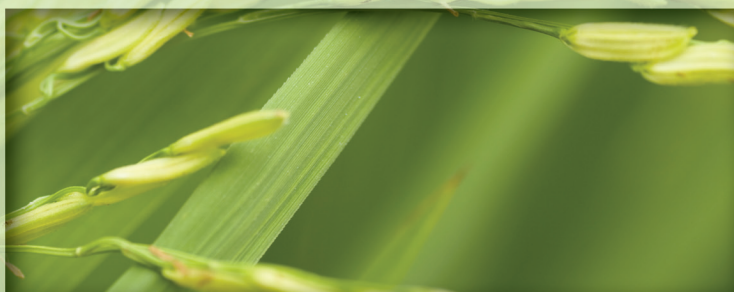




HOP HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 47



INTERIM REPORT 2010



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 2010, 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	
		2010 HK\$'000	2009 HK\$'000
TURNOVER	4	334,976	436,349
Direct cost of stocks sold and services provided		(240,638)	(329,459)
Other income and gains, net		739	71
Other production and service costs (including depreciation and amortisation of HK\$9,121,000 (2009: HK\$10,172,000))		(26,300)	(26,278)
Selling and distribution costs		(49,402)	(52,408)
General and administrative expenses		(21,267)	(19,968)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	5	(1,892)	8,307
Finance costs	6	(3,998)	(4,900)
Share of losses of associates		—	(23)
PROFIT/(LOSS) BEFORE TAX		(5,890)	3,384
Income tax expense	7	(1,048)	(1,371)
PROFIT/(LOSS) FOR THE PERIOD		(6,938)	2,013
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Equity holders of the Company		(6,789)	145
Non-controlling interests		(149)	1,868
		(6,938)	2,013
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK(1.33 cents)	HK0.03 cent
Diluted		HK(1.33 cents)	HK0.03 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	(6,938)	2,013
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:		
Equity holders of the Company	(6,789)	145
Non-controlling interests	(149)	1,868
	(6,938)	2,013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	228,186	232,706
Prepaid land lease payments		26,443	26,784
Trademarks		124,244	124,162
Interests in associates		—	(1,381)
Deferred tax assets		2,033	2,033
Total non-current assets		380,906	384,304
CURRENT ASSETS			
Stocks		118,520	131,296
Accounts receivable	10	83,755	106,332
Prepayments, deposits and other receivables		26,954	19,255
Tax recoverable		13	326
Pledged bank deposits		8,405	10,961
Cash and cash equivalents		105,881	114,364
Total current assets		343,528	382,534
CURRENT LIABILITIES			
Accounts payable	11	26,248	39,317
Bills payable		28,017	36,538
Other payables and accrued charges		34,490	42,508
Interest-bearing bank and other loans	12	157,753	165,419
Tax payable		823	286
Total current liabilities		247,331	284,068
NET CURRENT ASSETS		96,197	98,466
TOTAL ASSETS LESS CURRENT LIABILITIES		477,103	482,770
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,330	2,269
NET ASSETS		474,773	480,501

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
	Notes		
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	13	51,133	51,095
Reserves		414,341	419,958
		465,474	471,053
Non-controlling interests			
		9,299	9,448
Total equity			
		474,773	480,501

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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	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
Total comprehensive expense for the period	—	—	—	—	—	—	(6,789)	(6,789)	(149)	(6,938)
Issue of shares upon exercise of warrants (note 13)	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

* These reserve accounts comprise the reserves of HK\$414,341,000 in the condensed consolidated statement of financial position as at 30 June 2010.

For the six months ended 30 June 2009 (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	HK\$'000
At 1 January 2009	49,331	8,613	—	18,781	2,080	434,025	(62,840)	449,990	11,217	461,207
Total comprehensive income for the period	—	—	—	—	—	—	145	145	1,868	2,013
Issue of shares upon exercise of warrants (note 13)	1,759	2,638	—	—	—	—	—	4,397	—	4,397
Share issue expenses	—	(173)	—	—	—	—	—	(173)	—	(173)
Equity-settled share option arrangements	—	—	1,055	—	—	—	—	1,055	—	1,055
Repayment of loans due to non-controlling interests	—	—	—	—	—	—	—	—	(2,958)	(2,958)
Write-off of loans due to non-controlling interests	—	—	—	—	—	—	—	—	(543)	(543)
At 30 June 2009	51,090	11,078	1,055	18,781	2,080	434,025	(62,695)	455,414	9,584	464,998

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
NET CASH FLOWS FROM/(USED IN):		
OPERATING ACTIVITIES	4,390	57,458
INVESTING ACTIVITIES	4,159	(367)
FINANCING ACTIVITIES	(9,032)	(10,440)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(483)	46,651
Cash and cash equivalents at beginning of period	71,364	42,337
CASH AND CASH EQUIVALENTS AT END OF PERIOD	70,881	88,988
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	105,881	88,988
Less: Time deposits with original maturity of more than three months when acquired	(35,000)	—
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	70,881	88,988

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 interim financial statements are the same as those used in the preparation of the annual financial statements for the year ended 31 December 2009.

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 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment — Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items</i>
HK(IFRIC) — Int 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary</i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC) — Int 9 and HK(IFRIC) — Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

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.

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 Amendment	Amendments 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> ²
HKFRS 9	<i>Financial Instruments</i> ⁴
HKAS 24 (Revised)	<i>Related Party Disclosures</i> ³
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation — Classification of Rights Issues</i> ¹
HK(IFRIC) — Int 14 Amendments	Amendments to HK(IFRIC) — Int 14 <i>Prepayments of a Minimum Funding Requirement</i> ³
HK(IFRIC) — Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> ²

¹ Effective for annual periods beginning on or after 1 February 2010

² Effective for annual periods beginning on or after 1 July 2010

³ Effective for annual periods beginning on or after 1 January 2011

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:

	Unaudited	
	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Direct cost of stocks sold and services provided	240,638	329,459
Depreciation	8,780	9,831
Amortisation of prepaid land lease payments	341	341
Gain on disposal of items of property, plant and equipment, net	501	—

6. FINANCE COSTS

	Unaudited	
	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Interest on bank and other loans wholly repayable within five years	3,998	4,900

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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	
	2010	2009
	HK\$'000	HK\$'000
Tax in the income statement represents:		
Provision for Hong Kong profits tax	987	1,272
Provision for tax elsewhere	—	293
	987	1,565
Deferred tax	61	(194)
	1,048	1,371

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

a. Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the consolidated loss for the period attributable to equity holders of the Company of HK\$6,789,000 (2009: profit of HK\$145,000), and the weighted average number of 511,265,476 (2009: 499,504,727) ordinary shares in issue during the period.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (continued)

b. Diluted earnings/(loss) per share

No adjustment has been made to the basic loss per share amounts presented for the period ended 30 June 2010 in respect of a dilution as the impact of the warrants and share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented. The calculation of diluted earnings per share for the period ended 30 June 2009 which was based on the consolidated profit attributable to equity holders of the Company of HK\$145,000 and the weighted average number of 511,468,108 ordinary shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares of 11,963,381 shares for the six months ended 30 June 2009 is calculated as follows:

	Unaudited For the six month ended 30 June 2009 HK\$'000
<hr/>	
Consolidated profit attributable to equity holders of the Company	145
	<hr/>
	Number of shares 2009
<hr/>	
Shares	
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	499,504,727
Effect of dilution:	
Share options	751,319
Warrants	11,212,062
	<hr/>
	511,468,108
	<hr/>

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group acquired items of property, plant and equipment with a cost of HK\$4,357,000 (2009: HK\$357,000). Items of property, plant and equipment with a net book value of HK\$97,000 (2009: Nil) were disposed of during the six months ended 30 June 2010.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. ACCOUNTS RECEIVABLE

	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
Accounts receivable	98,081	120,671
Impairment	(14,326)	(14,339)
	83,755	106,332

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 2010 HK\$'000	Audited 31 December 2009 HK\$'000
Current (neither past due nor impaired)	59,164	82,097
Within 60 days past due	18,916	18,951
Over 60 days past due	5,675	5,284
	83,755	106,332

Included in the Group's accounts receivable are amounts totaling HK\$4,420,000 (31 December 2009: HK\$8,620,000) 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 2010 and 31 December 2009, 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).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. 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 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
Current and less than 60 days	24,617	38,338
Over 60 days	1,631	979
	26,248	39,317

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\$4,327,000 (31 December 2009: HK\$7,432,000) 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.

12. INTEREST-BEARING BANK AND OTHER LOANS

	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
Current (repayable within one year or on demand)		
Bank loans — unsecured	38,191	55,340
Bank loans on factored accounts receivable — unsecured (note 10)	17,346	6,728
Bank loans — secured (note b)	90,852	91,987
Loan from a related company — unsecured (note c)	11,364	11,364
	157,753	165,419

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. INTEREST-BEARING BANK AND OTHER LOANS (continued)

Notes:

- a. Certain of the Group's bank loans are secured by:
- (i) legal charges over certain of the Group's land use rights, classified as prepaid land lease payments, and certain property, plant and equipment, which had aggregate carrying values as at 30 June 2010 of approximately HK\$26,941,000 (31 December 2009: HK\$27,280,000) and HK\$99,984,000 (31 December 2009: HK\$109,963,000), respectively; and
 - (ii) a corporate guarantee of HK\$10,227,000 (31 December 2009: HK\$5,682,000) given to a bank by an independent third party.

Certain of Group's bank loans as at 31 December 2009 were secured by, in addition to the securities above, a personal guarantee of HK\$6,818,000 given to a bank by a senior executive of the Group.

- b. Secured interest-bearing bank loans included certain of the Group's bank loans of approximately HK\$89,715,000 (31 December 2009: HK\$90,851,000) 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. The loan is unsecured, interest-bearing at the prevailing market rate and repayable within one year.
- d. Fixed interest rate bank loans of HK\$101,079,000 (31 December 2009: HK\$97,669,000) and the loan from a related company of HK\$11,364,000 (31 December 2009: HK\$11,364,000) are denominated in Renminbi. All other bank loans are denominated in Hong Kong dollars.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. SHARE CAPITAL

- a. 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.
- b. 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.
- c. 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.

14. COMMITMENTS

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

	Unaudited	Audited
	30 June	31 December
	2010	2009
	HK\$'000	HK\$'000
Property, plant and equipment:		
Contracted, but not provided for	183	1,254
Authorised, but not contracted for	363	768

15. CONTINGENT LIABILITIES

At the end of the reporting period, the contingent liabilities of the Group in respect of guarantees given to a bank to secure a banking facility to a third party amounted to HK\$11,364,000 (31 December 2009: HK\$11,364,000) (the "Guarantee").

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. 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	
		2010	2009
		HK\$'000	HK\$'000
For the six months ended 30 June			
<hr/>			
Transactions with jointly-controlled entities*:			
Sales of goods	(i)	13,768	24,488
Purchases of goods/ services	(ii)	38	40
Production and oil refinement income	(iii)	24,920	20,339
Royalty income	(iv)	5,688	6,198
Property rental income	(v)	181	181
Management fee income	(vi)	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	(i)	1,889	2,577
Rental expenses	(vii)	1,958	1,927
Interest expenses	(viii)	301	296
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- * 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)

16. 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 purchases of goods/services were at prices comparable to those offered by other unrelated suppliers/providers of the Group.
 - (iii) The production and oil refinement income was based on agreements entered into with 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.
 - (iv) 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.
 - (v) 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.
 - (vi) The management fee income was based on the cost incurred for providing such services.
 - (vii) The rental expenses were paid by reference to open market rental and were subject to the terms of the relevant tenancies.
 - (viii) The interest expenses represented payments of interest on loans from related companies at the prevailing market rates.
- (b) On 16 April 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 15), up to a maximum amount of RMB10,000,000 (equivalent to approximately HK\$11,364,000). Details of the Indemnity are set out in the Company's announcement dated 16 April 2010.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. COMPARATIVE AMOUNTS

Foreign exchange differences, net which was included in general and administrative expenses and bank interest income which was included in finance costs, net on the face of the condensed consolidated income statement for the period ended 30 June 2009 have been reclassified as "other income and gains, net" to conform with the current period's presentation. The directors are in the opinion that such presentation would give a fairer presentation of the operation of the Group.

18. APPROVAL OF THE INTERIM FINANCIAL REPORT

This interim financial report was approved and authorised for issue by the Board on 18 August 2010.

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 June 2010, the loss attributable to equity holders of the Company was HK\$6.8 million, as compared to the profit of HK\$0.1 million for the six months ended 30 June 2009. The loss per share for the period was 1.33 HK cents (2009: earnings per share of 0.03 HK cent).

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period under review was HK\$7.2 million, against HK\$18.5 million for the same period in 2009.

Dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010 (2009: Nil).

Review of operation

In the period under review, the world economy still hinged on the financial events happened in the western side of the globe. Although there were indicators showing that the local economy has significantly recovered, people from the general public may not have a very strong feeling of it and are still very cautious when they come to personal spending. The competition in the edible oil market was particularly severe and resulted in a decrease in sales volume and hence the production efficiency of the Group. The edible oil prices were relatively less volatile in the period under review and the gross margin of the Group improved to 28.2%. Although sales related costs during the period decreased as a result of the decrease in turnover, additional advertising and promotional expenses had to be spent to meet with the keen competition in the markets. The bottom line of the Group for the first half of this year was HK\$6.9 million less than the corresponding period in 2009.

In Hong Kong, the competition in the edible oil market was keen. Apart from the competition amongst local products, there were challenges from imported brands. While our customers have confidence in the quality of our products which are manufactured by the Group's Hong Kong factory which owns the only one edible oil refinery plant in Hong Kong, advertising and promotional activities had been increased to stimulate their spending incentive. The management's investment and focus on riding on the healthy trend in past years has now paid back. The Group's wide range of healthy products developed in these years has recorded a performance better than that of the traditional products. 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 three consecutive years from October 2006 to September 2009. Such clear market leadership position and positive growth momentum continued throughout the period under review.

BUSINESS REVIEW AND OUTLOOK (continued)

Review of operation (continued)

In PRC, the fierce competition during the period exerted pressure on the gross profit margin of edible oil products. In addition, the narrowing price gap between crude and refined oil has resulted in a decrease in the demand for refining OEM services. All these together have impacted the sales volume, gross margin and production efficiency 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.

Financial review

Equity

The number of issued shares of HK\$0.10 each of the Company as at 30 June 2010 was 511,333,550 (31 December 2009: 510,949,072). At 1 January 2010, the Company had outstanding 102,115,011 units of warrants carrying rights to subscribe for an aggregate of 102,115,011 new shares of HK\$0.10 each at an initial subscription price of HK\$0.20 per share. During the period under review, 384,478 units of the warrants of the Company were exercised for 384,478 shares of HK\$0.10 each at a price of HK\$0.20 per share.

Liquidity and gearing

As at 30 June 2010, the Group's Hong Kong bank borrowing was bank loans of HK\$45.3 million. The Group's PRC bank borrowings as at the period end were bank loans and bills payable totaling HK\$129.1 million, of which approximately HK\$89.7 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 2010, the Group's total bank loans amounting to HK\$146.4 million (31 December 2009: HK\$154.1 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 2010 was 34% (31 December 2009: 35%).

BUSINESS REVIEW AND OUTLOOK (continued)

Financial review (continued)

Liquidity and gearing (continued)

The interest expense for the period was HK\$4.0 million (2009: HK\$4.9 million). The decrease in interest expenses was mainly attributable to the decrease 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\$25 million (2009: HK\$25 million). As at 30 June 2010, the Group had 419 full time and temporary employees (30 June 2009: 412).

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 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 15 to the condensed consolidated interim financial statements.

BUSINESS REVIEW AND OUTLOOK (continued)

Financial review (continued)

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 Group experienced severe competition in the period under review, the management believes that the current healthy trend will continue in the years to come and the Group will continue to hold onto its proven strategy of providing quality healthy products and choices to our health-conscious customers. Maintaining high standard of quality, which is particular crucial in food products in Hong Kong and the PRC, could build up the confidence of our customers on the products manufactured and produced by our Group.

Improving the performance of the Group's PRC operation is another area that the management will put emphasis on. In light of the current edible oil environment in PRC, resources will be invested in selective and more profitable products and markets.

Apart from focusing on the current 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 2010, 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					Percentage of the Company's issued share capital
	Directly and beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	
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 2010, 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

As at 30 June 2010, 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					Exercise period	Price of Company's shares			
	At	Granted	Exercised	At	Date of grant (Note 2)		Exercise price (Note 3)	At date of grant (Note 4)	Immediately	
	1 January 2010	during the period	during the period	30 June 2010					before the exercise date	At date of exercise
HK\$ per share	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	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	—	—	4,500,000	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	—	—	34,068,000						

SHARE OPTION SCHEME (continued)

Notes:

- (1) Subject to certain performance targets being met by the participants, the participants may, at any time on or after 27 April 2010 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 Date of Notification 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 of Hong Kong Limited'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 2010, 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 2010, 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 of Hong Kong Limited (the “Listing Rules”).

The Company made an announcement on 16 April 2010 in respect of an inadvertent delay in the disclosure of certain guarantees provided by a non-wholly owned subsidiary of the Company to a bank in support of the provision of banking facilities by the bank to an independent third party, who provided guarantees, on a reciprocal basis, to certain entities in support of the provision of banking facilities by the entities to the non-wholly owned subsidiary of the Company. Save as disclosed above, 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 2010 to 30 June 2010.

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 the “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 the 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 2010. 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 2010, the audit committee comprised 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.

CORPORATE GOVERNANCE (continued)

Audit committee (continued)

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 report for the six months ended 30 June 2010.

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 2010, 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 2010, 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, 18 August 2010

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 18, which comprises the condensed consolidated statement of financial position of Hop Hing Group Holdings Limited as at 30 June 2010 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 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

18 August 2010