements of HHGH since its incorporation, no comparative amount is presented.

9. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 April 2008.

Appendix

Report of the Directors, Audited Financial Statements and Five Year Financial Summary of Hop Hing Holdings Limited

31 December 2007

CONTENTS

Report of the Directors

The directors present their report and the audited financial statements of Hop Hing Holdings Limited ("HHHL") and of HHHL and its subsidiaries (the "Group") for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of HHHL is investment holding. The subsidiaries of the Group are mainly engaged in the extraction, refining, blending, bottling, packaging and distribution of edible oils and ancillary activities. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2007 and the state of affairs of HHHL and of the Group at that date are set out in the financial statements on pages 43 to 103.

The directors of HHHL do not recommend the payment of any dividend for the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 104. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS, AND RESERVES

Details of movements in HHHL's share capital, share options and warrants during the year, together with the reasons therefor, are set out in notes 26 and 27 to the financial statements. The movements in the reserves of HHHL and of the Group during the year are set out in note 28 to the financial statements and in the consolidated statements of changes in equity, respectively.

Details of the distributable reserves of HHHL are set out in note 28(b) to the financial statements.

BORROWINGS

Particulars of the borrowings of the Group at the balance sheet date are set out in notes 23 and 24 to the financial statements.

Report of the Directors

DIRECTORS

The directors of HHHL during the year and up to the date of this report were:

Hung Hak Hip, Peter *(Chairman)*	
Wong Yu Hong, Philip	(resigned on 29 April 2008)
Sze Tsai To, Robert	(resigned on 29 April 2008)
Cheung Wing Yui	(resigned on 29 April 2008)
Seto Gin Chung, John	(resigned on 29 April 2008)
Shek Lai Him, Abraham	(resigned on 29 April 2008)
Hung Chiu Yee	
Lee Pak Wing	
Wong Kwok Ying	
Lam Fung Ming, Tammy	

All directors are subject to retirement by rotation and re-election at the annual general meeting of HHHL in accordance with the provisions of HHHL's bye-laws. At the forthcoming annual general meeting, Mr. Lee Pak Wing and Ms. Lam Fung Ming, Tammy retire and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN CONTRACTS

Other than the transactions disclosed under the heading "Connected Transactions and Continuing Connected Transactions", none of the directors had a significant interest, either directly or indirectly, in any contract of significance to the business of the Group to which HHHL or any of its subsidiaries was a party during the year.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting was a party to any service contract with HHHL which is not determinable by HHHL within one year without payment other than statutory compensation.

Report of the Directors

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

As at 31 December 2007, the interests of the directors and chief executive in the shares and underlying shares of HHHL 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 HHHL pursuant to Section 352 of the SFO, were as follows:

Interests in ordinary shares of HHHL

	Number of shares held, capacity and nature of interest					
Name of director	**Directly and beneficially owned**	**Through spouse or minor children**	**Through controlled corporation**	**Beneficiary of a trust**	**Total**	**Percentage of HHHL's issued share capital**
Hung Hak Hip, Peter	–	1,396,645	3,601,607	2,163,420*	7,161,672	1.6
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	2,443,565	–	–	–	2,443,565	0.6
Seto Gin Chung, John	417,373	–	–	–	417,373	0.1
Shek Lai Him, Abraham	–	–	–	–	–	–
Hung Chiu Yee	2,460,238	–	–	–	2,460,238	0.6
Lee Pak Wing	2,376,052	–	–	–	2,376,052	0.5
Wong Kwok Ying	–	–	–	–	–	–
Lam Fung Ming, Tammy	–	–	–	–	–	–

* 2,163,420 ordinary shares were beneficially owned by a discretionary trust whose discretionary beneficiaries include certain associates 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 HHHL

	Number of warrants held, capacity and nature of interest				
Name of director	**Directly and beneficially owned**	**Through spouse or minor children**	**Through controlled corporation**	**Beneficiary of a trust**	**Total**
Hung Hak Hip, Peter	–	279,329	720,321	645,483**	1,645,133
Wong Yu Hong, Philip	–	–	–	–	–
Sze Tsai To, Robert	–	–	–	–	–
Cheung Wing Yui	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 certain associates of Mr. Hung Hak Hip, Peter.

Details of the interests of the directors in the share options of HHHL are separately disclosed in note 27 to the financial statements of HHHL.

Save as disclosed above, as at 31 December 2007, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of HHHL or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO.

SHARE OPTION SCHEME

Details of HHHL's share option schemes are disclosed in note 27 to the financial statements.

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" above and in the share option scheme disclosures in note 27 to the financial statements, at no time during the year was HHHL or any of its subsidiaries a party to any arrangements to enable the directors of HHHL or their respective spouse or minor children to acquire benefits by means of acquisition of shares in or debentures of HHHL or any other body corporate.

Report of the Directors

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

As at 31 December 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 HHHL, as notified to HHHL and recorded in the register required to be kept by HHHL pursuant to Section 336 of the SFO, were as follows:

Interests in ordinary shares of HHHL

Name of holder	Notes	Number of ordinary shares held	Percentage of HHHL's issued share capital
Hung's (1985) Limited ("Hung's")	(i)	117,136,083	26.9%
Hop Hing Oil (1985) Limited ("HHO")	(ii)	155,392,698	35.6%
GZ Trust Corporation ("GZTC")	(iii)	272,528,781	62.5%
Hung Cheung Pui	(iv)	272,528,781	62.5%
Hap Seng Consolidated Berhad ("HSCB")		21,335,277	4.9%
Gek Poh (Holdings) Sdn. Bhd ("GPHSB")	(v)	21,335,277	4.9%
Datuk Seri Panglima Lau Cho Kun ("DSPL")	(vi)	21,335,277	4.9%

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) 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) 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).

Report of the Directors

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

Interests in warrants of HHHL

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) 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) 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 31 December 2007, HHHL had not been notified of any persons other than the directors of HHHL 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 HHHL, which are required to be recorded in the register required to be kept by HHHL pursuant to Section 336 of the SFO.

Report of the Directors

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected Transactions

On 17 July 2007, Knight Investment Limited ("KIL"), an indirect wholly-owned subsidiary of HHHL, entered into an agreement for sale and purchase (the "S&P Agreement") with Wytak Limited ("Wytak"). Pursuant to the S&P Agreement, Wytak acquired and KIL disposed of a property known as Portion A1 of Front Portion of Factory A on the Upper Ground Floor of Hop Hing Industrial Building, No.704 Castle Peak Road, Kowloon, Hong Kong for a consideration of HK$2.7 million.

Wytak was a connected person of HHHL for the reasons below. GZ Trust Corporation ("GZTC"), which was a substantial shareholder of HHHL, is a holder of the majority of units of a unit trust, the trustee of which indirectly controls over 30% of the voting power at general meetings of Wytak. Wytak is therefore an associate of GZTC and was hence a connected person of HHHL under the Listing Rules.

Details of the connected transaction were set out in HHHL's announcement dated 17 July 2007.

Continuing Connected Transactions

On 8 May 2006, Hop Hing Oil Investment Limited ("HHOI"), an indirect wholly-owned subsidiary of HHHL, as the tenant, entered into two tenancy agreements (the "Tenancy Agreements") with Wytak, as the landlord, for renting certain premises from Wytak in the period from 29 April 2006 to 28 April 2009.

The aggregate rent paid under the Tenancy Agreements by the Group for the year ended 31 December 2007 was approximately HK$3.5 million which did not exceed the annual threshold under Rule 14A.34 of the Listing Rules.

On 5 August 2005, Panyu Hop Hing Oils & Fats Co. Ltd. ("Panyu Hop Hing"), an indirect wholly-owned subsidiary of HHHL, entered into a sales agreement (the "Sales Agreement") with Shenzhen You Rong Retail Co. Ltd. ("Shenzhen You Rong") for the sale of various edible oil products manufactured by the Group to Shenzhen You Rong for three financial years ended 31 December 2007.

The aggregate sales by Panyu Hop Hing to Shenzhen You Rong under the Sales Agreement in the year ended 31 December 2007 was approximately HK$6.5 million.

Subsequent to the expiry of the Sales Agreement and on 6 February 2008, Panyu Hop Hing entered into a new sales agreement with Shenzhen You Rong with similar terms and conditions of the Sales Agreement for three financial years ending 31 December 2010.

Report of the Directors

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

Continuing Connected Transactions (Continued)

Shenzhen You Rong was a connected person of HHHL, the then ultimate holding company of the Group, of which HHGH was a wholly-owned subsidiary in the period from 1 August 2007 to 31 December 2007, for the reason as set out below:

Hop Hing Oil (1985) Limited (as trustee of (Hop Hing Oil Unit Trust ("HHOUT")) and Hung's (1985) Limited (as trustee of Hung's Unit Trust ("Hung's UT")) held approximately 35.6% and 26.9% respectively of the issued share capital of HHHL. GZ Trust Corporation ("GZTC") (as trustee of HHOUT and Hung's UT) holds 51% of the issued units of each of the HHOUT and Hung's UT. GZTC was therefore entitled to control indirectly the exercise of approximately 31.9% of the voting power at any general meeting of HHHL and was hence a controlling shareholder of HHHL (as defined in the Listing Rules). GZTC is indirectly interested in Shenzhen You Rong so as to exercise or control the exercise of 30% or more of the voting power at the general meetings of Shenzhen You Rong. Shenzhou You Ring is therefore an associate of GZTC and constituted a connected person of HHHL under the Listing Rules. In addition, Mr. Hung Hak Hip, Peter is a director of Shenzhen You Rong.

Details of the continuing connected transactions were set out in HHHL's announcements dated 5 August 2005, 8 May 2006 and 18 February 2008.

In respect of the Tenancy Agreements and the Sales Agreement which constitute continuing connected transactions, HHHL has fully complied with the reporting requirements under Rule 14A.45 of the Listing Rules and annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules. Independent shareholders' approval of these transactions is not required as the threshold stipulated under Rule 14A.34 of the Listing Rules has not been exceeded at any relevant time.

The independent non-executive directors of HHHL have reviewed and confirmed that the continuing connected transactions arising from the Tenancy Agreements and the Sales Agreement during the year ended 31 December 2007 had been entered into (i) in the ordinary and usual course of business of HHHL; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of HHHL as a whole.

The auditors of both HHGH and HHHL have reviewed the continuing connected transactions arising from the Tenancy Agreements and the Sales Agreement and confirmed that the transactions (i) had received the approval of the Board of Directors of HHHL; (ii) had been entered into in accordance with the Tenancy Agreements and the Sales Agreement governing the transactions; and (iii) had not exceeded the annual cap disclosed in the announcements of HHHL dated 5 August 2005 and 8 May 2006.

Save for the connected transaction and continuing connected transactions disclosed above, there were no other transactions which, in the opinion of the directors, constitute connected transactions that are subject to the reporting requirement under the Listing Rules.

Report of the Directors

ADVANCES AND GUARANTEES TO AN AFFILIATED COMPANY

As at 31 December 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 HHHL:

Affiliated company	Percentage of equity held by the Group	Balance of advances	Guarantees given	Extent of guaranteed facilities utilised	Aggregate of advances and guarantees given
		HK$'000	HK$'000	HK$'000	HK$'000
Evergreen	50%	17,687	24,500	13,628	42,187

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

As at 31 December 2007, the relevant percentage ratio of the above advances to and guarantees given for the banking facilities granted to Evergreen in aggregate fell below 8% under Rule 13.16 of the Listing Rules. Hence, the requirements for disclosing the balance sheet of Evergreen and the Group's attributable interest in Evergreen as at 31 December 2007 pursuant to Rule 13.22 of the Listing Rules are not applicable.

The Group's share of Evergreen's assets and liabilities and results are set out in note 18 to the financial statements of HHHL.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. The percentage of purchases attributable to the Group's five largest suppliers accounted for 37.4% of the total purchases for the year with purchases from the largest supplier included therein amounted to 12%.

To the best knowledge of the directors, neither the directors, their associates, nor any shareholders who own more than 5% of HHHL's issued share capital, had any beneficial interest in the Group's five largest customers and five largest suppliers during the year.

Report of the Directors

RETIREMENT BENEFITS SCHEMES

The Group operates defined contribution retirement benefits schemes, namely the Mandatory Provident Fund Scheme (the "MPF Scheme") and the scheme registered under the Occupational Retirement Scheme Ordinance which has been exempted under the MPF Schemes Ordinance (the "Exempted Scheme") for those employees who are eligible to participate. Contributions are made based on a percentage of the employees' salaries and are charged to the income statement as they become payable in accordance with the rules of the respective schemes. The assets of the respective schemes are held separately from those of the Group in independently administered funds. In accordance with the MPF Schemes Ordinance, when an employee leaves the Exempted Scheme prior to his/her interest in the employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions. For the MPF Scheme, the employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 11% of its payroll costs to the central pension scheme.

For the year ended 31 December 2007, the total scheme contributions made by the Group amounted to approximately HK$1,629,000 and forfeited contributions applied to reduce employer's contributions were approximately HK$6,000. As at 31 December 2007, there was no forfeited contributions available to reduce future contributions to the Exempted Scheme.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under HHHL's bye-laws or the laws of Bermuda, which would oblige HHHL to offer new shares on a pro rata basis to the shareholders of HHHL.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

There were no purchases, sales or redemptions by HHHL or any of its subsidiaries of HHHL's listed securities during the year.

Report of the Directors

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 36 to the financial statements.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of HHHL will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

HUNG HAK HIP, PETER
Chairman

29 April 2008

Independent Auditors' Report

ERNST & YOUNG
安永會計師事務所

To the shareholders of Hop Hing Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Hop Hing Holdings Limited ("HHHL") set out on pages 43 to 103, which comprise the consolidated and HHHL's balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of HHHL are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Independent Auditors' Report

To the shareholders of Hop Hing Holdings Limited
(Incorporated in Bermuda with limited liability)

AUDITORS' RESPONSIBILITY (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of HHHL and of the Group as at 31 December 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

29 April 2008

Consolidated Income Statement

Year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
TURNOVER	5	**851,325**	672,792
Direct cost of stocks sold and services provided		**(650,421)**	(490,148)
Other production and service costs (including depreciation and amortisation of HK$22,442,000 (2006: HK$22,381,000))		**(57,826)**	(62,226)
Selling and distribution costs		**(82,864)**	(71,094)
General and administrative expenses		**(49,378)**	(36,445)
PROFIT FROM OPERATING ACTIVITIES	6	**10,836**	12,879
Finance costs, net	7	**(10,964)**	(9,407)
PROFIT/(LOSS) BEFORE TAX		**(128)**	3,472
Tax	10	**(2,797)**	(9,895)
LOSS FOR THE YEAR		**(2,925)**	(6,423)
ATTRIBUTABLE TO:			
Equity holders of HHHL	11	**177**	(6,764)
Minority interests		**(3,102)**	341
		(2,925)	(6,423)
EARNINGS/(LOSS) PER SHARE	12		
Basic		**HK0.04 cent**	HK(1.62) cents
Diluted		**HK0.04 cent**	N/A

Consolidated Balance Sheet

31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**255,792**	275,124
Prepaid land lease payments	14	**26,695**	26,302
Trademarks	15	**123,718**	123,423
Interests in associates	17	**(1,425)**	(1,425)
Deferred tax assets	25	**4,733**	5,047
Total non-current assets		**409,513**	428,471
Current assets			
Stocks	19	**139,351**	101,856
Accounts receivable	20	**109,082**	83,196
Prepayments, deposits and other receivables		**23,167**	37,050
Pledged bank deposits	21	**9,161**	6,529
Cash and cash equivalents		**33,573**	20,250
Total current assets		**314,334**	248,881
Total assets		**723,847**	677,352
EQUITY AND LIABILITIES			
Equity attributable to equity holders of HHHL			
Issued share capital	26	**43,586**	41,943
Reserves	28(a)	**370,941**	362,267
		414,527	404,210
Minority interests		**9,662**	12,388
Total equity		**424,189**	416,598
Non-current liabilities			
Interest-bearing bank loans	24	**–**	98,000
Deferred tax liabilities	25	**3,212**	3,702
Total non-current liabilities		**3,212**	101,702
Current liabilities			
Accounts payable	22	**64,341**	34,431
Bills payable	23	**30,538**	21,765
Other payables and accrued charges		**53,094**	42,098
Interest-bearing bank loans	24	**147,968**	50,849
Tax payable		**505**	9,909
Total current liabilities		**296,446**	159,052
Total liabilities		**299,658**	260,754
Total equity and liabilities		**723,847**	677,352

HUNG HAK HIP, PETER
CHAIRMAN

WONG KWOK YING
EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER

Consolidated Statement of Changes in Equity

Year ended 31 December 2007

	Attributable to equity holders of HHHL									
	Issued share capital	**Share premium account**	**Share option reserve**	**Exchange fluctuation reserve**	**Other properties revaluation reserve**	**Capital and other reserves**	**Accumulated losses**	**Total**	**Minority interests**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2006	41,709	374,874	222	2,842	2,659	58,759	(73,548)	407,517	11,693	419,210
Exchange realignment	–	–	–	2,863	–	–	–	2,863	354	3,217
Profit/(loss) for the year	–	–	–	–	–	–	(6,764)	(6,764)	341	(6,423)
Total income and expense for the year	–	–	–	2,863	–	–	(6,764)	(3,901)	695	(3,206)
Issue of shares (note 26)	234	216	–	–	–	–	–	450	–	450
Equity-settled share option expenses	–	–	144	–	–	–	–	144	–	144
At 31 December 2006 and 1 January 2007	41,943	375,090	366	5,705	2,659	58,759	(80,312)	404,210	12,388	416,598
Exchange realignment	–	–	–	6,824	–	–	–	6,824	376	7,200
Profit/(loss) for the year	–	–	–	–	–	–	177	177	(3,102)	(2,925)
Total income and expense for the year	–	–	–	6,824	–	–	177	7,001	(2,726)	4,275
Issue of shares (note 26)	1,643	1,673	–	–	–	–	–	3,316	–	3,316
Transfer from share option reserve upon exercise of share options (note 26)	–	366	(366)	–	–	–	–	–	–	–
At 31 December 2007	**43,586**	**377,129**	**–**	**12,529**	**2,659**	**58,759**	**(80,135)**	**414,527**	**9,662**	**424,189**

Consolidated Cash Flow Statement

Year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(128)**	3,472
Adjustments for:			
Interest income	7	**(635)**	(335)
Interest expenses	7	**11,599**	9,742
Depreciation	6	**21,749**	21,882
Amortisation of prepaid land lease payments	6	**693**	499
Impairment of items of property, plant and equipment and prepaid land lease payments	6	**9,371**	–
Impairment of accounts receivable	6	**1,902**	2,263
Loss/(gain) on disposal of items of property, plant and equipment, net	6	**(803)**	906
Gain on disposal of subsidiaries	6	**–**	(2,520)
Equity-settled share option expenses	6	**–**	144
		43,748	36,053
Increase in stocks		**(37,495)**	(18,441)
Increase in accounts receivable		**(27,788)**	(4,233)
Decrease/(increase) in prepayments, deposits and other receivables	30	**5,337**	(8,389)
Increase/(decrease) in accounts payable		**29,910**	(5,589)
Increase in bills payable		**8,773**	17,666
Increase in other payables and accrued charges		**10,996**	7,066
Cash generated from operations		**33,481**	24,133
Interest received		**635**	335
Hong Kong profits tax paid		**(3,533)**	(1,081)
Overseas tax paid		**(298)**	(152)
Net cash inflow from operating activities		**30,285**	23,235
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1,488)**	(1,586)
Increase in prepaid land lease payments		**–**	(1,331)
Proceeds from disposal of items of property, plant and equipment		**2,824**	2,469
Disposal of subsidiaries	29	**–**	3,015
Increase in trademarks		**(295)**	(479)
Net cash inflow from investing activities		**1,041**	2,088
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	7	**(11,599)**	(9,742)
Net repayment of bank loans		**(7,088)**	(15,030)
Increase in pledged bank deposits		**(2,632)**	(5,303)
Issue of shares, including share premium		**3,316**	450
Net cash outflow from financing activities		**(18,003)**	(29,625)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**13,323**	(4,302)
Cash and cash equivalents at 1 January		**20,250**	24,552
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**33,573**	20,250
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**33,573**	20,250

Balance Sheet

31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	16	**407,672**	406,608
Current assets			
Prepayments, deposits and other receivables		**321**	288
Cash and cash equivalents		**123**	128
Total current assets		**444**	416
Total assets		**408,116**	407,024
EQUITY AND LIABILITIES			
Equity			
Issued share capital	26	**43,586**	41,943
Reserves	28(b)	**362,816**	363,966
		406,402	405,909
Current liabilities			
Other payables and accrued charges		**1,714**	1,115
Total equity and liabilities		**408,116**	407,024

HUNG HAK HIP, PETER
CHAIRMAN

WONG KWOK YING
EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER

Notes to Financial Statements

31 December 2007

1. CORPORATE INFORMATION

Hop Hing Holdings Limited ("HHHL") is a limited liability company incorporated in Bermuda. The principal activity of HHHL is investment holding. The subsidiaries of HHHL are primarily engaged in the extraction, refining, blending, bottling, packaging and distribution of edible oils and ancillary activities.

Subsequent to the balance sheet date, on 25 April 2008, Hop Hing Group Holdings Limited, ("HHGH"), a company incorporated in the Cayman Islands, became the holding company of HHHL and its subsidiaries (collectively referred to as the "Group") and HHHL became a wholly-owned subsidiary of HHGH pursuant to a reorganisation, the details of which are set out in note 37 to the financial statements.

2.1 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, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain land and buildings which were carried at 1993 valuation. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group and the Group's share of the financial statements of the Group's jointly-controlled entities for the year ended 31 December 2007. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of relevant HHHL's subsidiaries.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time in the preparation of the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
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*

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 *Presentation of Financial Statements – Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 35 to the financial statements.

(c) HK(IFRIC)-Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As HHHL has only issued equity instruments to the Group's employees for identified services provided in accordance with HHHL's share option schemes, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 *Interim Financial Reporting and Impairment*

This interpretation requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group has not previously reversed any impairment losses in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

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2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 2 Amendment	*Share-based Payment – Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 8	*Operating Segments*[1]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[2]
HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*[3]
HK(IFRIC)-Int 12	*Service Concession Arrangements*[5]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[4]
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*[5]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 March 2007
[4] Effective for annual periods beginning on or after 1 July 2008
[5] Effective for annual periods beginning on or after 1 January 2008

The Group is in the process of assessing the impact of these new and revised HKFRSs upon initial application. It is expected that these new and revised HKFRSs would unlikely have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies HHHL controls, directly or indirectly, so as to obtain benefits from its activities.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint ventures (Continued)

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in its jointly-controlled entities are accounted for by proportionate consolidation, which involves recognising its share of the jointly-controlled entities' assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interest in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in the associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any impairment losses. The Group's share of the post-acquisition results of associates is included in the consolidated income statement. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, expect where unrealised losses provide evidence of an impairment of the asset transferred.

Goodwill

Goodwill arising on acquisition of subsidiaries, associates and jointly-controlled entities is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities assumed as at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is recognised in the consolidated balance sheet as an asset. In the case of associates, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the synergy of the combination. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

Goodwill previously eliminated against the consolidated reserves

Goodwill arising on acquisitions before 1 January 2001 was eliminated against the consolidated capital reserve in the year of acquisition. The Group applied the transitional provision of HKFRS 3 that permitted such goodwill to remain eliminated against the consolidated capital reserve and requires such goodwill not to be recognised in the consolidated income statement when the Group disposes of all or part of the business to which that goodwill relates or when a cash-generating unit to which the goodwill relates become impaired.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than stocks, deferred tax assets, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

The transitional provision set out in paragraph 80A of HKAS 16 *Property, plant and equipment* issued by HKICPA has been adopted for certain properties which are stated at valuation. As a result, those assets stated at revalued amounts based on revaluations which were reflected in the financial statements for the year ended 31 December 1993 have not been revalued by class at the balance sheet date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	Over the remaining terms of the leases
Buildings	2% to 2.5% or over the terms of the leases, if shorter
Barges, vehicles, leasehold improvements, machinery and equipment	5% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset. On disposal of a revalued asset, the relevant portion of the other properties revaluation reserve realised in respect of previous valuations is transferred to accumulated losses as a movement in reserves.

Trademarks

Trademarks with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level, and are not amortised. The useful life of a trademark with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payment cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

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31 December 2007

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables including accounts receivable, pledged bank deposits, cash and cash equivalents are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Assets carried at amortised cost (Continued)

In relation to accounts and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities at amortised cost (including interest-bearing bank loans and borrowings)

Financial liabilities including accounts and other payables, and interest-bearing bank loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Stocks

Stocks are stated at the lower of cost, using the weighted average method, and net realisable value. Cost is comprised of direct materials and the related purchase costs. In the case of finished goods and work in progress, cost also includes direct materials, direct labour and an appropriate proportion of manufacturing overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with interests in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with interests in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) from the sale of goods, on delivery of the goods to the customers;

(ii) from provision of management, marketing, bottling, packaging and testing services, in the period in which the services are rendered;

(iii) rental income, on a time proportion basis over the lease terms;

(iv) royalties, in the period in which the related products are sold; and

(v) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

Share-based payment transactions

HHHL operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees and directors of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes option pricing model (the "Black-Scholes Model"), further details of which are given in note 27 to the financial statements. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of HHHL ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The Group has adopted the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested by 1 January 2005 and to those granted on or after 1 January 2005.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance (the "Employment Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A contingent liability is disclosed in respect of possible future long service payments to employees, as a number of current employees have achieved the required number of years of service to the Group, to the balance sheet date, in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated in the circumstances specified. A provision has not been recognised in respect of such future payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Retirement benefits schemes

The Group operates defined contribution retirement benefits schemes, namely, the Mandatory Provident Fund Scheme (the "MPF Scheme") and the scheme registered under the Occupational Retirement Scheme Ordinance which has been exempted under the MPF Schemes Ordinance (the "Exempted Scheme") for those employees who are eligible to participate. Contributions are made based on a percentage of the employees' salaries and are charged to the income statement as they become payable in accordance with the rules of the respective schemes. The assets of the respective schemes are held separately from those of the Group in independently administered funds. In accordance with the MPF Schemes Ordinance, when an employee leaves the Exempted Scheme prior to his/her interest in the employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions. For the MPF Scheme, the employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Notes to Financial Statements

31 December 2007

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents are comprised of cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is HHHL's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain subsidiaries outside Hong Kong are currencies other than the Hong Kong dollars. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of HHHL at the exchange rates ruling at the balance sheet date, and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of an entity outside Hong Kong, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

For the purpose of the consolidated cash flow statement, the cash flows of subsidiaries outside Hong Kong are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries outside Hong Kong which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Income tax

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable (that is, more likely than not) that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition of a deferred tax asset primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each balance sheet date. To the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carryforward tax losses, the asset balance will be reduced and charged to the income statement.

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4. SEGMENT INFORMATION

The Group's primary segment is the edible oils and food related business. Since this 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 areas, which is regarded as the secondary segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

	Hong Kong		**Mainland China**		**Consolidated**	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Revenue from external customers	**461,009**	393,738	**390,316**	279,054	**851,325**	672,792
Other segment information:						
Segment assets	**365,067**	339,223	**355,472**	334,507	**720,539**	673,730
Unallocated assets					**4,733**	5,047
					725,272	678,777
Capital expenditure incurred during the year	**956**	1,976	**827**	8,685	**1,783**	10,661

5. TURNOVER

Turnover represents the aggregate of the net invoiced value of goods sold, services rendered, rental and royalties, but excludes intra-group transactions.

	2007	2006
	HK$'000	HK$'000
Sale of goods and services	**844,956**	667,045
Royalties	**5,784**	5,086
Rental and other income	**585**	661
	851,325	672,792

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6. PROFIT FROM OPERATING ACTIVITIES

	Notes	2007 HK$'000	2006 HK$'000
The Group's profit from operating activities is arrived at after charging/(crediting):			
Net rental income		**(537)**	(597)
Foreign exchange gains, net		**(2,124)**	(690)
Gain on disposal of subsidiaries*	29	**–**	(2,520)
Cost of stocks sold		**650,421**	490,148
Loss/(gain) on disposal of items of property, plant and equipment, net		**(803)**	906
Employee benefits expenses (including directors' emoluments in note 8):			
Wages and salaries		**45,815**	41,018
Equity-settled share option expenses		**–**	144
Pension scheme contributions		**1,629**	1,230
Less: Unvested contributions forfeited**		**(6)**	(67)
		1,623	1,163
		47,438	42,325
Depreciation***	13	**21,749**	21,882
Amortisation of prepaid land lease payments***	14	**693**	499
Minimum lease payments under operating leases in respect of land and buildings		**7,247**	6,937
Auditors' remuneration		**1,298**	1,198
Impairment of items of property, plant and equipment and prepaid land lease payments*	13,14	**9,371**	–
Impairment of accounts receivable*		**1,902**	2,263

Notes:

* Gain on disposal of subsidiaries, impairment of items of property, plant and equipment and prepaid land lease payments and accounts receivable are included in "General and administrative expenses" on the face of the consolidated income statement.

** At 31 December 2007, the Group had no forfeited contributions available to reduce its future contributions to the Exempted Scheme (2006: Nil).

*** Depreciation and amortisation of prepaid land lease payments are included in "Other production and service costs" on the face of the consolidated income statement.

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7. FINANCE COSTS, NET

	Group	
	2007	2006
	HK$'000	HK$'000
Interest on bank borrowings wholly repayable within five years	**11,599**	9,742
Less: Bank interest income	**(635)**	(335)
	10,964	9,407

8. DIRECTORS' EMOLUMENTS

Directors' emoluments for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, are as follows:

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2007	2006
	HK$'000	HK$'000
Sze Tsai To, Robert	**250**	250
Wong Yu Hong, Philip	**200**	200
Cheung Wing Yui	**200**	200
Seto Gin Chung, John	**200**	138
Shek Lai Him, Abraham	**200**	–
	1,050	788

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8. DIRECTORS' EMOLUMENTS (Continued)

(b) Executive directors and non-executive directors

	2007				
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary/ performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:					
Wong Kwok Ying	–	1,500	200	120	1,820
Lam Fung Ming, Tammy	–	975	100	78	1,153
	–	2,475	300	198	2,973
Non-executive directors:					
Hung Hak Hip, Peter	300	660*	–	–	960
Hung Chiu Yee	30	–	–	–	30
Lee Pak Wing	30	–	–	–	30
	360	660	–	–	1,020

	2006					
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary/ performance related bonuses HK$'000	Employee share option benefits HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:						
Wong Kwok Ying	–	1,410	155	–	113	1,678
Lam Fung Ming, Tammy	–	938	87	120	75	1,220
	–	2,348	242	120	188	2,898
Non-executive directors:						
Hung Hak Hip, Peter	300	560*	–	–	–	860
Hung Chiu Yee	30	–	–	–	–	30
Lee Pak Wing	30	–	–	–	–	30
	360	560	–	–	–	920

* Including fees paid to a management company in which the director is indirectly interested.

As at 31 December 2006, certain directors held share options of HHHL, the details of which are set out in note 27 to the financial statements. The fair value of the share options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for that year is included in the above disclosure of directors' emoluments.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

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9. SENIOR EXECUTIVES' EMOLUMENTS

The aggregate emoluments of the five highest paid employees, including three (2006: three) directors whose emoluments are set out in note 8 above, for the year were as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Salaries, allowances and other emoluments	**4,698**	4,493
Discretionary/performance related bonuses	**518**	421
Employee share option benefits	**–**	120
Pension scheme contributions	**224**	214
	5,440	5,248

The above emoluments are analysed as follows:

	Number of employees	
	2007	2006
Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	1
	5	5

10. 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 year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007	2006
	HK$'000	HK$'000
Group:		
Current – Hong Kong		
Charge for the year	**2,424**	2,069
Underprovision in prior years (note (a))	**62**	7,719
	2,486	9,788
Current – elsewhere		
Charge for the year	**494**	164
Overprovision in prior years	**(7)**	–
	487	164
Deferred tax credit (note 25)	**(176)**	(57)
Total tax charge for the year	**2,797**	9,895

Notes to Financial Statements

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10. TAX (Continued)

Notes:

(a) During the year ended 31 December 2006, an additional tax provision of HK$7,536,000 was made in respect of the Group's royalty income for the years of assessment from 1994/95 to 2005/06.

(b) During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and became effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%.

Pursuant to the Notice on the Implementation Rules for Grandfathering Relief under the New Corporate Income Tax Law issued by The State Council of the PRC on 26 December 2007, effective from 1 January 2008, the existing corporate income tax rate pertaining to the Group's major operating PRC subsidiaries will be changed to the applicable tax rate of 25%.

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates prevailing in the jurisdictions in which HHHL and the majority of its subsidiaries and jointly-controlled entities are domiciled to the tax expense at the effective tax rates is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Profit/(loss) before tax	**(128)**	3,472
Tax at the applicable tax rate	**(22)**	608
Effect of different tax rates in other jurisdictions	**(1,041)**	(68)
Income not subject to tax	**(423)**	(8)
Expenses not deductible for tax	**2,630**	348
Tax losses not recognised	**2,550**	2,258
Underprovision in respect of prior years, net	**55**	7,719
Tax losses from previous periods utilised	**(1,118)**	(1,307)
Others	**166**	345
Tax charge at the Group's effective rate	**2,797**	9,895

11. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF HHHL

The consolidated profit attributable to the equity holders of HHHL for the year ended 31 December 2007 included a loss of HK$2,823,000 (2006: HK$164,000) which has been dealt with in the financial statements of HHHL (note 28(b)).

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12. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share for the year is based on the consolidated profit attributable to equity holders of HHHL of HK$177,000 (2006: loss of HK$6,764,000), and the weighted average of 426,947,933 (2006: 417,583,316) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of the diluted earnings per share for the year is based on the consolidated profit attributable to equity holders of HHHL of HK$177,000 and the weighted average of 471,596,295 ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares of 44,648,362 ordinary shares for the year ended 31 December 2007 calculated as follows:

	2007 **HK$'000**
Consolidated profit attributable to equity holders of HHHL	**177**

	Number of shares
Weighted average number of ordinary shares in calculating diluted earnings per share:	
Weighted average of ordinary shares for the purpose of basic earnings per share	**426,947,933**
Effect of dilution:	
Warrants	**44,648,362**
	471,596,295

A diluted loss per share for the year ended 31 December 2006 was not presented as the share options and warrants outstanding during that year had an anti-dilutive effect on the basic loss per share.

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13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK$'000	Barges, vehicles, leasehold improvements, machinery and equipment HK$'000	Total HK$'000
31 December 2007			
Cost or valuation:			
At 1 January 2007	243,918	348,918	592,836
Additions	82	1,406	1,488
Disposals	(2,080)	(2,500)	(4,580)
Exchange realignment	8,928	11,497	20,425
At 31 December 2007	250,848	359,321	610,169
Accumulated depreciation and impairment:			
At 1 January 2007	94,831	222,881	317,712
Provided during the year	5,275	16,474	21,749
Disposals	(134)	(2,425)	(2,559)
Impairment	2,004	6,750	8,754
Exchange realignment	2,151	6,570	8,721
At 31 December 2007	104,127	250,250	354,377
Net book value:			
At 31 December 2007	146,721	109,071	255,792

Notes to Financial Statements

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13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group (Continued)

	Leasehold land and buildings HK$'000	Barges, vehicles, leasehold improvements, machinery and equipment HK$'000	Total HK$'000
31 December 2006			
Cost or valuation:			
At 1 January 2006	239,041	347,685	586,726
Additions	–	1,586	1,586
Disposals	(1,830)	(7,902)	(9,732)
Reclassified to prepaid land lease payments (note 14)	–	(1,228)	(1,228)
Exchange realignment	6,707	8,777	15,484
At 31 December 2006	243,918	348,918	592,836
Accumulated depreciation:			
At 1 January 2006	88,329	207,822	296,151
Provided during the year	5,025	16,857	21,882
Disposals	(41)	(6,316)	(6,357)
Exchange realignment	1,518	4,518	6,036
At 31 December 2006	94,831	222,881	317,712
Net book value:			
At 31 December 2006	149,087	126,037	275,124

As a result of the continuing operating losses incurred by certain subsidiaries, an impairment loss of HK$8,754,000 on the related leasehold land and buildings and plant and machinery was made and charged to the consolidated income statement for the year ended 31 December 2007. The impairment loss was determined by the management with reference to the net recoverable amount of these leasehold land and buildings and plant and machinery based on their fair values less costs to sell at the balance sheet date.

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13. PROPERTY, PLANT AND EQUIPMENT (Continued)

The leasehold land and buildings included above are held on the following lease terms:

	Hong Kong, professional valuation at 31 December 1993 less accumulated depreciation and impairment losses	**Hong Kong, at cost less accumulated depreciation**	**Elsewhere, at cost less accumulated depreciation**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Long-term leases	–	–	4,228	4,228
Medium-term leases	9,751	3,411	129,331	142,493
	9,751	3,411	133,559	146,721

Had the Group's land and buildings been carried at cost less accumulated depreciation, they would have been included in the financial statements at approximately HK$144,749,000 (2006: HK$146,368,000).

At 31 December 2007, certain leasehold land and buildings and certain plant and machinery of the Group with an aggregate carrying value of approximately HK$126,525,000 (2006: HK$137,255,000) were pledged to secure general banking facilities granted to the Group (note 24(a)).

14. PREPAID LAND LEASE PAYMENTS

	Group	
	2007	2006
	HK$'000	HK$'000
Carrying amount at 1 January	**26,716**	16,206
Additions	**–**	8,596
Reclassified from property, plant and equipment (note 13)	**–**	1,228
Amortised during the year	**(693)**	(499)
Impairment	**(617)**	–
Exchange realignment	**1,703**	1,185
Carrying amount at 31 December	**27,109**	26,716
Current portion included in prepayments, deposits and other receivables	**(414)**	(414)
Non-current portion	**26,695**	26,302

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14. PREPAID LAND LEASE PAYMENTS (Continued)

Prepaid land lease payments represent payments for land use rights held under medium-term leases in Mainland China. At 31 December 2007, certain of these land use rights of HK$26,913,000 (2006: HK$26,716,000) were pledged to secure general banking facilities granted to the Group (note 24(a)).

15. TRADEMARKS

	Group	
	2007	2006
	HK$'000	HK$'000
Cost:		
At 1 January	**123,423**	122,944
Additions	**295**	479
At 31 December	**123,718**	123,423

The directors are in the opinion that the Group's trademarks have indefinite useful life due to the following reasons:

(i) The trademarks, which were acquired by the Group in 1988, have been in use for a very long period of time, some of them since the 1930s, and will continue to be used for the long term; and

(ii) The Group has incurred and intends to continue to incur significant advertising and promotion expenses, which are charged to the income statement when incurred, to maintain and increase the market value of its trademarks and brands.

Jones Lang LaSalle Sallmanns Limited, a firm of independent professionally qualified valuers, has confirmed, in their valuation of the Group's trademarks, that the market value of the trademarks exceeded the carrying value as at 31 December 2007. Based on that, the directors considered that no impairment is necessary.

16. INTERESTS IN SUBSIDIARIES

	HHHL	
	2007	2006
	HK$'000	HK$'000
Unlisted shares, at cost	**260,476**	260,476
Amounts due from subsidiaries	**256,196**	255,132
	516,672	515,608
Impairment#	**(109,000)**	(109,000)
	407,672	406,608

There was no change in the impairment amount during the current and prior years.

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16. INTERESTS IN SUBSIDIARIES (Continued)

The amounts due from subsidiaries are unsecured, interest-free and are not expected to be repaid in the next 12 months. The carrying amounts of the amounts due from subsidiaries approximate to their fair values.

Particulars of the principal subsidiaries of HHHL at the balance sheet date were as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued/ registered and fully paid share capital	Percentage of equity interest attributable to HHHL	Principal activities
Hop Hing Group Holdings Limited	Cayman Islands	HK$0.1	100	Investment holding
Hop Hing Development Limited	Hong Kong	HK$10,000	100	Investment holding
Hop Hing Food Products Limited	Hong Kong	HK$2	100	Investment holding
Hop Hing International Limited	British Virgin Islands	US$1,000	100	Investment holding
Hop Hing Oil Factory Limited	Hong Kong	HK$24,000,010	100	Bottling, packaging and distribution of edible oils
Hop Hing Oil (Holdings) Limited	Hong Kong	HK$88,241,505	100	Investment holding
Hop Hing Oil Investment Limited	Hong Kong	HK$1,000,010	100	Bottling, packaging and distribution of edible oils
Hop Hing Oil Procurement Limited	Hong Kong	HK$2	100	Procurement of edible oils
Hop Hing Oil Refinery Limited	Hong Kong	HK$10,000,000	100	Edible oils refinery
Hop Hing Oil Trading (2000) Limited	Hong Kong	HK$2	100	Distribution of edible oils
Hop Hing Oil Terminals (Guangzhou) Limited	British Virgin Islands	US$1,385,941	100	Investment holding

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16. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued/ registered and fully paid share capital	Percentage of equity interest attributable to HHHL	Principal activities
Hop Hing Oil Terminals (Pan Yu) Limited	British Virgin Islands	US$4,034,699	100	Investment holding
Knight Investment Limited	Hong Kong	HK$22	100	Property holding
Lapidus (1985) Limited	Hong Kong	HK$12	100	Barge holding
Monitor Ltd.	British Virgin Islands	US$1	100	Trademark holding
Panyu Hop Hing Oils & Fats Co. Ltd.**	People's Republic of China/ Mainland China	HK$75,000,000	100	Bottling, packaging and distribution of edible oils
Panyu Kwong Hing Packaging Company, Limited**	People's Republic of China/ Mainland China	HK$50,000,000	100	Blending and distribution of edible oils
Pinghu Hop Hing Vegetable Oils Company, Limited*	People's Republic of China/ Mainland China	US$1,400,000	51	Edible oils refinery
Sino Food Products Company (Holdings) Limited	Hong Kong	HK$10	100	Distribution of edible oils
Top Charter Holdings Limited	British Virgin Islands	US$1	100	Production of edible oils

* Registered as an equity joint venture under PRC law.

** Registered as wholly-foreign-owned enterprises under PRC law.

Except for Hop Hing Group Holdings Limited and Hop Hing International Limited, all the above subsidiaries are indirectly held by HHHL.

The above table lists the subsidiaries of HHHL which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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17. INTERESTS IN ASSOCIATES

	Group	
	2007	2006
	HK$'000	HK$'000
Share of net assets	**24,646**	24,646
Due to associates	**(26,071)**	(26,071)
	(1,425)	(1,425)

The amounts due to associates are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due to associates approximate to their fair values.

Particulars of the associates of the Group at the balance sheet date were as follows:

Name	**Particulars of issued shares held**	**Place of incorporation and operations**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
Omeron Profits Limited	Ordinary shares of US$1 each	British Virgin Islands	50	Dormant
Tepac Profits Limited	Ordinary shares of US$1 each	British Virgin Islands	50	Dormant

The following table illustrates the summarised financial information of the Group's associates extracted from their management accounts:

	2007	2006
	HK$'000	HK$'000
Assets	**49,301**	49,301
Liabilities	**(9)**	(9)
Revenues	**–**	–
Loss	**–**	–

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18. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

Particulars of the jointly-controlled entities are as follows:

Name	Particulars of issued shares held	Place of incorporation/ operations	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Evergreen Oils & Fats Limited	Ordinary shares of HK$1 each	Cayman Islands/ Hong Kong	50	50	50	Trading and distribution of edible oils, fats and shortenings
Hop Hing Oils and Fats Limited	Ordinary shares of HK$1 each	Hong Kong	50	50	50	Trading and distribution of edible oils, fats and shortenings
Lam Soon Oils and Fats Limited	Ordinary shares of HK$1 each	Hong Kong	50	50	50	Trading and distribution of edible oils, fats and shortenings
Landex Investments Limited	Ordinary shares of HK$1 each	Hong Kong	50	50	50	Property holding
Evergreen Oils & Fats (Macau) Limited	Ordinary shares of MOP1 each	Macau	50	50	50	Trading and distribution of edible oils, fats and shortenings

These investments in jointly-controlled entities are indirectly held by HHHL.

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

Share of the jointly-controlled entities' assets and liabilities:

	2007 **HK$'000**	2006 HK$'000
Current assets	**137,365**	119,580
Non-current assets	**8,440**	9,029
Current liabilities	**(83,805)**	(69,854)
Non-current liabilities	**(590)**	(644)
Net assets	**61,410**	58,111

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18. INTERESTS IN JOINTLY-CONTROLLED ENTITIES (Continued)

Share of the jointly-controlled entities' results:

	2007 HK$'000	2006 HK$'000
Turnover	**333,400**	293,086
Costs and expenses	**(329,515)**	(289,619)
Profit before tax	**3,885**	3,467
Tax	**(586)**	(546)
Profit after tax	**3,299**	2,921

19. STOCKS

	Group 2007 HK$'000	2006 HK$'000
Finished goods	**28,966**	17,051
Work in progress	**155**	436
Raw materials	**110,230**	84,369
	139,351	101,856

At the balance sheet date, certain stocks with aggregate carrying value of approximately HK$30,285,000 (2006: HK$13,670,000) were pledged to secure certain bank loans granted to the Group (note 24(a)).

20. ACCOUNTS RECEIVABLE

	Group 2007 HK$'000	2006 HK$'000
Accounts receivable	**122,984**	95,196
Impairment	**(13,902)**	(12,000)
	109,082	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 senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts receivable are non-interest-bearing.

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20. ACCOUNTS RECEIVABLE (Continued)

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

	Group	
	2007	2006
	HK$'000	HK$'000
Current (neither past due nor impaired)	**87,475**	65,168
Within 60 days and past due	**18,541**	15,696
Over 60 days and past due	**3,066**	2,332
	109,082	83,196

The movements in the impairment of accounts receivable are as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
At 1 January	**12,000**	9,737
Impairment losses recognised	**1,902**	2,263
	13,902	12,000

The above impairment of accounts receivable is a provision for individually impaired accounts receivable. The individually impaired accounts receivable relate to receivables which are expected not to be recoverable or only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have good track records with the Group. Based on past experience, the directors of HHHL are of the opinion that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Included in the Group's accounts receivable are amounts totalling HK$8,844,000 (2006: HK$6,804,000) due from the Group's jointly-controlled entities which are repayable on credit terms comparable to those offered to other unrelated customers of the Group.

At 31 December 2007, accounts receivable of approximately HK$22,863,000 (2006: HK$18,163,000) were pledged to secure certain bank loans granted to the Group (note 24(a)).

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21. PLEDGED BANK DEPOSITS

The deposits were pledged to a bank to secure certain bills payable of the Group (note 23).

22. ACCOUNTS PAYABLE

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

	Group	
	2007	2006
	HK$'000	HK$'000
Current and less than 60 days	**63,147**	33,644
Over 60 days	**1,194**	787
	64,341	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 of HK$6,077,000 (2006: HK$5,805,000) due to certain companies associated with another venturer of the Group's jointly-controlled entities which are payable on credit terms comparable to those offered by other unrelated suppliers of the Group.

23. BILLS PAYABLE

Certain bills payable are secured by bank deposits of HK$9,161,000 (2006: HK$6,529,000) of the Group (note 21).

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24. INTEREST-BEARING BANK LOANS

	Average interest rate per annum	Maturity	Group 2007
	%		HK$'000
Current			
Bank loans – unsecured	**5.3%**	2008	**48,193**
Bank loans – secured	**7.2%**	2008	**99,775**
			147,968

			2006
			HK$'000
Current			
Bank loans – unsecured	5.1%	2007	36,349
Bank loans – secured	6.7%	2007	14,500
			50,849
Non-current			
Bank loans – secured	6.7%	2008-2009	98,000
			148,849

	Group 2007	2006
	HK$'000	HK$'000
Repayable:		
Within one year or on demand	**147,968**	50,849
In the second year	**–**	3,000
In the third to fifth years, inclusive	**–**	95,000
	147,968	148,849

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24. INTEREST-BEARING BANK LOANS (Continued)

Notes:

(a) Certain of the Group's bank loans are secured by:

(i) legal charges over certain of the Group's land use rights, classified as prepaid land lease payments, and certain leasehold land and buildings and plant and machinery, which had an aggregate carrying value at the balance sheet date of approximately HK$26,913,000 (2006: HK$26,716,000) and HK$126,525,000 (2006: HK$137,255,000), respectively.

(ii) floating charges over certain of the Group's stocks of HK$30,285,000 (2006: HK$13,670,000);

(iii) floating charges over certain of the Group's accounts receivable of HK$22,863,000 (2006: HK$18,163,000);

(iv) corporate guarantees of HK$25,775,000 (2006: HK$40,849,000) given to banks by HHHL;

(v) a personal guarantee given to a bank by a senior executive of the Group of HK$6,408,000 (2006: HK$7,000,000); and

(vi) a corporate guarantee given to a bank by an independent third party of HK$5,340,000 (2006: HK$5,000,000).

(b) Fixed interest rate bank loans of HK$100,513,000 (2006: HK$108,000,000) are denominated in Renminbi. All other bank loans are denominated in Hong Kong dollars.

(c) Secured interest-bearing bank loans included certain of the Group's bank loans of approximately HK$93,358,000 (2006: HK$101,000,000) in Mainland China 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.

The carrying amounts of the Group's interest-bearing bank loans approximate to their fair values.

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25. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year were as follows:

Deferred tax liabilities

Group

	2007		
	Accelerated tax depreciation HK$'000	**Revaluation of properties HK$'000**	**Total HK$'000**
At 1 January 2007	**3,139**	**563**	**3,702**
Deferred tax credited to the income statement during the year (note 10)	**(490)**	**–**	**(490)**
Gross deferred tax liabilities at 31 December 2007	**2,649**	**563**	**3,212**

Deferred tax assets

Group

	2007 Losses available for offsetting against future taxable profit HK$'000
At 1 January 2007	**5,047**
Deferred tax charged to the income statement during the year (note 10)	**(314)**
Gross deferred tax assets at 31 December 2007	**4,733**

25. DEFERRED TAX (Continued)

Deferred tax liabilities

Group

	2006 Accelerated tax depreciation HK$'000	Revaluation of properties HK$'000	Total HK$'000
At 1 January 2006	4,420	563	4,983
Deferred tax credited to the income statement during the year (note 10)	(1,281)	–	(1,281)
Gross deferred tax liabilities at 31 December 2006	3,139	563	3,702

Deferred tax assets

Group

	2006 Losses available for offsetting against future taxable profit HK$'000
At 1 January 2006	6,271
Deferred tax charged to the income statement during the year (note 10)	(1,224)
Gross deferred tax assets at 31 December 2006	5,047

Deferred tax assets have been recognised in respect of tax losses of HK$27,046,000 (2006: HK$28,840,000) on the expected future profit streams.

The Group has tax losses of HK$43,602,000 (2006: HK$55,912,000) arising in Hong Kong that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of HK$44,452,000 (2006: HK$65,231,000) that are available for offsetting against future taxable profits of the companies in which the losses arose for a maximum of five years. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 December 2007, there was no significant unrecognised deferred tax liability (2006: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, associates or jointly-controlled entities.

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26. SHARE CAPITAL

	2007 HK$'000	2006 HK$'000
Authorised:		
800,000,000 (2006: 800,000,000) ordinary shares of HK$0.10 each (2006: HK$0.10 each)	**80,000**	80,000
120,000 (2006: 120,000) ordinary shares of US$0.10 each (2006: US$0.10 each)	**93**	93
	80,093	80,093
Issued and fully paid:		
435,861,292 (2006: 419,438,434) ordinary shares of HK$0.10 each (2006: HK$0.10 each)	**43,586**	41,943

A summary of the movements in HHHL's issued ordinary share capital during the year is as follows:

	Number of shares in issue	Issued share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2006	417,090,711	41,709	232,264	273,973
Share options exercised (note a)	2,045,565	204	171	375
Warrants exercised (note b)	302,158	30	45	75
At 31 December 2006 and 1 January 2007	419,438,434	41,943	232,480	274,423
Share options exercised (note a)	15,747,218	1,575	1,571	3,146
Warrants exercised (note b)	675,640	68	102	170
Transfer from share option reserve upon exercise of share options (note 28)	–	–	366	366
At 31 December 2007	**435,861,292**	**43,586**	**234,519**	**278,105**

Notes:

(a) During the year ended 31 December 2007, the subscription rights attaching to 15,747,218 share options were exercised at subscription prices of HK$0.1834, HK$0.2860 and HK$0.2940 per share resulting in the issue of 15,747,218 ordinary shares of HK$0.10 each for a total cash consideration, before expenses, of approximately HK$3,146,000. During the year ended 31 December 2006, the subscription rights attaching to 2,045,565 share options were exercised at a subscription price of HK$0.1834 per share resulting in the issue of 2,045,565 ordinary shares of HK$0.10 each for a total cash consideration, before expenses, of approximately HK$375,000.

26. SHARE CAPITAL (Continued)

Notes: (Continued)

(b) During the year ended 31 December 2007, 675,640 ordinary shares of HK$0.10 each were issued for cash at a subscription price of HK$0.25 per share, pursuant to the exercise of HHHL's warrants for a total cash consideration, before expenses, of approximately HK$169,000. During the year ended 31 December 2006, 302,158 ordinary shares of HK$0.10 each were issued for cash at a subscription price of HK$0.25 per share, pursuant to the exercise of HHHL's warrants for a total cash consideration, before expenses, of approximately HK$75,000.

The change in the authorised and issued share capital of HHHL subsequent to the balance sheet date is set out in note 36 to the financial statements.

Share options

Details of HHHL's share option schemes and the share options issued under the schemes are included in note 27 to the financial statements.

Warrants

At the balance sheet date, HHHL had 81,621,170 warrants outstanding. The exercise in full of such warrants would, under the capital structure of HHHL as at 31 December 2007, result in the issue of 81,621,170 additional ordinary shares of HK$0.10 each.

Subsequent to the balance sheet date, on 11 April 2008, 25,920 warrants were exercised. All the remaining outstanding warrants of 81,595,250 were cancelled and the warrantholders of HHHL received, on 25 April 2008, one warrant of HHGH for every one warrant of HHHL then held, the details of which are set out in note 36 to the financial statements.

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27. SHARE OPTIONS

On 25 June 2004, the shareholders of HHHL approved the termination of the share option scheme adopted by HHHL 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 Listing Rules. 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 exerciseable in accordance therewith.

(a) 2000 Share Option Scheme

The purpose of this scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of this scheme include any full-time employee in the service of the Group. This scheme became effective on 30 June 2000 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares of HK$0.10 each in HHHL in respect of which share options may be granted will not exceed 10% of the issued shares of HHHL (excluding any shares issued upon the exercise of options granted pursuant to this scheme) from time to time. The maximum entitlement of each participant under this scheme is limited to 25% of the shares issued and issuable under this scheme from time to time.

The offer of a grant of share options may be accepted within 21 days from the date of the offer. The exercise period of the share options granted is determinable by the directors and shall in any event not less than 3 years or more than 10 years from the date on which it commences.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (a) 80% of the average closing price of HHHL's shares for the 5 business days immediately preceding the date of grant of the options on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and (b) the nominal value of HHHL's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

(b) 2004 Share Option Scheme

The purpose of this scheme is to provide incentives and rewards to the participants and to enhance their contribution to the success of the Group's operations. The participants of this scheme include any full-time employee and any director of the Group, and any person approved by the shareholders of HHHL. This scheme became effective on 25 June 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

27. SHARE OPTIONS (Continued)

(b) 2004 Share Option Scheme (Continued)

The maximum aggregate number of shares of HK$0.10 each in HHHL which may be issued upon exercise of all outstanding options granted and yet to be exercised under this scheme and any other schemes of HHHL must not exceed in aggregate 10% of the shares in issue from time to time (the "Overall Scheme Limit"). No options may be granted under any scheme of HHHL if such grant will result in the Overall Scheme Limit being exceeded.

The total number of shares which may be issued upon exercise of all options to be granted under this scheme and any other schemes of HHHL must not in aggregate exceed 10% of the shares in issue as at the date of approval of this scheme (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of this scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Subject to the Overall Scheme Limit, HHHL may seek approval from its shareholders in a general meeting for refreshing the Scheme Mandate Limit. However, the total number of shares which may be issued upon exercise of all options to be granted under the refreshed limit must not exceed 10% of the shares in issue as at the date of approval of the shareholders of HHHL of the refreshing of the Scheme Mandate Limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares of HHHL in issue.

The period within which the options may be exercised in accordance with the terms of this scheme, shall: (i) be determined by the directors; (ii) commence on the expiration of 12 months (or such shorter period as may be determined by the directors) from the date of offer of options; and (iii) in any event not less than 3 years or more than 10 years from the date on which it commences.

The offer of a grant of options must be accepted within 21 days from the date of the offer. The exercise price of an option to subscribe for shares granted pursuant to this scheme shall not be less than whichever is the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an offer is made; and (iii) the nominal value of the shares of HHHL.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

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27. SHARE OPTIONS (Continued)

(b) 2004 Share Option Scheme (Continued)

The following share options were outstanding under the schemes during the year:

Name or category of participant	Number of share options: At 1 January 2007	Number of share options: Granted during the year	Number of share options: Exercised during the year	Number of share options: At 31 December 2007	Date of grant	Exercise period	Exercise price** HK$ per share	Price of HHHL's shares***: At date of grant HK$ per share	Price of HHHL's shares***: Immediately before the exercise date HK$ per share	Price of HHHL's shares***: At date of exercise HK$ 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	0.6479	0.6500
Hung Chiu Yee	2,045,565	–	(2,045,565)	–	17 November 2000	17 November 2000 to 16 November 2010	0.1834	0.227	0.7900	0.9500
Lee Pak Wing	2,376,052	–	(2,376,052)	–	17 November 2000	17 November 2000 to 16 November 2010	0.1834	0.227	0.6700	0.5900
Wong Kwok Ying	4,091,130	–	(4,091,130)	–	17 November 2000	17 November 2000 to 16 November 2010	0.1834	0.227	0.6031	0.6140
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	0.7694	0.8469
Seto Gin Chung, John	417,373	–	(417,373)	–	4 August 2006*	4 August 2007 to 3 August 2012	0.2940	0.290	0.6800	0.6800
	15,747,218	–	(15,747,218)	–						

For share options exercised during the year, the weighed average share prices at the dates of exercise was HK$0.6972 per share.

Notes to the table of share options outstanding during the year:

* 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 HHHL's shares disclosed is the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the day specified.

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27. SHARE OPTIONS (Continued)

(b) 2004 Share Option Scheme (Continued)

No share option was granted during the year ended 31 December 2007 (2006: 417,373 share options).

The fair value of equity-settled share options granted during the year ended 31 December 2006 was estimated as at the date of grant, using the Black-Scholes Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model:

Expected volatility (%)	55.3
Historical volatility (%)	55.3
Risk-free interest rate (%)	3.0
Expected life of options (year)	5
Weighted average share price (HK$)	0.29

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the balance sheet date, no share option was outstanding under the 2000 Share Option Scheme and the 2004 Share Option Scheme.

Subsequent to the balance sheet date, on 7 April 2008, the shareholders of HHHL approved the termination of the 2004 Share Option Scheme. Upon termination of the share option schemes, no further share options can be granted thereunder.

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28. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 45 of the financial statements.

(b) HHHL

	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2006	232,264	231,383	222	(100,099)	363,770
Issue of shares (note 26)	216	–	–	–	216
Equity-settled share option expenses	–	–	144	–	144
Loss for the year	–	–	–	(164)	(164)
Balance at 31 December 2006 and 1 January 2007	232,480	231,383	366	(100,263)	363,966
Issue of shares (note 26)	1,673	–	–	–	1,673
Transfer from share option reserve upon exercise of share options	366	–	(366)	–	–
Loss for the year	–	–	–	(2,823)	(2,823)
Balance at 31 December 2007	**234,519**	**231,383**	**–**	**(103,086)**	**362,816**

HHHL's contributed surplus arose in 1990 as a result of the Group reorganisation and represented the difference between the nominal value of HHHL's shares allotted under the reorganisation scheme and the then consolidated net asset value of the acquired subsidiaries, net of the subsequent distribution therefrom.

Under the Companies Act 1981 of Bermuda, the contributed surplus is distributable to shareholders in certain circumstances. As at 31 December 2007, the total amount of reserves distributable to shareholders, including HHHL's accumulated losses, amounted to HK$128,297,000 (2006: HK$131,120,000).

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to accumulated losses should the related options expire or be forfeited.

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29. DISPOSAL OF SUBSIDIARIES

	Group 2007 HK$'000	2006 HK$'000
Net assets disposed of: prepayments, deposits and other receivables	–	495
Gain on disposal of subsidiaries	–	2,520
	–	3,015
Satisfied by:		
Cash	–	3,015
An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:		
Cash consideration	–	3,015

(a) On 25 January 2006, the Group disposed of a subsidiary to a company associated with a non-executive director of HHHL. The major asset of the subsidiary was a piece of land in Hong Kong. The consideration of HK$430,000 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.

(b) On 30 August 2006, Hop Hing Oil (Holdings) Limited ("HHOH"), an indirect wholly-owned subsidiary of HHHL, entered into an agreement with Hung's Investments Limited ("Hung's"), an associate of a non-executive director of HHHL, to transfer the entire issued ordinary share capital of Able Mark (HK) Limited ("Able Mark"), a then indirect wholly-owned subsidiary of HHHL, and assign the shareholder's loan in the sum of HK$495,000 due to HHOH by Able Mark to Hung's for a total consideration of HK$2,585,000 and made a gain of approximately HK$2,090,000. Details of the transaction were summarised in a press announcement of HHHL dated 30 August 2006.

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30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transactions

(i) During the year, tax reserve certificates included in the prepayment of HK$8,546,000 were utilised to settle a tax liability for one of the wholly-owned subsidiaries.

(ii) During the year ended 31 December 2006, a deposit of HK$7,265,000 was transferred to prepaid land lease payments.

31. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its offices under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to two years.

At 31 December 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Within one year	**6,652**	6,794
In the second to fifth years, inclusive	**2,785**	9,052
	9,437	15,846

Notes to Financial Statements

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32. COMMITMENTS

In addition to the operating lease commitments detailed in note 31 above, the Group had the following commitments at the balance sheet date:

	Group	
	2007	2006
	HK$'000	HK$'000
Capital commitments for the acquisition of property, plant and equipment:		
Contracted for	**9**	9
Authorised, but not contracted for	**1,198**	1,076

HHHL had no significant commitments at the balance sheet date (2006: Nil).

33. CONTINGENT LIABILITIES

Group

(a) At the balance sheet date, 31 (2006: 32) employees had completed the required number of years of service under 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 the balance sheet date would be approximately HK$356,000 (2006: HK$383,000). No provision has been made for this amount in the financial statements as it is not considered probable that there will be a significant outflow of resources in respect thereof.

(b) At the balance sheet date, 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$13,628,000 (2006: HK$32,849,000).

HHHL

At the balance sheet date, the contingent liabilities of HHHL in respect of guarantees given to banks to secure banking facilities utilised by subsidiaries and a jointly-controlled entity amounted to HK$26,116,000 (2006: HK$41,190,000).

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34. RELATED PARTY TRANSACTIONS

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

	Notes	**2007 HK$'000**	2006 HK$'000
Transactions with jointly-controlled entities*:			
Sale of goods	(i)	**57,447**	60,935
Purchases of goods/services	(ii)	**209**	82
Production and oil refinement income	(iii)	**42,997**	40,785
Royalty income	(iv)	**11,568**	10,173
Property rental income	(v)	**2,983**	2,983
Management fee income	(vi)	**2,000**	2,000
Transactions with companies associated with the controlling shareholder of HHHL:			
Sale of goods	(i)	**6,509**	3,376
Rental expenses	(vii)	**3,503**	3,449
Consideration received for disposal of subsidiaries	(viii)	**–**	3,015
Consideration received for disposal of a property	(viii)	**2,700**	–
Transactions with a company in which a director of HHHL has an indirect interest:			
Management fee expense	(ix)	**660**	560

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

Notes:

(i) The sale of goods were on normal commercial terms in the ordinary and usual course of business of HHHL.

(ii) The purchases of goods/services were at prices comparable to those offered by other unrelated suppliers/providers of the Group.

(iii) The production and oil refinement income was 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.

(iv) Pursuant to trademark licence 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.

34. RELATED PARTY TRANSACTIONS (Continued)

(a) Notes: (Continued)

(v) The property rental income related to the letting of barges included in property, plant and equipment and subletting of certain properties. 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.

(vi) The management fee income was charged based on the cost incurred for providing such services.

(vii) The rental expenses were paid by reference to open market rental and was subject to the terms of the relevant tenancy agreements.

(viii) (a) On 17 July 2007, the Group disposed of a property to a company associated with a non-executive director of HHHL. Details of transaction were summarised in a press announcement of HHHL dated 17 July 2007.

(b) On 25 January 2006, the Group disposed of a subsidiary to a company associated with a non-executive director of HHHL. 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, adjusted by the market value of that piece of land as at the date of disposal in accordance with the valuation performed by DTZ Debenham Tie Leung, an independent valuer.

(c) On 30 August 2006, the Group disposed of another subsidiary to a company associated with a non-executive director of HHHL. Details of the transaction were summarised in a press announcement of HHHL dated 30 August 2006.

(ix) The management fee expenses represented the payment for services rendered by a director of HHHL and his staff through a company in which the director has an indirect interest.

Save for items (viii)(b) and (viii)(c), the transactions with companies associated with the controlling shareholders of HHHL as set out above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. Further details are disclosed in the report of the directors under the heading “Connected transactions and continuing connected transactions”.

(b) Outstanding balances with related parties:

(i) Details of the Group’s trade balances with jointly-controlled entities as at the balance sheet date are disclosed in note 20 to the financial statements.

(ii) The Group’s jointly-controlled entities had outstanding balances payable to certain companies associated with its another venturer. Further details are disclosed in note 22 to the financial statements.

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34. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel of the Group:

	2007	2006
	HK$'000	HK$'000
Short-term employee benefits	**2,775**	2,590
Post-employment benefits	**198**	188
Share-based payment	**–**	120
Total compensation paid to key management personnel	**2,973**	2,898

Further details of directors' emoluments are included in note 8 to the financial statements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable, accounts and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, commodity price risk, foreign currency risk, credit risk and liquidity risk. The board of directors has reviewed and agreed policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's current banking facilities maintained with commercial banks are mainly at fixed rates. Hence, the Group currently does not have an interest rate hedging policy. However, the management monitors the Group's interest exposure and will consider hedging significant interest rate exposure should the need arise.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Commodity price risk

The major raw materials used in the production of the Group's products include crude edible oils. The Group is exposed to fluctuations in the prices of these raw materials which are influenced by global as well as regional supply and demand and other conditions. Fluctuations in the prices of raw materials could adversely affect the Group's financial performance. The Group did not enter into any commodity derivative instruments to hedge the potential commodity price changes during the years ended 2006 and 2007.

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars, Renminbi or US dollars. Given that Hong Kong dollars pegged to US dollars and fluctuations between renminbi and US dollars are under the control of the PRC government, the Group does not have a foreign currency hedging policy. However, the management monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when needs arise.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the exchange rates of currencies other than the functional currencies of the relevant operating units, with all other variables held constant, of the Group's profit/(loss) before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RMB rate %	**Decrease/ (increase) in loss before tax HK$'000**
2007		
If Hong Kong dollar weakens against Renminbi	**5**	**1,514**
If Hong Kong dollar strengthens against Renminbi	**(5)**	**(1,514)**

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in profit before tax HK$'000
2006		
If Hong Kong dollar weakens against Renminbi	5	1,176
If Hong Kong dollar strengthens against Renminbi	(5)	(1,176)

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. With such policies in place, the Group has been able to maintain its bad debts at a reasonable level. Concentrations of credit risk are managed by customer/counterparty and by geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's accounts receivables are widely diversified to a large number of customers.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivables are disclosed in note 20 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., accounts receivable) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans to meet its working capital and capital expenditure requirements.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

Group

2007

	Less than 1 year HK$'000
Amounts due to associates (note 17)	**26,071**
Other payables and accrued charges	**53,094**
Accounts and bills payables	**94,879**
Interest-bearing bank loans	**147,968**
	322,012

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Group

2006

	Less than 1 year HK$'000	More than 1 year HK$'000	Total HK$'000
Amounts due to associates (note 17)	26,071	–	26,071
Other payables and accrued charges	42,098	–	42,098
Accounts and bills payables	56,196	–	56,196
Interest-bearing bank loans	50,849	98,000	148,849
	175,214	98,000	273,214

HHHL

2007

	Less than 1 year HK$'000
Other payables and accrued charges	**1,714**

2006

	Less than 1 year HK$'000
Other payables and accrued charges	1,115

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the two years ended 31 December 2007.

The Group monitors capital using a gearing ratio, which is expressed as a percentage of total bank loans over equity attributable to equity holders of HHHL. The gearing ratios as at the balance sheet dates were as follows:

Group

	2007 **HK$'000**	2006 HK$'000
Interest-bearing bank loans	**147,968**	148,849
Equity attributable to equity holders of HHHL	**414,527**	404,210
Gearing ratio	**36%**	37%

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36. POST BALANCE SHEET EVENTS

On 31 January 2007, the directors of HHHL proposed a change of domicile of the holding company of the Group from Bermuda to the Cayman Islands by way of a scheme of arrangement (the "Scheme"), pursuant to which the structure of the Group would be reorganised such that HHGH, which was a wholly-owned subsidiary of HHHL as at the balance sheet date, would become the new holding company of the Group (the "Reorganisation").

Subsequent to the balance sheet date, the Scheme was approved by the shareholders of HHHL on 7 April 2008 and sanctioned by the Supreme Court of Bermuda on 11 April 2008. Upon the Scheme becoming effective on 25 April 2008:

(i) All the 435,887,212 ordinary shares of HHHL outstanding as at 25 April 2008 were cancelled and extinguished and the issued share capital of HHHL was reduced accordingly;

(ii) HHHL allotted and issued 1,000 new ordinary shares of HK$0.10 each, credited as fully paid, to HHGH; and

(iii) The authorised share capital of HHHL was reduced to HK$100,000 divided into 1,000,000 ordinary shares of HK$0.10 each.

In consideration of the cancellation and extinguishment of the 435,887,212 ordinary shares of HHHL outstanding as at 25 April 2008, the holders of these ordinary shares received the ordinary shares of HHGH credited as fully-paid, on the basis of one ordinary share of HHGH for every one ordinary share of HHHL then held. On 25 April 2008, HHGH became the holding company of the Group. In addition, the warrantholders of HHHL received, on 25 April 2008, one warrant of HHGH for every one warrant of HHHL then held.

The listing status of HHHL was withdrawn on 28 April 2008 and the shares of HHGH were listed on the main board of the Stock Exchange by way of introduction on 29 April 2008. Further details of the Reorganisation are set out in HHHL's scheme document dated 14 March 2008.

37. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of the new and revised HKFRSs during the current year, certain comparative amounts have been disclosed to conform with the current year's presentation and to show separately comparative amounts in respect of items disclosed for the first time in 2007.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 April 2008.

Five Year Financial Summary

A summary of the published results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out below.

	Year ended 31 December				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**851,325**	672,792	677,425	699,674	654,438
Profit/(loss) from operating activities	**10,836**	12,879	3,002	4,566	(7,587)
Finance costs, net	**(10,964)**	(9,407)	(10,910)	(14,921)	(16,845)
Profit/(loss) before tax	**(128)**	3,472	(7,908)	(10,355)	(24,432)
Tax	**(2,797)**	(9,895)	(2,077)	(1,405)	(1,800)
Loss for the year	**(2,925)**	(6,423)	(9,985)	(11,760)	(26,232)
Attributable to:					
Equity holders of HHHL	**177**	(6,764)	(9,730)	(11,952)	(27,676)
Minority interest	**(3,102)**	341	(255)	192	1,444
	(2,925)	(6,423)	(9,985)	(11,760)	(26,232)

	As at 31 December				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS					
Property, plant and equipment	**255,792**	275,124	290,575	376,175	399,583
Investment property	**–**	–	–	58,400	58,400
Prepaid land lease payments	**26,695**	26,302	15,802	16,029	16,433
Trademarks	**123,718**	123,423	122,944	122,659	122,477
Interests in associates	**(1,425)**	(1,425)	(1,425)	(1,425)	(1,425)
Deferred tax assets	**4,733**	5,047	6,271	10,763	10,763
Current assets	**314,334**	248,881	226,830	246,066	304,808
TOTAL ASSETS	**723,847**	677,352	660,997	828,667	911,039
LIABILITIES					
Current liabilities	**296,446**	159,052	228,804	174,101	212,645
Long-term portion of bank loans	**–**	98,000	8,000	222,958	255,958
Deferred tax liabilities	**3,212**	3,702	4,983	10,075	9,170
TOTAL LIABILITIES	**299,658**	260,754	241,787	407,134	477,773
NET ASSETS	**424,189**	416,598	419,210	421,533	433,266