



Hop Hing Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 47



The Board of Directors (the "Board") of Hop Hing Group Holdings Limited (the "Company") herein present their unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009, together with the comparative amounts.

This interim financial report has not been audited, but has been reviewed by the Company's audit committee and the Company's auditors.

Condensed Consolidated Income Statement

	Notes	Unaudited For the six months ended 30 June	
		2009 HK\$'000	2008 HK\$'000
TURNOVER	4	436,349	523,228
Direct cost of stocks sold and services provided		(329,459)	(401,065)
Other production and service costs (including depreciation and amortisation of HK\$10,172,000 (2008: HK\$9,969,000))		(26,278)	(31,300)
Selling and distribution costs		(52,408)	(47,080)
General and administrative expenses		(20,003)	(22,098)
PROFIT FROM OPERATING ACTIVITIES	5	8,201	21,685
Finance costs, net	6	(4,794)	(6,247)
Share of losses of associates		(23)	(37)
PROFIT BEFORE TAX		3,384	15,401
Tax	7	(1,371)	(2,902)
PROFIT FOR THE PERIOD		2,013	12,499
ATTRIBUTABLE TO:			
Equity holders of the Company		145	12,118
Minority interests		1,868	381
		2,013	12,499
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK0.03 cent	HK2.71 cents
Diluted		HK0.03 cent	HK2.48 cents

Condensed Consolidated Statement of Comprehensive Income

	Unaudited For the six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
PROFIT FOR THE PERIOD	2,013	12,499
Exchange differences on translation of foreign operations	—	6,630
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	—	6,630
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,013	19,129
ATTRIBUTABLE TO:		
Equity holders of the Company	145	18,370
Minority interests	1,868	759
	2,013	19,129

Condensed Consolidated Statement of Financial Position

	Notes	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	239,226	248,700
Prepaid land lease payments		27,121	27,462
Trademarks		123,978	123,968
Interests in associates		(1,381)	(1,607)
Deferred tax assets		3,354	3,016
Total non-current assets		392,298	401,539
CURRENT ASSETS			
Stocks		127,841	158,386
Accounts receivable	10	88,385	120,289
Prepayments, deposits and other receivables		30,386	19,139
Tax recoverable		1,692	1,816
Pledged bank deposits		11,139	10,466
Cash and cash equivalents		88,988	42,337
Total current assets		348,431	352,433
CURRENT LIABILITIES			
Accounts payable	11	41,398	54,954
Bills payable		37,131	28,636
Other payables and accrued charges		36,263	43,561
Interest-bearing bank and other loans	12	155,950	162,083
Tax payable		2,194	880
Total current liabilities		272,936	290,114
NET CURRENT ASSETS		75,495	62,319
TOTAL ASSETS LESS CURRENT LIABILITIES			
		467,793	463,858
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,795	2,651
NET ASSETS		464,998	461,207

Condensed Consolidated Statement of Financial Position (Continued)

		Unaudited	Audited
		30 June	31 December
		2009	2008
	Notes	HK\$'000	HK\$'000
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	13	51,090	49,331
Reserves		404,324	400,659
		455,414	449,990
Minority interests		9,584	11,217
Total equity		464,998	461,207

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2009 (Unaudited)

	Attributable to equity holders of the Company							Total equity HK\$'000	
	Issued share capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Properties revaluation reserve HK\$'000	Capital reserves and other HK\$'000	Accumulated losses HK\$'000		Minority interests HK\$'000
At 1 January 2009	49,331	8,613	—	18,781	2,080	434,025	(62,840)	11,217	461,207
Profit for the period	—	—	—	—	—	—	145	145	2,013
Total comprehensive income for the period	—	—	—	—	—	—	145	145	2,013
Issue of shares upon exercise of warrants (note 13)	1,759	2,638	—	—	—	—	—	—	4,397
Share issue expenses	—	(173)	—	—	—	—	—	—	(173)
Share-based payment (note 14)	—	—	1,055	—	—	—	—	—	1,055
Repayment of loans from minority interests	—	—	—	—	—	—	—	(2,958)	(2,958)
Write-off of loans from minority interests	—	—	—	—	—	—	—	(543)	(543)
At 30 June 2009	51,090	11,078*	1,055*	18,781*	2,080*	434,025*	(62,695)*	9,584	464,998

* These reserve accounts comprise the reserves of HK\$404,324,000 in the condensed consolidated statement of financial position as at 30 June 2009.

Condensed Consolidated Statement of Changes In Equity (Continued)
 For the six months ended 30 June 2008 (Unaudited)

	Attributable to equity holders of the Company							Total equity HK\$'000
	Issued share capital HK\$'000	Share premium account HK\$'000	Exchange fluctuation reserve HK\$'000	Properties revaluation reserve HK\$'000	Capital and other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	
At 1 January 2008	43,586	377,129	12,529	2,659	58,759	(80,135)	414,527	424,189
Profit for the period	—	—	—	—	—	12,118	12,118	12,499
Other comprehensive income	—	—	6,252	—	—	—	6,252	6,630
Total comprehensive income for the period	—	—	6,252	—	—	12,118	18,370	19,129
Shares issued by Hop Hing Holdings Limited ("HHHL") upon exercise of HHL's warrants (note 13)	3	4	—	—	—	—	7	7
Cancellation of HHL's shares upon group reorganisation	(43,589)	—	—	—	—	—	(43,589)	(43,589)
Transfer of share premium to capital reserve upon group reorganisation	—	(377,133)	—	—	377,133	—	—	—
Issue of shares (note 13)	43,589	—	—	—	—	—	43,589	43,589
Issue of shares upon exercise of warrants (note 13)	5,678	8,517	—	—	—	—	14,195	14,195
At 30 June 2008	49,267	8,517	18,781	2,659	435,892	(68,017)	447,099	457,520

Condensed Consolidated Statement of Cash Flows

	Unaudited For the six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM:		
OPERATING ACTIVITIES	57,458	(39,724)
INVESTING ACTIVITIES	(367)	(56)
FINANCING ACTIVITIES	(10,440)	42,405
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,651	2,625
Cash and cash equivalents at beginning of period	42,337	33,573
CASH AND CASH EQUIVALENTS AT END OF PERIOD	88,988	36,198
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	88,988	36,198

Notes to Condensed Consolidated Financial Statements

1. Basis of preparation

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and other relevant HKASs and Interpretations, Hong Kong Financial Reporting Standards (collectively, the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited. Save for the adoption of new and revised HKFRSs during the period as set out in note 2 below, the accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the preparation of the annual financial statements for the year ended 31 December 2008.

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 for the current period’s consolidated interim financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment — Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement — Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>

2. Impact of new and revised Hong Kong financial reporting standards (continued)

Apart from the above, the HKICPA has issued Improvements to HKFRSs* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

- * Improvements to HKFRSs contain amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

Except for the adoption of HKAS 1 (Revised) resulted in new or amended disclosures, the adoption of these new and revised HKFRSs has had no significant financial effect on these condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated interim financial statements.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

3. Impact of issued but not yet effective Hong Kong financial reporting standards

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

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards¹</i>
HKFRS 3 (Revised)	<i>Business Combinations¹</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements¹</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items¹</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners¹</i>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers¹</i>

¹ Effective for annual periods beginning on or after 1 July 2009.

² Improvements to HKFRSs issued in May 2009 contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, Appendix to HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16. Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16, which are effective for annual periods beginning on or after 1 July 2009, and no transitional provisions for amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. However, it is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

4. Turnover and segment information

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

5. Profit from operating activities

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

	Unaudited For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Direct cost of stocks sold and services provided	329,459	401,065
Depreciation	9,831	9,638
Amortisation of prepaid land lease payments	341	331

6. Finance costs, net

	Unaudited For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Interest on bank and other loans wholly repayable within five years	4,900	6,525
Less: Bank interest income	(106)	(278)
	4,794	6,247

7. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Unaudited For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Tax in the income statement represents:		
Provision for Hong Kong profits tax	1,272	1,140
Provision for tax elsewhere	293	490
	1,565	1,630
Deferred tax	(194)	1,272
	1,371	2,902

8. Earnings per share attributable to equity holders of the Company

a. Basic earnings per share

The calculation of basic earnings per share for the period is based on the consolidated profit attributable to equity holders of the Company of HK\$145,000 (2008: HK\$12,118,000) and the weighted average of 499,504,727 (2008: 446,486,340) shares in issue during the period.

8. Earnings per share attributable to equity holders of the Company (continued)

b. Diluted earnings per share

The calculation of diluted earnings per share for the period is based on the consolidated profit attributable to equity holders of the Company of HK\$145,000 (2008: HK\$12,118,000) and the weighted average of 511,468,108 (2008: 488,212,953) shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares of 11,963,381 (2008: 41,726,613) shares for the six months ended 30 June 2009, calculated as follows:

	Unaudited For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Consolidated profit attributable to equity holders of the Company	145	12,118
	Number of shares	
	2009	2008
Weighted average number of ordinary shares in calculating diluted earnings per share:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	499,504,727	446,486,340
Effect of dilution:		
Share options	751,319	—
Warrants	11,212,062	41,726,613
	511,468,108	488,212,953

9. Property, plant and equipment

During the six months ended 30 June 2009, the Group acquired items of property, plant and equipment with a cost of HK\$357,000 (2008: HK\$1,485,000). There was no disposal during the six months ended 30 June 2009 (2008: HK\$587,000).

10. Accounts receivable

	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Accounts receivable	102,717	134,819
Impairment	(14,332)	(14,530)
	88,385	120,289

The Group's products are sold either on a cash on delivery basis, or on an open account basis with credit terms ranging from 7 to 70 days. Each customer has a maximum credit limit and overdue balances are regularly reviewed by the senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts receivable are non-interest-bearing.

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

	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Current (neither past due nor impaired)	63,732	95,029
Within 60 days past due	19,527	16,513
Over 60 days past due	5,126	8,747
	88,385	120,289

10. Accounts receivable (continued)

Included in the Group's accounts receivable are amounts totaling HK\$5,540,000 (31 December 2008: HK\$16,452,000) 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.

Certain of the above accounts receivable as at 30 June 2009 and 31 December 2008, which were factored to a bank in exchange for cash and the related bank loans, have been included as "Interest-bearing bank and other loans" on the face of the condensed consolidated statement of financial position (note 12).

11. Accounts payable

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

	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Current and less than 60 days	40,545	43,376
Over 60 days	853	11,578
	41,398	54,954

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

Included in the Group's accounts payable are amounts of HK\$5,221,000 (31 December 2008: HK\$14,363,000) due to certain companies associated with the other 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.

12. Interest-bearing bank and other loans

	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Current (repayable within one year or on demand)		
Bank loans — unsecured	37,844	39,134
Bank loans on factored accounts receivable — unsecured (note 10)	15,833	13,858
Bank loans — secured (note b)	96,591	97,727
Loan from a related company — unsecured (note c)	5,682	11,364
	155,950	162,083

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 aggregate carrying values as at 30 June 2009 of approximately HK\$27,618,000 (31 December 2008: HK\$27,957,000) and HK\$115,622,000 (31 December 2008: HK\$121,009,000), respectively.
 - (ii) a personal guarantee of HK\$6,818,000 (31 December 2008: HK\$6,818,000) given to a bank by a senior executive of the Group; and
 - (iii) a corporate guarantee of HK\$5,682,000 (31 December 2008: HK\$5,682,000) given to a bank by independent third parties.
- b. Secured interest-bearing bank loans included certain of the Group's bank loans of approximately HK\$95,455,000 (31 December 2008: HK\$96,591,000) 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.

12. Interest-bearing bank and other loans (continued)

Notes: (continued)

- c. The loan is unsecured, interest-bearing at the prevailing market rate and repayable within one year.
- d. Fixed interest rate bank loans and the loan from a related company of HK\$102,273,000 (31 December 2008: HK\$103,409,000) and HK\$5,682,000 (31 December 2008: HK\$11,364,000), respectively, are denominated in Renminbi. All other bank loans are denominated in Hong Kong dollars.

13. Share capital

- a. During the period ended 30 June 2009, 17,579,748 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 the Company's warrants, for a total cash consideration, before expenses, of approximately HK\$4,395,000.
- b. During the period ended 30 June 2009, 8,670 ordinary shares of HK\$0.10 each were issued for cash at a subscription price of HK\$0.20 per share, pursuant to the exercise of the Company's warrants, for a total cash consideration, before expenses, of approximately HK\$2,000.
- c. During the period ended 30 June 2008, 25,920 shares of HHHL 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\$7,000.

13. Share capital (continued)

- d. On 25 April 2008, pursuant to a reorganisation ("the Reorganisation"), HHHL, the then ultimate holding company of its subsidiaries, became a wholly-owned subsidiary of the Company. The Company became the new holding company of the Group, comprising the Company, HHHL and its subsidiaries. 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. HHHL then allotted and issued 1,000 new ordinary shares of HK\$0.10 each, credited as fully paid, to the Company.

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 the Company issued and credited as fully paid, on the basis of one ordinary share of the Company for every one ordinary share of HHHL then held.

- e. During the period ended 30 June 2008, 56,779,201 shares of the Company of HK\$0.10 each were issued for cash at a subscription price of HK\$0.25 per share, pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of approximately HK\$14,195,000.

14. Share options

On 27 April 2009, 34,068,000 share options were granted to directors and senior staff of the Company under a share option scheme. The exercise price of HK\$0.35 per option was equal to the market price of the shares on the date of grant. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.10 each of the Company. The options granted to executive directors and senior staff are subject to a vesting scale in three tranches of approximately one-third of such share option each and achievement of certain performance targets within the relevant periods. The vesting period of such options started from the date of grant until the commencement of the exercise period and such vested options are then exercisable until 26 April 2019. The fair value of the options granted is estimated at the date of grant using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is 10 years. The fair value of options granted during the period was estimated on the date of grant using the following assumptions:

Dividend yield (%)	—
Employee exit rate (%)	—
Expected volatility (%)	71.96
Historical volatility (%)	71.96
Risk free interest rate (%)	2.16
Suboptimal exercise factor	2.81

No options were exercised during the six months ended 30 June 2009 (2008: Nil).

15. Capital commitments

	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Property, plant and equipment: Authorised, but not contracted for	115	22

16. Contingent liabilities

At 30 June 2009, the Group had no material contingent liabilities (31 December 2008: Nil).

17. Related party transactions

In addition to those transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with related parties during the interim period:

	Notes	Unaudited For the six months ended 30 June	
		2009 HK\$'000	2008 HK\$'000
Transactions with jointly-controlled entities*:			
Sales of goods	a	24,488	56,018
Purchases of goods/services	b	40	37
Production and oil refinement income	c	20,339	19,924
Royalty income	d	6,198	6,858
Property rental income	e	181	172
Management fee income	f	2,320	2,320
Transactions with companies associated with the controlling shareholder of the Company and/or a non-executive director of the Company:			
Sales of goods	a	2,577	4,986
Rental expenses	g	1,927	1,751
Interest expenses	h	296	141
Transactions with a company in which a director of the Company has an indirect interest:			
Management fee expenses	i	—	330

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

17. Related party transactions (continued)

Notes:

- a. The sales of goods were on normal commercial terms in the ordinary and usual course of business of the Group.
- b. The purchases of goods/services were at prices comparable to those offered by other unrelated suppliers/providers of the Group.
- c. The production and oil refinement income was 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.
- d. Pursuant to trademark license agreements entered into between the Group and the jointly-controlled entities, the royalties received for the use of the trademarks are calculated based on a percentage, as agreed between the parties from time to time, on the gross sales value of licensed products sold by the jointly-controlled entities within Hong Kong and Macau.
- e. The property rental income related to the subletting of certain properties. The property rental income was charged by reference to open market rental and was subject to review on a regular basis.
- f. The management fee income was based on the cost incurred for providing such services.
- g. The rental expenses were paid by reference to open market rental and were subject to the terms of the relevant tenancy agreements.
- h. The interest expenses represented payments of interest on loan from a related company at the prevailing market rates.
- i. The management fee expenses represented payment for services provided by a director of the Company and his staff through a company in which the director has an indirect interest.

18. Approval of the interim financial report

These condensed consolidated interim financial report were approved and authorised for issue by the Board on 21 September 2009.

Business Review and Outlook

For the six months ended 30 June 2009, the profit attributable to equity holders of the Company was HK\$0.1 million, as compared to the profit of HK\$12.1 million for the same period in 2008. Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period under review was HK\$18.4 million, against HK\$31.6 million for the corresponding period in 2008.

The basic earnings per share for the period was 0.03 HK cent (2008: 2.71 HK cents).

Dividend

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2009 (2008: Nil).

Review of operation

In the period under review, the business environment and market sentiment were fragile and significantly affected by any development of the financial tsunami caused by the subprime mortgage crisis. There was a general belief that the difficult situation had not yet been over and the worst had yet to come. People became cautious in their investment decisions and personal spending. Additional advertising and promotional expenses had to be spent to stimulate sales and counter the promotional activities of competitors. In addition, the volatility of the edible oil prices imposed further challenges to the edible oil industry. While the efficient operation which the management had strived for in the last few years enabled our Group to keep its inventory to a minimum, selling products with raw materials, the prices of which went up and down like a roller-coaster, had never been easy. Despite operating under all these difficult conditions, the management had been able to improve the net current assets of the Group from HK\$49 million as at 30 June 2008 to HK\$75 million as at the end of the period under review. In addition, the net bank borrowings (bank loans and bill payable less cash on hand) have been improved from HK\$184 million as at 30 June 2008 to HK\$98 million as at the end of June this year. This is particularly important in an uncertain business environment.

Review of operation (continued)

Being an international city, Hong Kong is inevitably affected by the down-turning economy that the other countries are experiencing. As more people prefer home-cooking to dining-out in an uncertain environment, the total sales value of the Group's healthy edible oil products, including Canola oil, Sunflower oil, Olive oil, Rice Bran oil, Olive Canola oil, Olive Sunflower oil and Olive Rice Bran oil, showed a growth as compared to the corresponding period in last year. In addition, the newly introduced Grapeseed Canola oil was well received by our customers. Furthermore, 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, revealed that Lion & Globe Canola oil products continued to rank first in sales value in the Canola oil segment for two consecutive years from November 2006 to October 2008.

In PRC, although the Chinese government's decisive administrative actions had effectively reduced the impact of the financial tsunami on the China economy, companies in PRC, in particular those with global trading or multinational presence, are bound to be affected by this world-wide recession. Our PRC edible oil segment had to face with competition from companies which needed to increase their inventory turnover for reducing their inventory loss in a volatile raw material cost environment. In the period under review, our strategy of providing OEM edible oil services to improve the efficiency of our PRC operation paid back. Our PRC edible oil segment continued to report a positive EBITDA in the six months period ended 30 June 2009.

Financial Review

Equity

The number of issued shares of HK\$0.10 each of the Company as at 30 June 2009 was 510,895,406 (31 December 2008: 493,306,988). At 1 January 2009, the Company had outstanding 24,175,474 units of 2009 warrants carrying rights to subscribe for an aggregate of 24,175,474 new shares of HK\$0.10 each at an initial subscription price of HK\$0.25 per share. During the period under review, 17,579,748 units of the 2009 warrants of the Company were exercised for 17,579,748 shares of HK\$0.10 each at a price of HK\$0.25 per share. The unexercised 6,595,726 units of the 2009 warrants were lapsed upon their expiration on 30 April 2009.

On 27 April 2009, a total of 34,068,000 share options were granted to directors and certain employees of the Company.

Financial Review (continued)

Equity (continued)

On 8 June 2009, 102,177,347 units of 2013 warrants were issued to shareholders of the Company whose registered addresses in the register of members of the Company on 3 June 2009 were in Hong Kong and overseas other than Canada. During the period under review, 8,670 units of the 2013 warrants were exercised for 8,670 shares of HK\$0.10 each at a price of HK\$0.20 per share.

Liquidity and gearing

As at 30 June 2009, the Group's Hong Kong bank borrowing was bank loans of HK\$48 million. The Group's PRC bank borrowings as at the period end were bank loans and bills payable totaling HK\$139.4 million, of which approximately HK\$95.5 million were secured by assets of certain PRC subsidiaries of the Group and have no recourse to other members of the Group.

As at 30 June 2009, the Group's total bank loans amounting to HK\$150.3 million (31 December 2008: HK\$150.7 million) were either repayable or subject to renewal within one year.

The Group's gearing ratio (expressed as a percentage of interest-bearing bank and other loans over equity attributable to equity holders of the Company) as at 30 June 2009 was 34% (31 December 2008: 36%).

The net interest expense for the period was HK\$4.8 million (2008: HK\$6.2 million). The decrease in net interest expenses was mainly attributable to the decrease in interest rates of the PRC loans.

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

Staff remuneration packages of the staff of the Group are comprised of salary and discretionary bonuses and are determined with reference to the market conditions and the performance of the Group and the individuals concerned. The Group also provided other staff benefits including medical insurance, continuing education allowances 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 period under review was HK\$25 million (2008: HK\$24 million). As at 30 June 2009, the Group had 412 full time and temporary employees (30 June 2008: 419).

Financial Review (continued)

Remuneration policies (continued)

Details of share options granted under the share option scheme of the Company are set out in the section under “Share Option Scheme”.

Segmented information

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

Contingent liabilities

As at 30 June 2009, the Group had no material contingent liabilities.

Pledge of assets

Details of the pledge of assets are set out in note 12 to the condensed consolidated interim financial statements.

Outlook

Although the market sentiment is getting better at the beginning of the second half of 2009, recovery of the global economy has yet to be confirmed. Volatility of edible oil costs and keen competition will be still the major challenges that the Group has to meet within the foreseeable future. The management will be cautious in operating under this uncertain environment.

The Group will continue using its current proven strategy of reinforcing the loyalty of our customers and providing healthy products to meet the needs of health conscious customers. The management will further explore opportunities to provide edible oil related services to our customers to improve our operational efficiency and to develop other edible oil related products. In addition, 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.

Vote of Thanks

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

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2009, the interests of the directors and chief executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, were as follows:

Interests in ordinary shares of the Company

Name of director	Number of shares held, capacity and nature of interest				Total	Percentage of the Company's issued share capital
	Directly and beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust		
Hung Hak Hip, Peter	—	1,675,974	4,990,883	2,808,903*	9,475,760	1.9%
Wong Yu Hong, Philip	2,045,565	—	—	—	2,045,565	0.4%
Sze Tsai To, Robert	2,045,565	—	—	—	2,045,565	0.4%
Cheung Wing Yui, Edward	2,523,165	—	—	—	2,523,165	0.5%
Seto Gin Chung, John	417,373	—	—	—	417,373	0.1%
Shek Lai Him, Abraham	—	—	—	—	—	—
Hung Chiu Yee	2,614,772	—	—	—	2,614,772	0.5%
Lee Pak Wing	2,376,052	—	—	—	2,376,052	0.5%
Wong Kwok Ying	—	—	—	—	—	—
Lam Fung Ming, Tammy	—	—	—	—	—	—

* 2,808,903 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 the Company

Name of director	Number of warrants held, capacity and nature of interest				Total
	Directly and beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	
Hung Hak Hip, Peter	—	335,194	998,176	561,780*	1,895,150
Wong Yu Hong, Philip	409,113	—	—	—	409,113
Sze Tsai To, Robert	409,113	—	—	—	409,113
Cheung Wing Yui, Edward	504,633	—	—	—	504,633
Seto Gin Chung, John	83,474	—	—	—	83,474
Shek Lai Him, Abraham	—	—	—	—	—
Hung Chiu Yee	522,954	—	—	—	522,954
Lee Pak Wing	475,210	—	—	—	475,210
Wong Kwok Ying	—	—	—	—	—
Lam Fung Ming, Tammy	—	—	—	—	—

* 561,780 warrants were beneficially owned by a discretionary trust whose discretionary beneficiaries include certain associates of Mr. Hung Hak Hip, Peter.

Save as disclosed above and the share options granted to the directors as disclosed under the heading "Share Option Scheme" in this report, as at 30 June 2009, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO.

Share Option Scheme

On 12 March 2008, the Company adopted a share option scheme which became effective on 25 April 2008.

Share Option Scheme (Continued)

The following share options granted under the share option scheme of the Company were outstanding during the period:

Name or category of participant	Number of share options				Date of grant (Note 2)	Exercise period	Price of Company's shares			
	At 1 January 2009	Granted during the period	Exercised during the period	At 30 June 2009			Exercise price (Note 3)	At date of grant (Note 4)	Immediately before the exercise date	At date of exercise
							HK\$ per share	HK\$ per share	HK\$ per share	HK\$ per share
Directors										
Hung Hak Hip, Peter	—	4,928,000	—	4,928,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	—	—
Wong Yu Hong, Philip	—	2,464,000	—	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	—	—
Sze Tsai To, Robert	—	2,464,000	—	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	—	—
Cheung Wing Yui, Edward	—	2,464,000	—	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	—	—
Seto Gin Chung, John	—	2,464,000	—	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	—	—
Shek Lai Him, Abraham	—	2,464,000	—	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	—	—
Hung Chiu Yee	—	2,464,000	—	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	—	—
Lee Pak Wing	—	2,464,000	—	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	—	—
Wong Kwok Ying	—	4,928,000	—	4,928,000	27 April 2009	Commencement subject to Note 1 below and up to 26 April 2019	0.35	0.35	—	—
Lam Fung Ming, Tammy	—	2,464,000	—	2,464,000	27 April 2009	Commencement subject to Note 1 below and up to 26 April 2019	0.35	0.35	—	—
	—	29,568,000	—	29,568,000						
Employees	—	4,500,000	—	4,500,000	27 April 2009	Commencement subject to Note 1 below and up to 26 April 2019	0.35	0.35	—	—
	—	34,068,000	—	34,068,000						

Notes:

- (1) Subject to certain performance targets being met by the participants, the participants may, at any time as may be prescribed by the Board at its discretion, be notified (the "Date of Notification") of the vesting of the share options and the number of shares comprised in vested share options. Thereafter, the participants shall within the exercise period from the Date of Notification to 26 April 2019 have the right to exercise the vested share options in accordance with the terms of their grant.
- (2) Subject to note (1) above, the share options are subject to vesting periods which run from the date of grant to the commencement of the exercise period.
- (3) The exercise price of the share options is subject to adjustments.
- (4) The price of the Company's shares disclosed is the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the day specified.

Directors' Rights to Acquire Shares or Debentures

Apart from as disclosed under the headings "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" and "Share Option Scheme" above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or their respective spouse or minor children to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2009, the interests of substantial shareholders/other persons (other than the directors and chief executive) in the shares and underlying shares of the Company, as notified to the Company and recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Interests in ordinary shares of the Company

Name of holder	Notes	Number of ordinary shares held	Percentage of the Company's issued share capital
Hung's (1985) Limited ("Hung's")	(i)	140,563,299	27.5%
Hop Hing Oil (1985) Limited ("HHO")	(ii)	186,471,237	36.5%
GZ Trust Corporation ("GZTC")	(iii)	327,034,536	64.0%
Hung Cheung Pui	(iv)	327,034,536	64.0%
Lei Shing Hong Investment Limited ("LSH")		25,602,332	5.0%

Notes:

- (i) Hung's is the registered holder of the shares disclosed above.
- (ii) HHO is the registered holder of the shares disclosed above.
- (iii) GZTC is the registered holder of 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).

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (Continued)

Interests in warrants of the Company

Name of holder	Notes	Number of warrants held
Hung's	(i)	28,112,659
HHO	(ii)	37,294,247
GZTC	(iii)	65,406,906
Hung Cheung Pui	(iv)	65,406,906
LSH		5,120,466

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 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).

Save as disclosed above, as at 30 June 2009, the Company had not been notified of any persons other than the directors of the Company whose interests are set out in the sections "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" and "Share Option Scheme" above, who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Disclosure of Information on Directors

Pursuant to Rule 13.51B (1) of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the changes of information on directors of the Company are as follows:

With effect from 1 January 2009, the annual remuneration of Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy, executive directors of the Company, have been increased to HK\$1,644,000 and HK\$1,067,400 respectively, with bonuses which will be payable according to the terms of the relevant bonus entitlement scheme of the Company.

Furthermore, for the purpose of easy administration, instead of paying an annual fee of HK\$660,000 to a management company which Mr. Hung Hak Hip, Peter, the non-executive Chairman of the Company, is indirectly interested in, the director's fee payable to Mr. Hung in the year 2009 has been revised from HK\$330,000 to HK\$990,000.

Corporate Governance

Corporate governance practices

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

None of the directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions set out in the CG Code for any part of the period from 1 January 2009 to 30 June 2009.

Model code for securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct of dealings in securities of the Company by the directors. The Model Code also applies to "relevant employees" as defined in the CG Code.

Based on specific enquiry of the Company's directors, the directors confirmed that they complied with the required standards in the Model Code adopted by the Company throughout the accounting period covered by the interim financial report.

Audit committee

The directors have engaged the Group's external auditors to review the interim financial report for the six months ended 30 June 2009. The Group's external auditors have carried out their review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Company established an 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 are available to the public on request and have also been posted on the Company's website.

As at 30 June 2009, the audit committee was comprised of Mr. Sze Tsai To, Robert (chairman of the committee), Mr. Cheung Wing Yui, Edward and Mr. Seto Gin Chung, John, all of them are independent non-executive directors of the Company, and Mr. Hung Hak Hip, Peter, the non-executive Chairman of the Company. The chairman of the audit committee has the required appropriate professional financial qualifications and experience.

The audit committee reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the interim financial report for the six months ended 30 June 2009.

Remuneration committee

The remuneration committee of the Company was established with a particular responsibility to review the Company's remuneration policy for directors and members of the senior management. As at 30 June 2009, the remuneration committee was comprised of Mr. Hung Hak Hip, Peter (chairman of the committee), the non-executive Chairman of the Company, Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui, Edward and Hon. Shek Lai Him, Abraham, *SBS, JP*, all of them are independent non-executive directors of the Company.

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

Purchase, Sale or Redemption of Own Listed Securities

During the six months ended 30 June 2009, there were no purchases, sales or redemptions by the Company or any of its subsidiaries of the Company's listed securities.

Board of Directors

As at the date of this interim financial report, the executive directors of the Company are Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy. The non-executive directors of the Company are Mr. Hung Hak Hip, Peter, Ms. Hung Chiu Yee and Mr. Lee Pak Wing. The independent non-executive directors of the Company are Dr. Wong Yu Hong, Philip, *GBS*, Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui, Edward, Mr. Seto Gin Chung, John and Hon. Shek Lai Him, Abraham, *SBS, JP*.

By Order of the Board

Hung Hak Hip, Peter

Chairman

Hong Kong, 21 September 2009

Report on Review of Interim Financial Information

To the board of directors of Hop Hing Group Holdings Limited

Introduction

We have reviewed the interim financial information set out on pages 1 to 21 which comprises the condensed consolidated statement of financial position of Hop Hing Group Holdings Limited as at 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants.

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

Scope of review

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

Conclusion

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

Ernst & Young

Certified Public Accountants

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

21 September 2009