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HOP HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 47



2011

INTERIM REPORT





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 2011, 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	
		2011 HK\$'000	2010 HK\$'000
TURNOVER	4	385,257	334,976
Direct cost of stocks sold and services provided		(283,546)	(240,638)
Other income and gains, net		1,290	739
Other production and service costs (including depreciation and amortisation of HK\$9,183,000 (2010: HK\$9,121,000))		(27,188)	(26,300)
Selling and distribution costs		(50,130)	(49,402)
General and administrative expenses		(22,628)	(21,267)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	5	3,055	(1,892)
Finance costs	6	(5,001)	(3,998)
LOSS BEFORE TAX		(1,946)	(5,890)
Income tax expense	7	(1,034)	(1,048)
LOSS FOR THE PERIOD		(2,980)	(6,938)
ATTRIBUTABLE TO:			
Equity holders of the Company		(1,892)	(6,789)
Non-controlling interests		(1,088)	(149)
		(2,980)	(6,938)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK(0.37 cent)	HK(1.33 cents)
Diluted		HK(0.37 cent)	HK(1.33 cents)



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(2,980)	(6,938)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	3,029	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	3,029	–
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	49	(6,938)
ATTRIBUTABLE TO:		
Equity holders of the Company	1,109	(6,789)
Non-controlling interests	(1,060)	(149)
	49	(6,938)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited 30 June 2011 HK\$'000	Audited 31 December 2010 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	212,002	226,743
Prepaid land lease payments		26,973	27,017
Trademarks		124,278	124,274
Deferred tax assets		989	989
Total non-current assets		364,242	379,023
CURRENT ASSETS			
Stocks		151,571	158,028
Accounts receivable	10	83,643	109,928
Prepayments, deposits and other receivables		31,352	21,561
Non-current assets held for disposal	11	10,706	–
Tax recoverable		1,400	1,511
Pledged bank deposits		49,576	43,477
Cash and cash equivalents		99,571	80,608
Total current assets		427,819	415,113
CURRENT LIABILITIES			
Accounts payable	12	37,971	60,613
Bills payable		38,253	17,925
Other payables and accrued charges		54,320	42,857
Interest-bearing bank loans	13	166,831	176,191
Tax payable		1,598	730
Total current liabilities		298,973	298,316
NET CURRENT ASSETS		128,846	116,797
TOTAL ASSETS LESS CURRENT LIABILITIES		493,088	495,820
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,890	1,890
NET ASSETS		491,198	493,930
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	14	51,155	51,154
Reserves		435,113	433,875
Non-controlling interests		486,268	485,029
		4,930	8,901
Total equity		491,198	493,930

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011 (Unaudited)

	Attributable to equity holders of the Company							Non-controlling interests	Total equity	
	Issued share capital	Share premium account	Share option reserve	Exchange fluctuation reserve	Properties revaluation reserve	Capital and other reserves	Accumulated losses			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2011	51,154	11,143	6,306	23,198	2,080	434,025	(42,877)	485,029	8,901	493,930
Loss for the period	-	-	-	-	-	-	(1,892)	(1,892)	(1,088)	(2,980)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	3,001	-	-	-	3,001	28	3,029
Total comprehensive income/(expense) for the period	-	-	-	3,001	-	-	(1,892)	1,109	(1,060)	49
Issue of shares upon exercise of warrants (note 14)	1	1	-	-	-	-	-	2	-	2
Share issue expenses	-	(42)	-	-	-	-	-	(42)	-	(42)
Equity-settled share option arrangements	-	-	170	-	-	-	-	170	-	170
Repayment of loans due to non-controlling interests	-	-	-	-	-	-	-	-	(2,911)	(2,911)
At 30 June 2011	51,155	11,102*	6,476*	26,199*	2,080*	434,025*	(44,769)*	486,268	4,930	491,198

* These reserve accounts comprise the reserves of HK\$435,113,000 in the condensed consolidated statement of financial position as at 30 June 2011.

For the six months ended 30 June 2010 (Unaudited)

	Attributable to equity holders of the Company							Non-controlling interests	Total equity	
	Issued share capital	Share premium account	Share option reserve	Exchange fluctuation reserve	Properties revaluation reserve	Capital and other reserves	Accumulated losses			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2010	51,095	11,084	4,040	18,785	2,080	434,025	(50,056)	471,053	9,448	480,501
Loss and total comprehensive expense for the period	-	-	-	-	-	-	(6,789)	(6,789)	(149)	(6,938)
Issue of shares upon exercise of warrants (note 14)	38	38	-	-	-	-	-	76	-	76
Equity-settled share option arrangements	-	-	1,134	-	-	-	-	1,134	-	1,134
At 30 June 2010	51,133	11,122	5,174	18,785	2,080	434,025	(56,845)	465,474	9,299	474,773



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
NET CASH FLOWS FROM/(USED IN):		
OPERATING ACTIVITIES	44,975	4,390
INVESTING ACTIVITIES	(30,284)	4,159
FINANCING ACTIVITIES	(26,019)	(9,032)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,328)	(483)
Cash and cash equivalents at beginning of period	68,843	71,364
Effect of foreign exchange rates changes, net	756	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	58,271	70,881
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	99,571	105,881
Less: Time deposits with original maturity of more than three months when acquired	(41,300)	(35,000)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	58,271	70,881



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations, Hong Kong Financial Reporting Standards (collectively, the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Save for 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 condensed consolidated interim financial statements are the same as those used in the preparation of the annual financial statements for the year ended 31 December 2010.

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 condensed consolidated interim financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i>
HK(IFRIC) – Int 14 Amendments	Amendments to HK(IFRIC) – Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC) – Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

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.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. 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 interim financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adoptors</i> ¹
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i> ¹
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ⁴
HKFRS 11	<i>Joint Arrangements</i> ⁴
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ⁴
HKFRS 13	<i>Fair Value Measurement</i> ⁴
HKAS 1 (Revised)	Amendments to HKAS 1 (Revised) <i>Presentation of Financial Statement</i> ³
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i> ²
HKAS 19 (2011)	<i>Employee Benefits</i> ⁴
HKAS 27 (2011)	<i>Separate Financial Statements</i> ⁴
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

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.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. TURNOVER AND SEGMENT INFORMATION

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

5. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

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

	Unaudited	
	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Direct cost of stocks sold and services provided	283,546	240,638
Depreciation	8,828	8,780
Amortisation of prepaid land lease payments	355	341
Gain on disposal of items of property, plant and equipment, net	(52)	(501)

6. FINANCE COSTS

	Unaudited	
	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Interest on bank loans wholly repayable within five years	5,001	3,998



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

	Unaudited	
	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Tax in the income statement represents:		
Provision for Hong Kong profits tax	1,034	987
	1,034	987
Deferred tax	–	61
	1,034	1,048

8. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic loss per share

The calculation of basic loss per share is based on the consolidated loss for the period attributable to equity holders of the Company of HK\$1,892,000 (2010: HK\$6,789,000), and the weighted average number of 511,548,211 (2010: 511,265,476) ordinary shares in issue during the period.

(b) Diluted loss per share

No adjustment in respect of a dilution has been made to the basic loss per share amounts presented for both periods as the impact of the warrants and share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired items of property, plant and equipment with a cost of HK\$871,000 (2010: HK\$4,357,000). Items of property, plant and equipment with a net book value of HK\$74,000 (2010: HK\$97,000) were disposed of during the six months ended 30 June 2011.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. ACCOUNTS RECEIVABLE

	Unaudited 30 June 2011 HK\$'000	Audited 31 December 2010 HK\$'000
Accounts receivable	98,400	124,686
Impairment	(14,757)	(14,758)
	83,643	109,928

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 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 end of the reporting period, based on payment due date and net of provisions, is as follows:

	Unaudited 30 June 2011 HK\$'000	Audited 31 December 2010 HK\$'000
Current (neither past due nor impaired)	62,921	76,042
Within 60 days past due	14,545	26,108
Over 60 days past due	6,177	7,778
	83,643	109,928

Included in the Group's accounts receivable are amounts totaling HK\$5,575,000 (31 December 2010: HK\$10,809,000) 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 2011 and 31 December 2010, which were factored to a bank in exchange for cash and the related bank loans, have been included as "Interest-bearing bank loans" on the face of the condensed consolidated statement of financial position (note 13).



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS HELD FOR DISPOSAL

The non-current assets held for disposal included assets to be disposed of pursuant to the following transactions:

- (a) To comply with the land policy of the local government, Pinghu Hop Hing Vegetable Oils Company, Limited ("Pinghu Hop Hing"), a 51% owned subsidiary of the Group, resolved during the period to sell its land and buildings to a third party property developer and cease the business operation of Pinghu Hop Hing (the "Pinghu Disposal"). The land and buildings and equipment of Pinghu Hop Hing to be sold pursuant to the agreements with the relevant third party purchasers have been classified as current assets in the condensed consolidated statement of financial position as at 30 June 2011. Details of the Pinghu Disposal were disclosed in an announcement made by the Company on 7 June 2011.
- (b) Sino Can Edible Oil Manufacturing & Technology Co. Ltd. ("Sino Can"), a wholly-owned subsidiary of the Group, resolved during the period to sell its property in PRC to two individual third party purchasers. The property has been classified as current assets in the condensed consolidated statement of financial position as at 30 June 2011. Details of the disposal were disclosed in an announcement made by the Company on 27 May 2011.

12. ACCOUNTS PAYABLE

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

	Unaudited	Audited
	30 June	31 December
	2011	2010
	HK\$'000	HK\$'000
Current and less than 60 days	36,357	58,441
Over 60 days	1,614	2,172
	37,971	60,613

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\$4,845,000 (31 December 2010: HK\$9,496,000) 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.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. INTEREST-BEARING BANK LOANS

	Unaudited 30 June 2011 HK\$'000	Audited 31 December 2010 HK\$'000
Current (repayable within one year or on demand)		
Bank loans – unsecured	53,107	64,624
Bank loans on factored accounts receivable – unsecured (note 10)	14,053	6,183
Bank loans – secured (note a)	99,671	105,384
	166,831	176,191

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 2011 of approximately HK\$27,678,000 (31 December 2010: HK\$27,541,000) and HK\$94,287,000 (31 December 2010: HK\$102,228,000), respectively; and
 - (ii) the pledge of certain of the Group's time deposits amounting to HK\$38,100,000 (31 December 2010: HK\$38,100,000)

Certain of Group's bank loans as at 31 December 2010 were secured by, in addition to the securities above, corporate guarantee of HK\$10,588,000 given to a bank by an independent third party.

- (b) Secured interest-bearing bank loans included certain of the Group's bank loans of approximately HK\$72,224,000 (31 December 2010: HK\$70,528,000) in Mainland China which were borrowed by a PRC subsidiary of the Group and secured by certain property, plant and equipment and prepaid land lease payments of certain PRC subsidiaries and have no recourse to the Group other than those PRC subsidiaries.
- (c) Fixed interest rate bank loans of HK\$72,224,000 (31 December 2010: HK\$82,293,000) and floating interest rate bank loan of HK\$27,447,000 (31 December 2010: HK\$33,679,000) are denominated in Renminbi. All other bank loans are denominated in Hong Kong dollars with floating interest rates.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. SHARE CAPITAL

- (a) During the period ended 30 June 2011, 9,955 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.
- (b) During the period ended 30 June 2010, 384,478 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\$76,000.

15. COMMITMENTS

At the end of the reporting period, the Group had the following commitments for capital expenditure:

	Unaudited 30 June 2011 HK\$'000	Audited 31 December 2010 HK\$'000
Property, plant and equipment:		
Contracted, but not provided for	1,150	174
Authorised, but not contracted for	13	19

16. CONTINGENT LIABILITIES

- (a) As at 31 December 2010, the contingent liabilities of the Group in respect of guarantees given to a bank to secure a banking facility granted to a third party amounted to HK\$11,765,000 (the "Guarantee").
- (b) During the year ended 31 December 2010, the Hong Kong Inland Revenue Department (the "IRD") issued protective assessments for the years of assessment 2003/2004 to a jointly-controlled entity of the Group, in respect of which tax reserve certificate amounted to HK\$2,800,000 was purchased. During the period, IRD issued protective assessments for the year of assessment 2004/2005 to the jointly-controlled entity and a subsidiary of the Group, in respect of which tax reserve certificates amounted to HK\$4,000,000 and HK\$1,500,000 were purchased respectively. The Group has lodged objections with the IRD against these assessments.

In the opinion of the directors, the Group has grounds to contest the protective tax assessments, thus provision for Hong Kong profits tax in respect of these assessments at this information gathering stage is not considered necessary.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. RELATED PARTY TRANSACTIONS

- (a) 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	
		2011	2010
		HK\$'000	HK\$'000
Transactions with jointly-controlled entities*:			
Sales of goods	(i)	11,197	13,768
Production and oil refinement income	(ii)	32,123	24,920
Royalty income	(iii)	6,166	5,688
Property rental income	(iv)	181	181
Management fee income	(v)	2,383	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	(i)	2,814	1,889
Rental expenses	(vi)	1,958	1,958
Interest expenses	(vii)	–	301

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



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

- (i) The sales of goods were on normal commercial terms in the ordinary and usual course of business of the Group.
 - (ii) The production and oil refinement income was based on agreements entered into with a jointly-controlled entity after an arm's length negotiation and was at rates not less favourable than those offered to other unrelated customers of the Group.
 - (iii) Pursuant to trademark license agreements entered into between the Group and certain jointly-controlled entities, the royalties received for the use of the trademarks are calculated based on a percentage, as agreed between the parties from time to time, on the gross sales value of licensed products sold by the Group's jointly-controlled entities within Hong Kong and Macau.
 - (iv) The property rental income related to 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.
 - (v) The management fee income was based on the cost incurred for providing such services.
 - (vi) The rental expenses were paid by reference to open market rental and were subject to the terms of the relevant tenancies.
 - (vii) The interest expenses represented payments of interest on loans from related companies at the prevailing market rates.
- (b) During the period ended 30 June 2010, Grand Synergy Investments Limited, a company incorporated in the British Virgin Islands and associated with a non-executive director of the Company, executed an indemnity deed (the "Indemnity") in favour of the Company for the purpose of indemnifying the Company against any loss or liability which the Company may incur in relation to the Guarantee (note 16), up to a maximum amount of RMB10,000,000 (equivalent to approximately HK\$11,765,000). Details of the Indemnity were set out in the Company's announcement dated 16 April 2010.

18. APPROVAL OF THE INTERIM FINANCIAL REPORT

This interim financial report was approved and authorised for issue by the Board on 29 August 2011.



BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 June 2011, the loss attributable to equity holders of the Company was HK\$1.9 million, as compared to HK\$6.8 million for the six months ended 30 June 2010. The loss per share for the period was 0.37 HK cent (2010: 1.33 HK cents).

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period under review was HK\$12.2 million, against HK\$7.2 million for the same period in 2010.

Dividend

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2011 (2010: Nil).

Review of operation

In the period under review, the financial events in the western world impacted our business environment significantly. The upward trend of edible oil costs that started in the latter half of 2010 continued into the first half of 2011. Although the increase in raw material costs exerted pressure on the gross margins of our products, the efficient production facilities that the management put focus on in the past years enabled the Group to maintain its operating costs at a reasonable level. Together with the management's focus on relatively high margin products and providing edible oil related services to other market players, the Group was able to reduce its reported loss attributable to equity holders of the Company by 72% to HK\$1.9 million for the period under review.

In Hong Kong, providing our health conscious customers with healthy and quality products remains our key selling strategy. Adding to our family of healthy products, including Olive Canola Oil, Olive Sunflower Oil, Rice Bran Oil and Grapeseed Canola Oil, we launched in the period under review DHA Canola Oil which is particularly good for customers who care about brain development. 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 four consecutive years from October 2006 to September 2010. This reassures our belief that care about the needs of our customers is a key to our success.



BUSINESS REVIEW AND OUTLOOK (continued)

Review of operation (continued)

In the PRC, the fierce competition together with the control on the retail prices of edible oil products imposed by the government during the period exerted pressure on the sales volume and gross profit margin of our PRC operation. As a result, the performance of our PRC operation in the first half of this year was not up to expectation.

As announced on 7 June 2011, to comply with the land policy of the local government, our non wholly-owned subsidiary in the PRC had to dispose its property, the only manufacturing facilities of that subsidiary, to a third party property developer. In view of such surrender and the unfavourable operating conditions, the shareholders of the non wholly-owned subsidiary resolved to cease the business operation of such subsidiary.

Financial Review

Equity

The number of issued shares of HK\$0.10 each of the Company as at 30 June 2011 was 511,549,861 (31 December 2010: 511,539,906). At 1 January 2011, the Company had outstanding 101,524,177 units of warrants carrying rights to subscribe for an aggregate of 101,524,177 new shares of HK\$0.10 each at an initial subscription price of HK\$0.20 per share. During the period under review, 9,955 units of the warrants of the Company were exercised for 9,955 shares of HK\$0.10 each at a price of HK\$0.20 per share.

Liquidity and gearing

As at 30 June 2011, the Group's Hong Kong bank borrowing was bank loans of HK\$67.2 million. The Group's PRC bank borrowings as at the period end were bank loans and bills payable totaling HK\$137.9 million, of which approximately HK\$72.2 million were borrowed by a PRC subsidiary of the Group and secured by certain property, plant and equipment and prepaid land lease payments of certain PRC subsidiaries of the Group and have no recourse to the Group other than those PRC subsidiaries.

As at 30 June 2011, the Group's total bank loans amounting to HK\$166.8 million (31 December 2010: HK\$176.2 million) were either repayable or subject to renewal within one year.

The Group's gearing ratio (expressed as a percentage of interest-bearing bank loans over equity attributable to equity holders of the Company) as at 30 June 2011 was 34% (31 December 2010: 36%).



BUSINESS REVIEW AND OUTLOOK (continued)

Financial Review (continued)

Liquidity and gearing (continued)

The interest expense for the period was HK\$5 million (2010: HK\$4 million). The increase in interest expenses was mainly attributable to the increase in interest rates for the loans during the period under review.

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, provident funds 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\$28.1 million (2010: HK\$25 million). As at 30 June 2011, the Group had 428 full time and temporary employees (30 June 2010: 419).

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

Operating 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.

Contingent liabilities

Details of the contingent liabilities are set out in note 16 to the condensed consolidated interim financial statements.



BUSINESS REVIEW AND OUTLOOK (continued)

Financial Review (continued)

Pledge of assets

As at 30 June 2011, certain land use rights, classified as prepaid land lease payments, and certain leasehold land and buildings and plant and machinery of the Group with an aggregate carrying values of approximately HK\$27,678,000 (31 December 2010: HK\$27,541,000) and HK\$94,287,000 (31 December 2010: HK\$102,228,000), respectively, and bank deposits of the Group of approximately HK\$49,576,000 (31 December 2010: HK\$43,477,000) were pledged to banks to secure banking facilities granted to the Group.

Outlook

It is expected that the business environment will hinge on the financial stability of the western countries in the near future. Severe competition will continue to be a challenge that the management has to face with. The management believes that meeting the needs of our customers and providing them with healthy and quality products will enable the Group to stand against any challenges that may come. For the PRC operation, resources will continue be invested in selective and more profitable products and markets. The management has a determination to explore opportunities to improve the financial contribution of the Group's PRC operation.

Apart from focusing on the core business basing on the Group's core skill, the management has started looking for opportunities to diversify into other business areas, including food related businesses, so as to broaden the business scope of the Group 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 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 2011, 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	332,025,419*	2,808,903**	336,510,296	65.8%
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	-	-	-	-	-	-

* Mr. Hung Hak Hip, Peter is the sole director and beneficial owner of the trustee of two family discretionary trusts which beneficially own 327,034,536 ordinary shares in aggregate. He is also deemed to be interested in 4,990,883 ordinary shares held through a controlled corporation.

** 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	66,405,082*	561,780**	67,302,056
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	–	–	–	–	–

* Mr. Hung Hak Hip, Peter is the sole director and beneficial owner of the trustee of two family discretionary trusts which beneficially own 65,406,906 warrants in aggregate. He is also deemed to be interested in 998,176 warrants held through a controlled corporation.

** 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 2011, 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 (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code").



SHARE OPTION SCHEME

As at 30 June 2011, the following share options granted under the share option scheme of the Company which was adopted on 12 March 2008 and became effective on 25 April 2008 were outstanding:

Name or category of participant	Number of share options					Date of grant (Note 2)	Exercise period	Price of Company's shares			
	At 1 January 2011	Granted during the period	Lapsed during the period	Exercised during the period	At 30 June 2011			Exercise price (Note 3) HK\$ per share	At date of grant (Note 4) HK\$ per share	Immediately before the exercise date HK\$ per share	At date of exercise 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	N/A	N/A
Wong Yu Hong, Philip	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	N/A	N/A
Sze Tsai To, Robert	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	N/A	N/A
Cheung Wing Yui, Edward	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	N/A	N/A
Seto Gin Chung, John	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	N/A	N/A
Shek Lai Him, Abraham	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	N/A	N/A
Hung Chiu Yee	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	N/A	N/A
Lee Pak Wing	2,464,000	-	-	-	2,464,000	27 April 2009	27 April 2010 to 26 April 2019	0.35	0.35	N/A	N/A
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	N/A	N/A
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	N/A	N/A
	29,568,000	-	-	-	29,568,000						
Employees	4,500,000	-	500,000	-	4,000,000	27 April 2009	Commencement subject to (Note 1) below and up to 26 April 2019	0.35	0.35	N/A	N/A
	34,068,000	-	500,000	-	33,568,000						



SHARE OPTION SCHEME (continued)

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 have the right to exercise the vested share options within the exercise period from the respective Date of Notification and up to 26 April 2019 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 2011, the interests of substantial shareholders/other persons 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%
Hungs Family (2009) Limited ("Hungs Family")	(iii)	327,034,536	64.0%
Hung Hak Hip, Peter	(iv)	336,510,296	65.8%

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) Hungs Family, as the trustee of two family discretionary trusts, is the registered holder of units of certain unit trusts, of which Hung's and HHO are trustees. By virtue of the SFO, Hungs Family is deemed to be interested in the shares held by Hung's and HHO mentioned in notes (i) and (ii) respectively.
- (iv) As disclosed in the section under "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares", by virtue of the SFO, Mr. Hung Hak Hip, Peter is deemed to be interested in:
 - (a) the disclosed interest of Hungs Family of 327,034,536 ordinary shares mentioned in note (iii) as Mr. Hung Hak Hip, Peter is the sole director and beneficial owner of Hungs Family;
 - (b) 4,990,883 ordinary shares held through a controlled corporation;
 - (c) 1,675,974 ordinary shares held through Mr. Hung Hak Hip, Peter 's spouse or minor children; and
 - (d) 2,808,903 ordinary shares beneficially owned by a discretionary trust whose discretionary beneficiaries include certain associates of Mr. Hung Hak Hip, Peter.



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
Hungs Family	(iii)	65,406,906
Hung Hak Hip, Peter	(iv)	67,302,056

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) Hungs Family, as the trustee of two family discretionary trusts, is the registered holder of units of certain unit trusts, of which Hung's and HHO are trustees. By virtue of the SFO, Hungs Family is deemed to be interested in the warrants held by Hung's and HHO mentioned in notes (i) and (ii) respectively.
- (iv) As disclosed in the section under "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares", by virtue of the SFO, Mr. Hung Hak Hip, Peter is deemed to be interested in:
 - (a) the disclosed interest of Hungs Family of 65,406,906 warrants mentioned in note (iii) as Mr. Hung Hak Hip, Peter is the sole director and beneficial owner of Hungs Family;
 - (b) 998,176 warrants held through a controlled corporation;
 - (c) 335,194 warrants held through Mr. Hung Hak Hip, Peter's spouse or minor children; and
 - (d) 561,780 warrants beneficially owned by a discretionary trust whose discretionary beneficiaries include certain associates of Mr. Hung Hak Hip, Peter.

Save as disclosed above, as at 30 June 2011, 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.



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 Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”).

Save as announced by the Company on 7 June 2011 the inadvertent delay in disclosure of the disposal of a property situated in Pinghu, Zhejiang Province in the PRC by a non-wholly owned subsidiary of the Company which constituted a discloseable transaction of the Company under 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 2011 to 30 June 2011.

Model Code for Securities Transactions

The Company has adopted 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 have complied with the required standards in the Model Code adopted by the Company throughout the accounting period covered by this interim report.

Audit Committee

The directors have engaged the Group’s external auditors to review the interim report for the six months ended 30 June 2011. 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.



CORPORATE GOVERNANCE (continued)

Audit Committee (continued)

As at 30 June 2011, 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.

In the period under review, 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 2011.

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 2011, the remuneration committee comprised 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 2011, 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 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, 29 August 2011



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 15, which comprises the condensed consolidated statement of financial position of Hop Hing Group Holdings Limited as at 30 June 2011 and the related condensed consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

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

Scope of review

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



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information does not present fairly, 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

29 August 2011