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Corporate Profile



Background

Hsu Fu Chi, registered in the People's Republic of China (PRC) in 1992, was founded by four Hsu brothers from Taiwan. Backed by 16 years of sales experience (1976 – 1992), they forged new ground and paved the way for Hsu Fu Chi to grow by leaps and bounds.

In 1997, Singapore's Transpac Industrial invested in the company and introduced new ideas and thinking. BVI incorporated Hsu Fu Chi Holdings (the "Group") was thus formed and Dongguan Hsu Chi was established as its subsidiary to oversee the development of the Hsu Fu Chi brand in the PRC's confectionery market.

In 2000, the Group subscribed to modern management methods, which entrenched Hsu Fu Chi's foundation to enter the PRC's retail market. Becoming publicly-listed in December 2006 was a new milestone for the Group as it strives towards becoming a leading global brand.

Production

Currently, Hsu Fu Chi's three core production bases are all located in Dongguan. With a combined floor area exceeding 400,000 sqm, there are 35 large-scale automated production workshops, over 150 state-of-the-art production lines and 350

high speed automated packaging belts. Being one of the largest producers of confectionery products in the PRC, the facilities produce three main product categories - Candy, Cake and Cookie, and Sachima.

Business

Over 95% of the Group's confectionery products are sold in the PRC. As of the end of financial year 2007, there are, under the Group in China, 67 sales offices; over 5,000 sales personnel in sales teams that manage a mix of modern and traditional sales channels consisting of more than 15,500 direct retail points; and among which 2000 specialty counters staffed by dedicated promoters are deployed in hypermarkets and super markets.

Awards and Accolades

Consistent quality, food safety and great taste are reasons Hsu Fu Chi's products have been repeatedly chosen by consumers as their preferred confectionery products brand. According to the National Bureau of Statistics of PRC, annual studies showed Hsu Fu Chi's Candy Products had topped the sales for this product category for nine consecutive years from 1998 to 2006. It was conferred the accolade of "China Top Brand" for its candy products in 2004 and for its biscuits products in 2006.



Message from Chairman



Dear Shareholders,

On behalf of the Board of Hsu Fu Chi International Limited ("Hsu Fu Chi" or "the Group"), I am pleased to present the inaugural Annual Report of Hsu Fu Chi since our listing on the main board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 1 December 2006.

Review of Operations

In our first year as a publicly-listed entity, the Group has achieved satisfactory growth with revenue hitting a historical high. Group's revenue increased by 31.9% to RMB2.71 billion in FY2007 compared to RMB2.06 billion in FY2006. Despite challenges posed by the global trend of rising costs of raw materials, the Group recorded a higher gross profit of RMB1.06 billion. In line with this, the Group's gross profit margin increased by 1.1% from 38.1% to 39.2%. Net profit attributable to shareholders registered a

20.8% increase to RMB0.26 billion.

Strategically, the Group aims to expand its market penetration and market development of the Group's products.. To achieve these, the Group took a multi-prong developmental approach to continue strengthening and reinforcing consumer loyalty to the Group's brands. The Group will improve and reinforce the brand loyalty for its primary brands, while developing secondary brands based on an in-depth understanding of the consumer preferences and demands. In a move to this direction, the

Group targets to launch the new 麦巧伯 brand in 2008 with a new range of wafer biscuits in the biscuits product category.

Outlook

The Group has acquired two land parcels, namely "Henan Zhumadian" and "Zhejiang Huzhou" for production and logistics capabilities expansion. With these, the Group will be restructuring its operations from 2009 to 2010 to gradually moving operations that incur high logistics costs and those with a lower risk in hygiene management to secondary factories.

Looking ahead, the Group will continue to focus on its core business of confectionery products, developing the People's Republic of China's market and initiating vertical integration of the Group's supply chain by consolidating the upstream and downstream processes. The Management and Operations teams are confident of the Group's strengths and will strive to take the Group to new heights.

Dividend

The Board of Directors is pleased to propose a final dividend of RMB0.13 per share for approval by the shareholders at the forthcoming Annual General Meeting .



Appreciation

During the year, Mr Will Hoon Wee Teng stepped down as Non-Executive Director on 12 May 2007. On behalf of the Board, I would like to thank him for his contribution to the Company.

We warmly welcome Mr Cheong Kok Yew who joined the Board as Non-Executive Director on 12 May 2007.

On behalf of the Board, , I would like to take this opportunity to express my sincere appreciation to all shareholders, customers and business associates for their unstinting support and help. I would also like to express my heartfelt thanks to my fellow Board members for their expertise and guidance and to all our staff for their contributions and dedication to the Group.

Hsu Chen
Chairman

Operations Review

Group revenue achieved a new high of RMB2.71 billion, with 95% contributed by the China mainland market. Revenue for each of the three key product categories similarly achieved historic highs and grew 31.9% on average. Specifically, revenue from Candy products grew 35%, Cake and Cookie products grew 29% and Sachima products increased by 29% compared to the previous year. These were due to the increase in the Group's production capacity, new products launched as well as the festive season in China falling later compared to a year ago, which resulted in adding 15 days to the peak sales period and led the way for a higher growth.

With the additional or new facilities at the Dongguan plant commencing production, the



total production capacity for FY2007 increased by 38.1% to register 232,000 tonnes. As part of the facilities commenced operations during the lull production and sales period in the third and fourth quarters, the full impact of their contributions would only be felt during the FY2008 peak production period.

Higher costs of production due to rising cost of raw materials worldwide had posed challenges to our business. However, with strong brand equity and

consumer loyalty built over the years as well as a broad product mix, the Group had been able to gradually adjust prices in accordance with the higher costs of production. As such, Group gross profit for FY2007 remained healthy at RMB1.06 billion with a gross profit margin of 39.2%, compared to gross profit margin of 38.1% in FY2006 or an increase of 1.1%. Compared to FY2006, net profit attributable to shareholders also increased 20.8% to RMB0.26 billion.

In the year under review, there were 67 sales offices under the Group in China, an increase of 29%. Retail points under direct operational control grew 19% to reach 15,500; whereas specialty counters grew 11% to 2,000 counters.

In product development, the Group maintained the past three years' average of producing not fewer than 50 new products a year, which brought the total number of product items under the Group's three key categories to over 460 items.

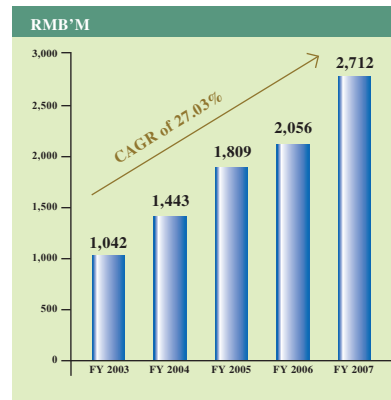
For FY2007, the Group's Candy products maintained its position as the top seller in the candy market. According to the National Bureau of Statistics of China, Hsu Fu Chi's candy had topped the sales in China for nine consecutive years since 1998.

As for other related businesses under the Group, Dongguan Andegu Plastic Packaging Material Ltd. had commenced operations as scheduled and would help meet demand during the peak production period in spring 2008.



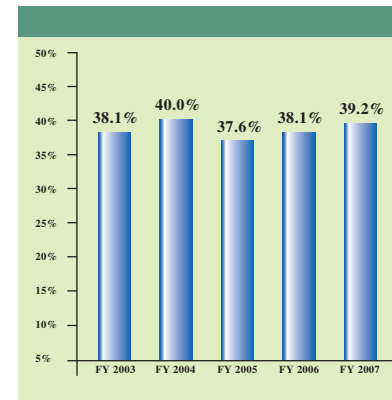
Financial Highlights

Revenue



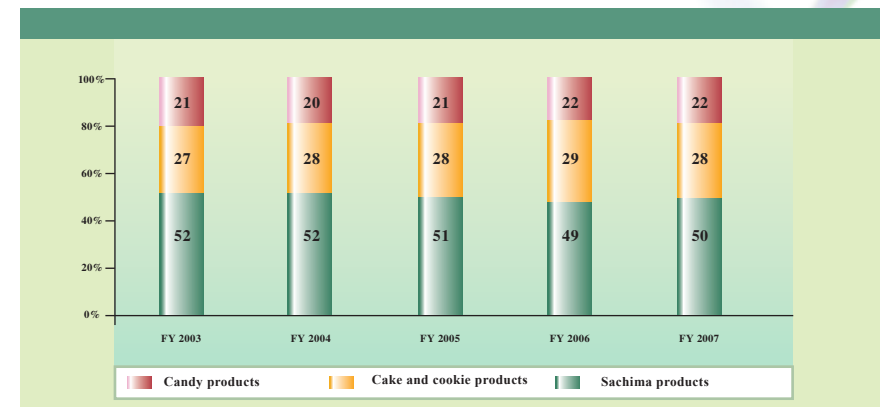
Note: Financial year end of the Group is 30 June.

Gross Profit Margin



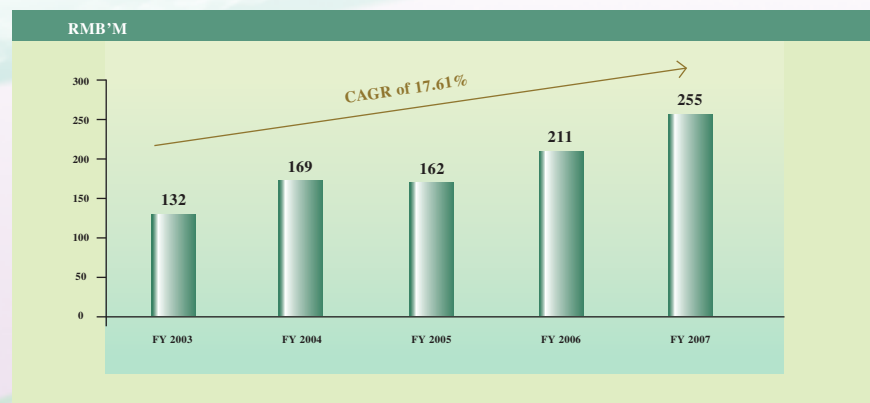
Note: Financial year end of the Group is 30 June.

Percentage of Total Revenue by Product Types



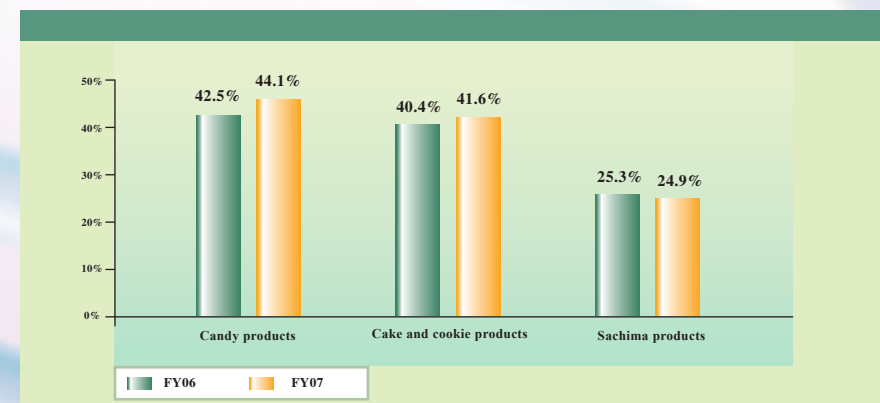
Note: Financial year end of the Group is 30 June.

Net Profit Attributable to Shareholders



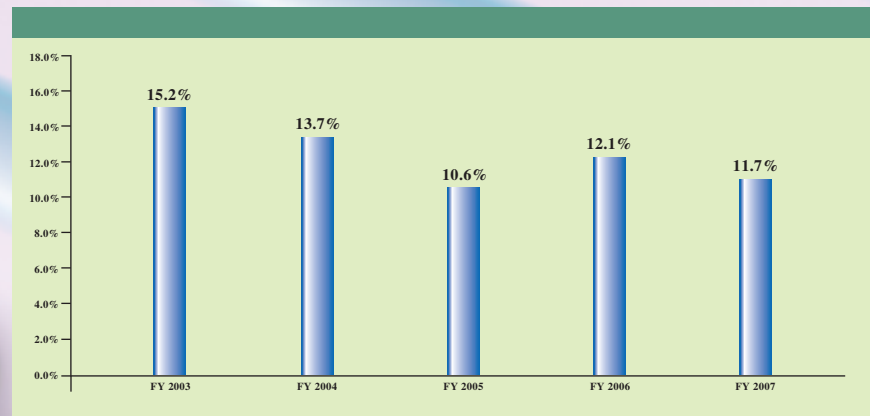
Note: Financial year end of the Group is 30 June.

Gross Profit Margin by Products Types



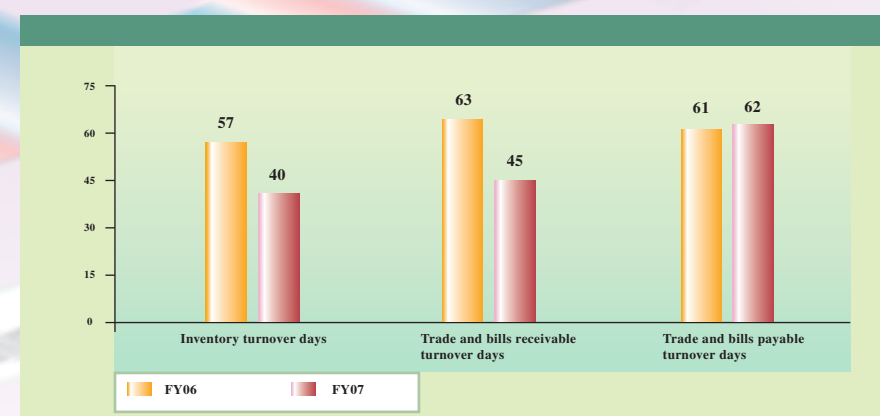
Note: Financial year end of the Group is 30 June.

EBIT Margin



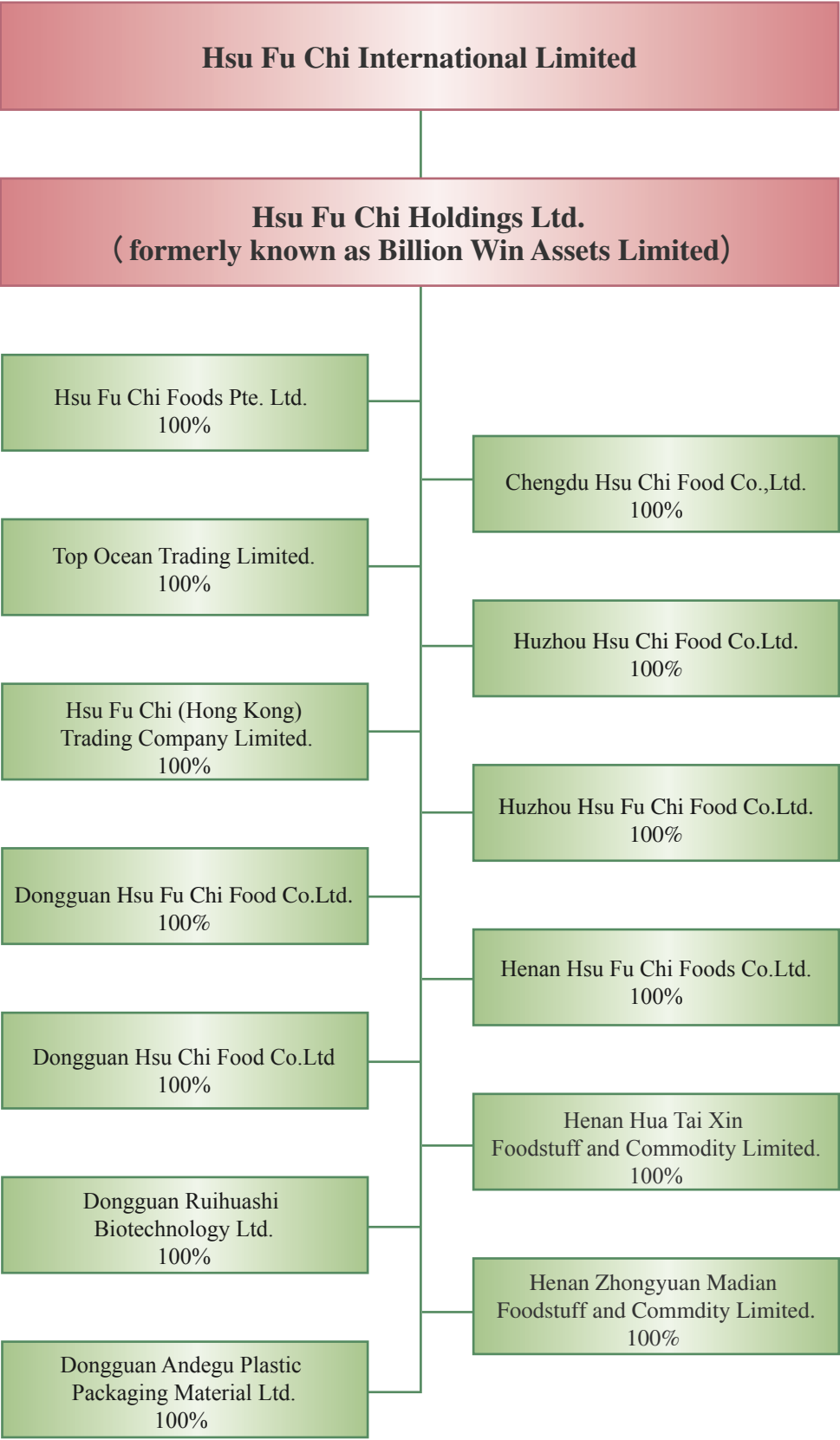
Note: Financial year end of the Group is 30 June.

Working Capital Efficiency



Note: Financial year end of the Group is 30 June.

Corporate Structure



Corporate Sales Network

By 30 June of FY2007, the Group has established more than 67 sales offices as below:

Beijing, Shanghai, Guangzhou, Dongcheng, Nanjing, Hangzhou, Suzhou, Qingdao, Shenzhen, Fuzhou, Changsha, Shenyang, Xi'an, Wuhan, Kunming, Chengdu, Hefei, Nanchang, Zhengzhou, Tianjin, Chongqing, Nanning, Taiyuan, Guiyang, Shijiazhuang, Zhuhai, Harbin, Dalian, Guannan, Huangshi, Kaiping, Lanzhou, Xiamen, Jingzhou, Changchun, Xingfan, Jinjiang, Jinhua, Zigong, Ningbo, Jinan, Fenggan, Foshan, Shantou, Nanchong, Wenzhou, Qingyuan, Xinjiang, Huizhou, Changde, Hengyang, Zhanjiang, Haikou, Linyi, Changan, Tangshan, Wuxi, Liuzhou, Shaoxing, Zhumadian, Huzhou, Jiaxing, Huangpu, Wuhu, Yantai, Zibo, Huhehaote.



Board of Directors

Hsu Chen / Executive Director

Mr. Hsu Chen is the Executive Chairman and one of the founders of the Group. He oversees the Sales Department, Marketing Department and Product Development Department. He is also currently the director of certain subsidiaries of the Company. He was appointed a Director on 18 October 2006. Mr. Hsu Chen has extensive experience in the confectionery and snack food industry. Prior to the founding of the Group in 1992, Mr. Hsu Chen was the general manager of Hsu Chi (Taiwan) Foods Co., Ltd., a company in the business of processing candies, dried bean curd, preserved fruits, melon seeds, peanuts and barbecued pork, from 1976 to 1992. He was also the general manager of Taiwan An Gu Foods (Marketing) Industrial Co. Ltd, which was involved in the import, marketing and sales of the products of Hsu Chi (Taiwan) Foods Co. Ltd. During the same period. From 1991 to 1995, Mr. Hsu Chen was the general manager of Hsu Chi (Indonesia) Food (Manufacturing) Company and was responsible for its overall operations. He was also the general manager of Thailand Hua Tai Liang He Company (a company in the business of production and trading of preserved fruits) from 1985 to 1995. Mr. Hsu Chen attended, but did not finish his studies at, the Ming Hsin Institute of Industrial Technology from 1969 to 1970.



Hu Chia-Hsun / Executive Director

Mr. Hu Chia-Hsun is the President and was appointed a Director on 25 October 2006. He is currently a non-executive director of Central Human-Resource & Management Co., Ltd. and ITAI Engineering & Construction Co. Ltd., which were both founded by him in Taiwan in 1991 and 1997 respectively. He acted as executive director for both of these companies until 2005. From 1986 to 1990, Mr. Hu Chia-Hsun was a senior consultant at Technomic Consultants Co., a marketing research company, and was responsible for the co-ordination and control of its business administration. Mr. Hu Chia-Hsun holds a Bachelor of Science Degree from Tamkang University, Taiwan and a Master's degree in Business Administration from Andrews University, United States.



Hsu Hang / Executive Director

Mr. Hsu Hang is the Chief Operating Officer and was appointed a Director on 18 October 2006. He is also one of the founders of the Group and is responsible for the Company's administrative operations. He is currently the director of certain subsidiaries of the Company. He is currently the Vice-president of Dongguan Taiwan Investment Enterprise Association. He was



the President of the Dongcheng Branch of Dongguan Taiwan Investment Enterprise Association from 1999 to 2001. Prior to founding the Group in 1992, Mr. Hsu Hang was a sales director of Taiwan An Gu Foods (Marketing) Industrial Co., Ltd., from 1981 to 1992, a company in the business of selling and distributing snack food products. Mr. Hsu Hang has finished the course and received degree of Executive Master's in Business Administration at Pacific Western University in the United States. He holds a diploma from the institute of World's Journalism.

Hsu Keng / Executive Director

Mr. Hsu Keng is the Chief Technology Officer and was appointed a Director on 25 October 2006. He is also one of the founders of the Group and is responsible for the Company's production and equipment technology. He is currently the director of certain subsidiaries of the Company. Prior to founding the Group in 1992, Mr. Hsu Keng was responsible for the sales and logistics of Taiwan An Gu Foods (Marketing) Industrial Co., Ltd. from 1984 to 1992. He holds a diploma from the Institute of World's Journalism.



Hsu Tien / Non-executive Director

Ms. Hsu Tien was appointed a Director on 25 October 2006. She is currently a non-executive director of Hsu Fu Chi Holdings. She was an assistant sales person at UBS Investment Bank from 2004 to September 2006 and was responsible for analytical research, stock sales and trading and roadshow co-ordination. She is currently a marketing analyst at The Gap Inc.. Ms. Hsu holds a Bachelor of Arts degree from the University of California at Berkeley.

Stanley Cheong / Non-executive Director

Mr. Stanley Cheong is the Senior Vice President and Partner at Transpac Capital Pte Ltd. Transpac Capital is one of the established private equity fund managers in Asia, headquartered in Singapore with office in Hong Kong. The Funds currently under management exceeds US\$500 million.



Mr. Cheong, being in the Private Equity space for more than 16 years, sits on many of the boards of the current and past portfolio companies that are in various industries including Biotech, Manufacturing, Services, High Technology and Healthcare sectors. He is a director on 3 listed Companies in the Singapore Stock Exchange. His current and past portfolio companies span across Asia, Australia, Israel and the United States. He has nurtured a number of the projects from the early stages to their commercial maturity.

Mr. Cheong is also the Executive Director of the Regional Investment Company Limited, a venture capital fund that was jointly managed with Singapore Economic Development Board. The objective of the fund is not only to accelerate the growth of Singapore businesses but also to nurture more entrepreneurs in Singapore.

He holds a Bachelor of Engineering in Electrical and Electronics engineering from the Swinburne Institute of Technology, Australia and a Master of Business Administration from the National University of Singapore.

John Lim Kok Min / Independent Director

Mr John Lim Kok Min was appointed a Director on 25 October 2006. He is currently the Executive Deputy Chairman of LMA International NV and Chairman of Senoko Power Limited. He is a member of the Governing Council of the Singapore Institute of Management and immediate past Chairman of Building & Construction Authority. He was the former Group Managing Director of Pan-United Corporation Limited, MPH Ltd and Chief Executive Officer of Cold Storage Holdings Ltd. He now sits on the Boards and audit committees of several listed and private companies including being Audit Chairman of NTUC Fairprice Co-operative Ltd, Pan-United Marine Ltd and Boustead Singapore Ltd. He is the President of the Singapore Institute of Directors, a member of the Securities Industry Council, Senate Member of the Marketing Institute of Singapore, and a former director/Council Member of both the Singapore International Chamber of Commerce and the Singapore Confederation of Industries. An Economic honours graduate from the University of Malaya, Mr Lim has more than 40 years of extensive senior management experience in the Asia-Pacific region.



Lim Hock San / Independent Director

Mr. Lim Hock San was appointed a Director on 25 October 2006. He is presently the President and Chief Executive Officer of United Industrial Corporation Limited as well as Singapore Land Limited. He currently serves on the Board of United Industrial Corporation Limited Keppel Corporation Limited, Interra Resources Limited, Ascendas Pte Ltd, United Test and Assembly Center Ltd, and Gallant Venture Ltd. He was the Director-General of the Civil Aviation Authority of Singapore ("CAAS") from 1975 to 1992. He is a fellow of the Institute of Certified Public Accountants of Singapore and the Chartered Institute of Management Accountants in the United Kingdom. Mr. Lim was awarded the Meritorious Service Award by National Trades Union Congress ("NTUC") in 1992. He was also awarded the Public Administration Medal (Gold), the Public Service Medal, and the Meritorious Medal by the Singapore Government. Mr. Lim holds a Bachelor of Accountancy degree from the then University of Singapore and a Master of Science in Management from the Massachusetts Institute of Technology.



Lam Khin Khui / Independent Director

Mr. Lam Khin Khui was appointed a Director on 25 October 2006. He currently serves on the Board of Directors of Rotary Engineering Limited., Thai Rotary Engineering Ltd and Egon Zehnder International Pte Ltd. He is currently a partner at Egon Zehnder International, a management consulting firm. Prior to that, he was a senior manager at Temasek Holdings (Private) Limited from 1980 to 1987 and was the Company Secretary of Temasek Holdings (Private) Limited from 1988 to 1989. Mr. Lam holds a Bachelor of Engineering from the University of Melbourne and a Diploma in Business Administration from The University of Singapore.



Senior Management

Peng Wu Tsai

Peng Wu Tsai, aged 49, is the Financial Controller of the Group and is responsible for the Company's overall financial functions, including financial strategy, budgeting and management control and financial management. Mr. Peng joined the Group in March 2007. Prior to joining the Group he was Assistant to General Manager of Feipeng Industry Co., Ltd. Finance Director of Hangzhou Tingyi Food Co., Ltd. Deputy Finance Director of VietNam Manufacturing&Export Co., Ltd. Mr Peng graduated from The Accounting Department of Fu-Jen Catholic University in Taiwan in1983. He has over 20 years experience in finance operation and management.

Guo Qiang

Mr. Guo is the Head of Production Department and is responsible for the production operations of the Company. Mr. Guo joined Dongguan Hsu Chi in 2004. Prior to that, Mr. Guo was the head of the quality control department in QingDao Beer Limited from 1999 to 2004 and was responsible for the quality control of its products. From 1996 to 1999, Mr. Guo was the deputy factory manager in a factory owned by Hai Hou Qing Dao Enterprise Bureau and was responsible for the production, quality control and technology management of the factory. From 1983 to 1996, Mr. Guo was a supervisor of Technology and Quality Control Department at Qing Dao Soft Drinks Factory, a state-owned factory and was responsible for the technology management and development of the factory. Mr. Guo holds a degree from South China University of Technology.

Ma Hao

Mr. Ma Hao is the Head of Quality Control Department and is responsible for quality control of Group's products and the safety and hygiene of the Group's products. Mr. Ma has Percentage of total revenue by product typeover 15 years of experience in quality control of certain food products. Mr. Ma joined Dongguan Hsu Chi in 1997 and was in charge of quality control and safety and hygiene of the Group's products. Prior to joining Dongguan Hsu Chi, Mr. Ma was the Deputy Factory Manager of Dongguan Hao Le Ice-cream Factory from 1988 to 1997 and was responsible for quality control of its products and technology. Mr. Ma holds a Bachelor's degree in food engineering from South China University of Technology in 1988.

Wang Chang Han

Mr. Wang Chang Han is Head of Finance Department. Mr. Wang joined Dongguan Hsu Chi in 1993 and was responsible for the Group's finance operations. Prior to joining Dongguan Hsu Chi, Mr. Wang was in the finance department of Hunan Shuguang Electronics Group Company from 1960 to 1993 and was responsible for the company's finance operations. Mr. Wang has, in aggregate, more than 30 years of experience in the finance departments of these companies. Mr. Wang has been certified as an accountant by the PRC Ministry of Labour and Human Resources in 1980.

Yang Kun-Ti

Mr. Yang Kun-Ti is the Deputy Head of Sales Department and is responsible for sales management and receivable collection managements in the Sales Department. Mr. Yang joined Dongguan Hsu Chi in 2004. Prior to that, he was the general manager of Wen Dan Tang Food Co., Ltd., a company in the business of food products and was responsible for its management and sales, from 1996 to 2004. Mr. Yang was the Division Chief of Taiwan An Gu Foods (Marketing) Industrial Co., Ltd, a company in the business of selling and distributing snack food products, from 1986 to 1992 and was responsible for the sales of the company's products. Mr. Yang attended, but did not finish his studies, at the National Open University.

Corporate Information

BOARD OF DIRECTORS

Executive

Hsu Chen (Chairman)
Hu Chia-Hsun
Hsu Hang
Hsu Keng

Non-Exceutive

Hsu Tien
Hoon Wee Teng, Will (Resigned on 12 May 2007)
Cheong Kok Yew (Appointed on 12 May 2007)
John Lim Kok Min (Independent)
Lim Hock San (Independent)
Lam Khin Khui (Independent)

AUDIT COMMITTEE

Lim Hock San (Chairman)
John Lim Kok Min
Cheong Kok Yew

NOMINATING COMMITTEE

John Lim Kok Min (Chairman)
Lam Khin Khui
Cheong Kok Yew

REMUNERATION COMMITTEE

Lam Khin Khui (Chairman)
Lim Hock San
Cheong Kok Yew

COMPANY SECRETARIES

Hazel Chia Luang Chew, FCIS
Toh Lei Mui, ACIS

ASSISTANT SECRETARY

Codan Trust Company (Cayman) Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BUSINESS OFFICE

Dongguan Hsu Chi Food Co., Ltd.
Zhouwu Industrial District
Dongcheng, Dongguan
Guangdong, 523118
PRC
Tel: 86-769-22259888
Fax: 86-769-22264864
Website: <http://www.hsufuchifoods.com>

SINGAPORE SHARE TRANSFER AGENT

Lim Associates (Pte) Ltd
3 Church Street #08-01
Samsung Hub
Singapore 049483

AUDITORS

Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583

AUDIT PARTNER-IN-CHARGE

Max Loh Khum Whai
Appointed wef financial year ended 30 June 2007

Making Life's Sweet Delights

