



HOP HING HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 47)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

The Board of Directors (the “Board”) of Hop Hing Holdings Limited (the “Company”) herein present their unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2007, together with the comparative amounts.

These interim financial results have not been audited, but have been reviewed by the Company’s audit committee and the Company’s auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

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

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	268,628	275,124
Prepaid land lease payments		26,500	26,302
Trademarks		123,688	123,423
Interests in associates		(1,425)	(1,425)
Deferred tax assets		5,047	5,047
Total non-current assets		<u>422,438</u>	<u>428,471</u>
Current assets			
Stocks		116,647	101,856
Accounts receivable	9	76,557	83,196
Prepayments, deposits and other receivables		25,223	37,050
Pledged cash deposits		10,253	6,529
Cash and cash equivalents		21,326	20,250
Total current assets		<u>250,006</u>	<u>248,881</u>
Total assets		<u><u>672,444</u></u>	<u><u>677,352</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued share capital	12	42,356	41,943
Reserves		365,127	362,267
		407,483	404,210
Minority interests		12,281	12,388
Total equity		<u>419,764</u>	<u>416,598</u>
Non-current liabilities			
Interest-bearing bank loans	10	—	98,000
Deferred tax liabilities		3,665	3,702
Total non-current liabilities		<u>3,665</u>	<u>101,702</u>
Current liabilities			
Accounts payable	11	36,683	34,431
Bills payable		36,151	21,765
Other payables and accrued charges		30,965	42,098
Interest-bearing bank loans	10	144,288	50,849
Tax payable		928	9,909
Total current liabilities		<u>249,015</u>	<u>159,052</u>
Total liabilities		<u>252,680</u>	<u>260,754</u>
Total equity and liabilities		<u><u>672,444</u></u>	<u><u>677,352</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and other relevant HKASs and Interpretations, Hong Kong Financial Reporting Standards (collectively, the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Save for those new HKFRSs adopted during the period as set out in note 2 below, the accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2006.

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

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods commencing on or after 1 January 2007. The adoption of the following HKFRSs does not have any material effect on the financial statements of the Group:

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

3. TURNOVER AND SEGMENT INFORMATION

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

Segment information is presented below in respect of the Group’s geographical segment, which is regarded as the secondary segment.

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

4. PROFIT FROM OPERATING ACTIVITIES

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

	Unaudited For the six months ended 30 June	
	2007 HK\$'000	2006 HK\$'000
Cost of stocks sold	275,218	213,213
Depreciation	10,959	10,977
Amortisation of prepaid land lease payments	343	210
Gain on disposal of items of property, plant and equipment	(12)	(503)
Gain on disposal of a subsidiary	-	(430)
	<u> </u>	<u> </u>

5. FINANCE COSTS, NET

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

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Overseas taxes have been provided for at the applicable tax rates, if required.

	Unaudited For the six months ended 30 June	
	2007 HK\$'000	2006 HK\$'000
Tax in the income statement represents:		
Provision for Hong Kong profits tax	1,265	572
Provision for tax elsewhere	<u>105</u>	<u>131</u>
	1,370	703
Deferred tax	<u>(37)</u>	<u>(25)</u>
	<u>1,333</u>	<u>678</u>

7. EARNINGS/(LOSS) PER SHARE

a. Basic earnings/(loss) per share

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

b. Diluted earnings/(loss) per share

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

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

9. ACCOUNTS RECEIVABLE

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

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

The Group's products are sold either on a cash on delivery basis, or on an open account basis ranging from 7 to 70 days of credit. Each customer has a maximum credit limit and overdue balances are regularly reviewed by the senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, the concentration of credit risk is not considered significant. Accounts receivable are non-interest-bearing.

Included in the Group's accounts receivable are amounts due from the Group's jointly-controlled entities of HK\$4,421,000 (31 December 2006: HK\$6,804,000) which are repayable on credit terms comparable to those offered to other unrelated customers of the Group.

10. INTEREST-BEARING BANK LOANS

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

Note:

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

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

11. ACCOUNTS PAYABLE

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

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

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

Included in the Group's accounts payable are amounts due to certain companies associated with another venturer of the Group's jointly-controlled entities of HK\$2,752,000 (31 December 2006: HK\$5,805,000) which are payable on credit terms comparable to those offered by other unrelated suppliers of the Group.

12. ISSUED SHARE CAPITAL

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

13. PLEDGE OF ASSETS

As at 30 June 2007, certain prepaid land lease payments, certain leasehold land and buildings and certain plant and machinery of the Group with an aggregate carrying value of approximately HK\$158,026,000 (31 December 2006: HK\$163,971,000), certain accounts receivable and stocks of the Group of approximately HK\$31,119,000 (31 December 2006: HK\$31,833,000), and a cash deposit of the Group of approximately HK\$10,253,000 (31 December 2006: HK\$6,529,000) were pledged to banks to secure banking facilities granted to the Group.

BUSINESS REVIEW AND OUTLOOK

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

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

Dividend

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

Review of Operation

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

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

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

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

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

Financial Review

Equity

The number of issued shares of HK\$0.10 each as at 30 June 2007 was 423,562,658 (31 December 2006: 419,438,434). At 1 January 2007, the Company had outstanding 82,296,810 warrants carrying rights to subscribe for an aggregate of 82,296,810 new shares of HK\$0.10 each in the Company at an initial subscription price of HK\$0.25 per share. During the period under review, 33,094 warrants were exercised for 33,094 shares of HK\$0.10 each at a price of HK\$0.25 per share.

As at the period end date, there were outstanding share options granted to certain eligible employees entitling them to subscribe for 11,656,088 shares of the Company. Details of the share options outstanding are disclosed in the section under "Share Option Scheme" in the interim report.

Liquidity and gearing

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

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

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

The Group's funding policy is to finance the business operations with internally generated cash and bank facilities. The Group's bank borrowings are denominated in Hong Kong dollars and Renminbi. The Group continues to adopt the policy of hedging foreign currency liabilities with foreign currency assets.

Remuneration policies and share option scheme

Remuneration packages comprised salary and bonuses based on individual merits. The total remuneration paid to the employees (including pension costs and the directors' remuneration) of the Group in the period under review was HK\$21.6 million (2006: HK\$20.8 million). As at 30 June 2007, the Group had 428 full time and temporary employees (2006: 435).

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

Segmented information

In the period under review, the Group's edible oil business in Hong Kong continued to account for a major proportion of the Group's turnover.

Details of the segmented information are set out in note 3.

Pledge of assets

Details of the pledge of assets are set out in note 13.

Outlook

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

Vote of Thanks

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

CORPORATE GOVERNANCE

Corporate Governance Practices

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

None of the directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions set out in the CG Code for any part of the period from 1 January 2007 to 30 June 2007.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct of dealings in securities of the Company by the directors. The Model Code also applies to "relevant employees" as defined in code provision A.5.4 of the CG Code. Based on specific enquiry of the Company's directors, the directors confirmed that they have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim financial report.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

During the six months ended 30 June 2007, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Companies Information" and the website of the Company at www.hophing.com. The interim report will be dispatched to the shareholders and will also be available on these websites.

BOARD OF DIRECTORS

As at the date of this announcement, the Executive Directors of the Company are Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy. The Non-executive Directors of the Company are Mr. Hung Hak Hip, Peter, Ms. Hung Chiu Yee and Mr. Lee Pak Wing. The Independent Non-executive Directors of the Company are Dr. Wong Yu Hong, Philip, Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui, Edward, Mr. Seto Gin Chung, John and Mr. Shek Lai Him, Abraham.

By Order of the Board

Hung Hak Hip, Peter

Chairman

Hong Kong, 27 September 2007