INTERIM RESULTS

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 2001, 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 PROFIT AND LOSS ACCOUNT

		Unaudited Six months ended 30 June	
		2001	2000
	Notes	***HK$'000***	*HK$'000*
TURNOVER	*2*	**302,923**	474,354
Direct cost of stocks sold and services provided		**(207,740)**	(373,959)
Other production and service costs (including depreciation of HK$14,414,000 (2000: HK$12,820,000))		**(26,919)**	(28,791)
Selling and distribution costs		**(18,863)**	(13,895)
General and administrative expenses		**(29,077)**	(35,622)
Other revenue		**624**	14,624
PROFIT FROM OPERATING ACTIVITIES	*3*	**20,948**	36,711
Finance costs, net	*4*	**(13,439)**	(16,269)
Share of profit of a jointly controlled entity		**1,396**	1,046
PROFIT BEFORE TAX		**8,905**	21,488
Tax	*5*	**(1,948)**	(1,348)
PROFIT AFTER TAX		**6,957**	20,140
Minority interests		**77**	41
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**7,034**	20,181
Retained profits/(accumulated loss) at beginning of period		**19,246**	(1,133)
RETAINED PROFITS AT END OF PERIOD		**26,280**	19,048
EARNINGS PER SHARE (HK cents)			
– Basic	*7*	**1.72**	4.93
– Diluted		**1.69**	N/A

Other than the profit for the period, there are no recognised gains and losses. Accordingly, a Condensed Statement of Recognised Gains and Losses is not presented in the interim financial report.

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**Unaudited 30 June 2001** *HK$'000*	Audited 31 December 2000 *HK$'000*
NON-CURRENT ASSETS			
Fixed assets		**571,736**	585,500
Trademarks		**121,600**	121,502
Interests in associates		**(1,425)**	(1,425)
Interests in a jointly controlled entity		**54,642**	53,485
		746,553	759,062
CURRENT ASSETS			
Stocks		**75,601**	79,265
Accounts receivable	*8*	**86,583**	126,592
Investments in securities		**–**	24,944
Sundry receivables, deposits and prepayment		**49,709**	47,437
Pledged cash deposits		**28,050**	5,802
Cash and bank balances		**65,389**	119,985
		305,332	404,025
CURRENT LIABILITIES			
Interest-bearing bank loans		**127,186**	153,910
Other loans		**5,177**	16,379
Bills payable		**100,714**	101,206
Accounts payable	*9*	**27,238**	56,248
Other payable and accrued charges		**32,197**	50,869
Tax		**346**	477
		292,858	379,089
NET CURRENT ASSETS		**12,474**	24,936
TOTAL ASSETS LESS CURRENT LIABILITIES		**759,027**	783,998
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**176,076**	208,004
Deferred tax		**9,854**	9,854
		185,930	217,858
Minority interests		**7,241**	7,318
		565,856	558,822
CAPITAL AND RESERVES			
Issued capital		**40,911**	40,911
Reserves	*10*	**524,945**	517,911
		565,856	558,822

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30 June 2001 *HK$'000*
Net cash inflow from operating activities	28,782
Net cash outflow from returns on investments and servicing of finance	(13,439)
Tax paid	(1,840)
Net cash inflow from investing activities	24,003
Net cash outflow from financing activities	(88,642)
Decrease in cash and cash equivalents	(51,136)
Cash and cash equivalents at 1 January 2001	62,293
Cash and cash equivalents at 30 June 2001	11,157
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and time deposits	65,389
Pledged cash deposits within three months of maturity	3,460
Bank loans with maturity within three months from draw down dates	(57,692)
	11,157

1. SIGNIFICANT ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting", issued by the Hong Kong Society of Accountants ("HKSA") except that the comparative amounts for the Condensed Consolidated Cash Flow Statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation adopted in the preparation of this interim financial report are consistent with those used in the Group's annual financial statements for the year ended 31 December 2000.

Comparative amounts in respect of the Condensed Consolidated Balance Sheet for the year ended 31 December 2000 are extracted from the Group's annual financial statements for that year.

Trademarks

In accordance with the requirements of SSAP 29 "Intangible Assets", the cost of the Group's trademarks should be amortised over the best estimate of their useful lives. SSAP 29 also states that there is a rebuttable presumption that the useful life of an intangible asset will not exceed twenty years from the date when the asset is available for use. In the opinion of the directors, to follow the requirements of SSAP 29 would give a misleading view of the results of the Group and its earnings per share for the following reasons:

(i) The trademarks, which were acquired by the Group in 1988, have been in use for a very long time, some of them since the 1930s and will continue to be used for the long term. The valuation of the Group's trademarks performed by Sallmanns (Far East) Limited, an independent professional appraiser, has confirmed that the market value of the trademarks exceeded the carrying value as at 30 June 2001, and

(ii) The Group has incurred and intends to continue to incur significant advertising and promotion expenses, which are charged to profit and loss account when incurred, to maintain and increase the market value of its trademarks and brands.

As a result, the Group has decided not to follow the requirements of SSAP 29 and to continue to adopt the accounting policy that trademarks are stated at cost and provision is made for any impairment in value. The Group intends to confirm the value of its trademarks by independent professional valuation periodically.

2. **SEGMENTED INFORMATION**

An analysis of the Group's turnover and contribution to profit from operating activities by principal activity and geographical location is as follows:

	Unaudited Turnover Six months ended 30 June		Unaudited Contribution Six months ended 30 June	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
By activity:				
Edible oils and food related products*	**302,923**	474,354	**20,948**	36,711
By geographical area:				
Mainland China	**272,924**	423,662	**12,831**	16,417
Hong Kong Special Administrative Region and others	**29,999**	50,692	**8,117**	20,294
	302,923	474,354	**20,948**	36,711

* *Included rental income and other revenue which are considered incidental to the edible oils activity of the Group.*

3. **PROFIT FROM OPERATING ACTIVITIES**

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

	Unaudited Six months ended 30 June	
	2001	2000
	HK$'000	*HK$'000*
Unrealised holding gain on investments in listed securities classified as other revenue	**–**	14,624
And after charging:		
Cost of stocks sold (including write-back of accounts payable provision of HK$10 million (2000: Nil))	**206,489**	372,770

4. FINANCE COSTS, NET

	Unaudited Six months ended 30 June	
	2001	2000
	HK$'000	*HK$'000*
Interest on bank borrowings	**15,568**	22,741
Interest on other loans wholly repayable within five years	**80**	80
Total finance costs	**15,648**	22,821
Less: interest income	**(2,209)**	(6,552)
	13,439	16,269

5. TAX

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) 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 Six months ended 30 June	
	2001	2000
	HK$'000	*HK$'000*
Tax in the profit and loss account represents:		
Provision for Hong Kong profits tax	**(1,396)**	(1,153)
Overseas taxes	**(313)**	–
	(1,709)	(1,153)
Share of tax charges of a jointly controlled entity – Hong Kong	**(239)**	(195)
	(1,948)	(1,348)

6. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the period (2000: Nil).

7. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated based on the profit attributable to shareholders of HK$7,034,000 (2000: HK$20,181,000) and 409,113,021 shares (2000: 409,113,021 shares) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share is based on the profit attributable to shareholders of HK$7,034,000 and the weighted average of 416,680,943 shares adjusted for the effects of all dilutive potential shares. Diluted earnings per share for the prior period is not presented as there were no dilutive potential ordinary shares for that period.

8. ACCOUNTS RECEIVABLE

The aged analysis of accounts receivable is as follows:

	Unaudited 30 June 2001	Audited 31 December 2000
	HK$'000	*HK$'000*
Current	**45,777**	69,589
Less than 60 days	**23,001**	39,709
Over 60 days	**17,805**	17,294
	86,583	126,592

The Group's products are sold either on cash on delivery basis or on open account basis ranging from 30 to 50 days of credit. Each customer has a maximum credit limit. Overdue balances are regularly reviewed by senior management.

9. ACCOUNTS PAYABLE

The aged analysis of accounts payable is as follows:

	Unaudited 30 June 2001	Audited 31 December 2000
	HK$'000	*HK$'000*
Current and less than 60 days	**16,699**	23,917
Over 60 days	**10,539**	32,331
	27,238	56,248

10. RESERVES

The movement in the current period represents the net profit attributable to shareholders for the period.

11. COMMITMENTS

	Unaudited 30 June 2001 *HK$'000*	Audited 31 December 2000 *HK$'000*
Capital commitments for the acquisition of property, plant and equipment:		
Contracted for	**3,980**	3,704
Authorised, but not contracted for	**2,776**	3,057

12. CONTINGENT LIABILITIES

(a) At 30 June 2001, 38 (31 December 2000: 49) employees had completed the required number of years of service under the Employment Ordinance to be eligible for long service payments on termination of their employment and the contingent liabilities thereof amounted to approximately HK$1,060,000 (31 December 2000: HK$1,148,000). No provision has been made for this amount in this interim financial report as the probability of an outflow of resources thereof is considered remote.

(b) At 30 June 2001, the contingent liabilities in respect of guarantees given to banks to secure banking facilities utilised by the jointly controlled entity (the "JCE") of the Group amounted to HK$9,279,000 (31 December 2000: HK$16,529,000).

13. RELATED PARTY TRANSACTIONS

		Unaudited	
		Six months ended 30 June	
		2001	2000
	Notes	***HK$'000***	*HK$'000*
Transactions with the JCE:			
Sales of goods	*a*	**25,306**	30,553
Purchases of goods/services	*b*	**1,049**	4,038
Oil refining income	*c*	**6,413**	7,046
Royalty income	*d*	**11,536**	12,006
Property rental and tank farm income	*e*	**6,276**	7,224
Other property related income	*f*	**2,087**	2,127
Transactions with the controlling shareholders of the Company			
Sales of goods	*a*	**430**	315
Management fee expenses paid to a company in which a director of the Company has an indirect interest	*g*	**270**	270

Notes:

a. The sales of goods were at prices comparable to those offered to other unrelated customers of the Group.

b. The purchases of goods/services were at prices comparable to those offered by other unrelated suppliers/providers.

c. The oil refining income was charged at rates comparable to those offered to other unrelated customers of the Group.

d. Pursuant to a trademark licence agreement entered into between the Group and the JCE, the royalties received for the use of the trademarks are calculated based on a percentage as agreed between the parties from time to time, of the gross sales value of licensed products sold by the JCE within Hong Kong and Macau.

e. The property rental income related to the investment property and barges included in fixed assets. The property rental income and tank farm income were charged by reference to the relevant industry practice and was subject to review on a regular basis.

f. The other property related income included air-conditioning charges and property management fee and were charged based on the cost incurred in managing the properties and providing air-conditioning services.

g. The management fee expenses represented the payment of remuneration to a director of the Company through a company in which he has an indirect interest therein.

14. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current period's presentation.

REVIEW OF OPERATIONS AND PROSPECTS

During the 6 months to 30 June 2001, the economy in Hong Kong has remained gloomy and the Hong Kong Government had accordingly revised its GDP forecast downwards. Spending has continued to be heavily influenced by the lack of confidence. In China, fierce competition in the edible oil market has persisted.

Operating results

The profit from operating activities for the 6-month period under review was HK$20.9 million, as compared to HK$36.7 million in the same period in 2000. Net profit attributable to shareholders during the period was HK$7.0 million, against HK$20.2 million for the corresponding period in last year.

The basic earnings per share for the period was 1.72 cents (2000: 4.93 cents).

Edible oil

Despite operating in a challenging economic climate, our edible oil business in Hong Kong has continued to perform steadily. Our Lion & Globe brand has grown in market share and maintained its position as one of the top brands in Hong Kong.

On the other hand, resulting from our focus on brand strategy, our Camel brand of products are now amongst the top 3 national brands in China.

Working capital

The bank rescheduling has been completed. We enjoy the full support of our 7 core relationship banks. As at 30 June 2001, our total interest-bearing bank loans amounted to HK$303.3 million, a reduction of HK$58.6 million from 31 December 2000.

Accordingly, when compared against that for 31 December 2000, the Group's gearing ratio on 30 June 2001 has improved by 11%.

Stock

Inventory was reduced from HK$244.8 million on 31 December 1998 to HK$75.6 million on 30 June 2001. We will continue to manage our business at an optimal level of inventory.

Human resources

In line with the requirement of our business strategies, we have continued to strengthen the breadth and depth of our management through formal in-house training schemes and direct recruit of talents.

Outlook

The Hong Kong market will remain steady while, in the longer term, China will become a huge growth market for edible oils in branded product form.

To weather the current economic downturn, we will continue to focus on our brand and risk management strategies and position ourselves in the best possible light for any upturn in the future.

Management and staff

We thank all members of our management team and staff for their hard work and commitment during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

Net profit attributable to shareholders for the six-month period ended 30 June 2001 was HK$7 million, as compared to HK$20.2 million for the corresponding period in last year. The basic earnings per share for the period was 1.72 cents (2000: 4.93 cents).

During the period under review, the Group has continued to state its trademarks at cost. Details of the accounting treatment in respect of the Group's trademarks and the reasons for not amortising the cost of trademarks as required by SSAP 29 "Intangible Assets" are set out in note 1 to the interim financial report.

Equity

The number of issued shares of HK$0.10 each as at 30 June 2001 was 409,113,021. There was no movement in the share capital of the Company in the period under review. No warrants of the Company were exercised in the period and the outstanding 81,451,743 warrants carrying rights to subscribe an aggregate of 81,451,743 new shares of HK$0.10 each in the Company expired on 30 April 2001. As at the period end date, there were outstanding share options granted to certain eligible employees entitling them to subscribe for 23,492,677 shares of the Company. Details of the share options outstanding as at the period end date are set out in section under "Directors' Interests".

Liquidity and gearing

As at the balance sheet date, the Group had net current asset of HK$12 million (31 December 2000: HK$25 million). The decrease in net current assets is mainly due to repayment of long term bank loans. The Group's total bank borrowings less cash and bank balances amounted to HK$311 million (31 December 2000: HK$337 million). The net interest expenses for the period were HK$13 million (2000: HK$16 million). Such decrease is mainly attributable to the repayments of bank loans and the decrease in interest rates during the period under review.

The Group's gearing ratio (expressed as a percentage of long term bank borrowings over shareholders' funds and long term bank borrowings) dropped from 27% as at 31 December 2000 to 24% as at 30 June 2001.

The Group bank borrowings are denominated in Hong Kong dollars, US dollars and Reminbi. 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$22 million (2000: HK$31 million). As at 30 June 2001, the Group had 598 (31 December 2000: 582) employees.

Details of share options granted under the Share Option Scheme of the Company are set out in the section under "Directors' Interests".

Contingent liabilities

Details of the contingent liabilities are set out in note 12 to the interim financial report.

Pledge of assets

As at 30 June 2001, investment property, certain leasehold land and buildings and certain plant and machinery of the Group with an aggregate carrying value of approximately HK$350,386,000 (31 December 2000: HK$352,174,000) and cash deposits of the Group of approximately HK$28,050,000 (31 December 2000: HK$5,802,000) were pledged to banks to secure banking facilities granted to the Group. In addition, certain stocks with carrying value of approximately HK$2,293,000 (31 December 2000: HK$2,293,000) were pledged to secure certain other loans.

Segmented information

As explained in the previous annual report, the Group continued to concentrate its efforts on its core business – edible oils. In the period under review, the Group's edible oil business in Mainland China continued to account for a substantial proportion of the Group's turnover. The disposal of the bakery chain and the decrease in bulk oil activities contributed to the fluctuation in the Group's turnover and contribution as compared with the corresponding period in the last year. The contribution in the six-month ended 30 June 2000 also included an unrealised holding gain on investments in listed securities.

Details of the segmented information are set out in note 2 to the interim financial report.

AUDIT COMMITTEE

The Directors have engaged the Group's external auditors to review the interim financial report for the six months ended 30 June 2001. The Group's external auditors have carried out their review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the interim report for the six months ended 30 June 2001.

DEALINGS IN THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2001, there were no purchases, sales or redemptions by the Company or any of its subsidiaries of the Company's listed securities.

DIRECTORS' INTERESTS

A. The interests of the directors in the issued shares of the Company as recorded in the register kept under Section 29 of the Securities (Disclosure of Interests) Ordinance as at 30 June 2001 were as follows:

	Number of shares of HK$0.10 each			
	Personal Interests	Family Interests	Corporate interests	Other Interests
Hung Hak Hip	45,820	896,645	3,555,787	3,227,420 *
Liu Chi Keung, Ricky	–	–	–	–
Wong Yu Hong, Philip	–	–	–	–
Sze Tsai To, Robert	–	–	–	–
Cheung Wing Yui, Edward	398,000	–	–	–
Hung Chiu Yee	772,673	–	–	–
Lee Pak Wing	–	–	–	–
Han Kin Yee	–	–	–	–
Chan Sai On, David	–	–	–	–
Wong Kwok Ying	–	–	–	–

* *3,227,420 shares were beneficially owned by a discretionary trust whose discretionary beneficiaries include an associate of Mr. Hung Hak Hip.*

Other than nominee shares in certain subsidiaries held by certain directors in trust for the Company or the immediate holding company of those subsidiaries, none of the directors held equity interests in any of the Company's subsidiaries.

B. At 30 June 2001, certain directors held share options granted to them under the Share Option Scheme of the Company entitling them to subscribe for shares of HK$0.10 each in the Company upon exercise of their subscription rights as follows:

	Number of shares constituting the share options	Exercisable period (both dates inclusive)	Exercisable price per share
Hung Hak Hip	4,752,105	17 November 2000 to 16 November 2010	HK$0.1834
Liu Chi Keung, Ricky	4,091,130	17 November 2000 to 16 November 2010	HK$0.1834
Wong Yu Hong, Philip	2,045,565	30 November 2000 to 29 November 2005	HK$0.2112
Sze Tsai To, Robert	2,045,565	22 November 2001 to 21 November 2006	HK$0.1834
Cheung Wing Yui, Edward	2,045,565	17 November 2000 to 16 November 2005	HK$0.1834

DIRECTORS' INTERESTS (Continued)

B. (Continued)

	Number of shares constituting the share options	Exercisable period (both dates inclusive)	Exercisable price per share
Hung Chiu Yee	2,045,565	17 November 2000 to 16 November 2010	HK$0.1834
Lee Pak Wing	2,376,052	17 November 2000 to 16 November 2010	HK$0.1834
Wong Kwok Ying	4,091,130	17 November 2000 to 16 November 2010	HK$0.1834

No share options were granted or exercised during the period.

Apart from the foregoing, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable directors of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2001, the interests of those persons (other than the directors) in the share capital of the Company as recorded in the register kept under Section 16 of the Securities (Disclosure of Interests) Ordinance were as follows:

Name of shareholder	Number of shares of HK$0.10 each
Hung's (1985) Limited ("Hung's")	117,136,083
Hop Hing Oil (1985) Limited ("HHO")	155,392,698
GZ Trust Corporation ("GZTC")	272,528,781

The shares disclosed under the name of GZTC include GZTC's deemed interest in the shares held by Hung's and HHO.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the period, except that the independent non-executive directors of the Company are not appointed for specific terms as they are subject to retirement and re-election in accordance with the provisions of the Bye-laws of the Company.

By Order of the Board

Hung Hak Hip
Chairman

Hong Kong, 26 September 2001

INDEPENDENT REVIEW REPORT

To the Board of Directors of Hop Hing Holdings Limited

We have been instructed by the Company to review the interim financial report set out on pages 1 to 9.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with SSAP 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

Review work performed

We conducted our review in accordance with SAS 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of Group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Accounting treatment of trademarks

Included in the Condensed Consolidated Balance Sheet are trademarks of HK$121,600,000 which are stated at cost and are not amortised. In accordance with SSAP 29 "Intangible Assets", which became effective during the interim period, these trademarks should be amortised over the best estimate of their useful lives. However, as further explained in note 1 "Trademarks" to the interim financial report, in the opinion of the directors, no amortisation is considered necessary. Because we have not been able to quantify the estimated useful lives of the trademarks, we are unable to determine the effect of this departure from SSAP 29 on the Group's net assets as at 30 June 2001 and the profit for the six month period then ended, including the prior year adjustment that is required in respect thereof in order to implement SSAP 29 retrospectively as is required.

Modified review conclusion

Except for any adjustments that might have been found necessary had the trademarks been amortised, on the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2001.

Without further modifying our review conclusion above, we draw attention to the fact that the comparative condensed consolidated profit and loss account for the six months ended 30 June 2000 has not been reviewed in accordance with SAS 700. As disclosed in note 1 to the interim financial report, the comparative amounts for the condensed consolidated cash flow statement in respect of the six months ended 30 June 2001 have not been prepared.

Ernst & Young
Certified Public Accountants

Hong Kong
26 September 2001