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 2002, 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

	Notes	Unaudited Six months ended 30 June 2002 HK$'000	2001 HK$'000 (Restated)
TURNOVER	3	**264,095**	302,923
Direct cost of stocks sold and services provided		**(193,624)**	(207,740)
Other production and service costs (including depreciation of HK$13,937,000 (2001: HK$14,414,000))		**(25,633)**	(26,919)
Selling and distribution costs		**(22,272)**	(18,863)
General and administrative expenses		**(24,314)**	(29,124)
Provision and write-off of deposits and prepayments	4	**(39,272)**	–
Other revenue		**–**	624
PROFIT/ (LOSS) FROM OPERATING ACTIVITIES	4	**(41,020)**	20,901
Finance costs, net	5	**(9,579)**	(13,439)
Share of profit of a jointly controlled entity		**642**	1,396
PROFIT/(LOSS) BEFORE TAX		**(49,957)**	8,858
Tax	6	**(1,059)**	(1,948)
PROFIT/(LOSS) AFTER TAX		**(51,016)**	6,910
Minority interests		**(11)**	77
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS		**(51,027)**	6,987
Retained profits at beginning of period:			
As previously reported		**25,936**	18,595
Prior period adjustment	7	**(1,847)**	(1,791)
Retained profits as restated		**24,089**	16,804
RETAINED PROFITS/(ACCUMULATED LOSS) AT END OF PERIOD		**(26,938)**	23,791
EARNINGS/(LOSS) PER SHARE (HK cents)	9		
– Basic		**(12.47)**	1.71
– Diluted		**N/A**	1.68

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 June 2002 HK$'000	Audited 31 December 2001 HK$'000 (Restated)
NON-CURRENT ASSETS			
Fixed assets		**540,743**	554,195
Trademarks		**122,160**	121,971
Interests in associates		**(1,425)**	(1,425)
Interests in a jointly controlled entity		**52,212**	57,919
		713,690	732,660
CURRENT ASSETS			
Stocks		**64,431**	59,655
Accounts receivable	10	**40,902**	51,016
Sundry receivables, deposits and prepayment		**42,711**	66,637
Tax recoverable		**–**	309
Pledged cash deposits		**14,399**	7,437
Cash and bank balances		**63,328**	88,692
		225,771	273,746
CURRENT LIABILITIES			
Interest-bearing bank loans		**129,236**	140,335
Bills payable		**81,108**	71,246
Other loans		**5,177**	5,177
Accounts payable	11	**28,913**	23,453
Other payable and accrued charges		**32,578**	32,937
Tax		**86**	–
		277,098	273,148
NET CURRENT ASSETS / (LIABILITIES)		**(51,327)**	598
TOTAL ASSETS LESS CURRENT LIABILITIES		**662,363**	733,258
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**136,651**	156,508
Deferred tax		**9,600**	9,600
		146,251	166,108
Minority interests		**5,254**	5,243
		510,858	561,907
CAPITAL AND RESERVES			
Share capital	12	**40,911**	40,911
Reserves		**469,947**	520,996
		510,858	561,907

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2002 (Unaudited)

HK$'000	Share capital	Share premium	Revaluation reserves Investment property	Revaluation reserves Other properties	Capital and other reserves	Retained profits/ (Accumulated loss)	Total
At 1 January 2002							
As previously stated	40,911	374,364	7,519	56,265	58,759	25,936	563,754
Prior period adjustment – note 7	–	–	–	–	–	(1,847)	(1,847)
As restated	40,911	374,364	7,519	56,265	58,759	24,089	561,907
Bonus warrants issue expenses	–	(22)	–	–	–	–	(22)
Loss for the period	–	–	–	–	–	(51,027)	(51,027)
At 30 June 2002	40,911	374,342	7,519	56,265	58,759	(26,938)	510,858

For the six months ended 30 June 2001 (Unaudited)

HK$'000	Share capital	Share premium	Revaluation reserves Investment property	Revaluation reserves Other properties	Capital and other reserves	Retained profits	Total
At 1 January 2001							
As previously stated	40,911	374,364	9,919	56,265	58,117	18,595	558,171
Prior period adjustment – note 7	–	–	–	–	–	(1,791)	(1,791)
As restated	40,911	374,364	9,919	56,265	58,117	16,804	556,380
Profit for the period	–	–	–	–	–	6,987	6,987
At 30 June 2001	40,911	374,364	9,919	56,265	58,117	23,791	563,367

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30 June 2002 HK$'000	2001 HK$'000
NET CASH INFLOW / (OUTFLOW) FROM :		
OPERATING ACTIVITIES	**20,563**	29,151
INVESTING ACTIVITIES	**1,965**	24,003
FINANCING ACTIVITIES	**(39,900)**	(104,290)
DECREASE IN CASH AND CASH EQUIVALENTS	**(17,372)**	(51,136)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**88,692**	119,985
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**71,320**	68,849
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and time deposits	**63,328**	65,389
Pledged cash deposits within three months of maturity	**7,992**	3,460
	71,320	68,849

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting", issued by the Hong Kong Society of Accountants ("HKSA").

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 2001.

The following relevant SSAPs issued by the HKSA are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (Revised):	"Presentation of Financial Statements"
SSAP 11 (Revised):	"Foreign Currency Translation"
SSAP 15 (Revised):	"Cash Flow Statements"
SSAP 25 (Revised):	"Interim Financial Reporting"
SSAP 34:	"Employee Benefits"

The main revision to SSAP 1 is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed consolidated statement of changes in equity for the current interim period and the comparative balances have been presented in accordance with this revised SSAP.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions and financial statements. This revised SSAP has had no major impact on these condensed consolidated financial statements.

The main revision to SSAP 15 is to classify cash flows during the period into operating, investing and financing activities. The condensed consolidated cash flow statement for the current interim period and the comparative balances have been presented in accordance with this revised SSAP.

SSAP 25 (Revised) prescribes the presentation and disclosures following changes in SSAP 1 (Revised) and SSAP 15 (Revised). The condensed consolidated financial statements for the current interim period and comparative balances have been presented in accordance with this revised SSAP.

SSAP 34 prescribes the accounting treatment and disclosure requirements for employee benefits. Prior to the adoption of SSAP 34, the Group did not provide for the liabilities in respect of its staff's vested annual leave entitlement. SSAP 34 requires that obligations in respect of such entitlement should be accrued as soon as services are rendered. The adoption of the SSAP has resulted in a prior period adjustment to recognise a liability for the unused annual leave entitlement, as further detailed in note 7 to these condensed consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 31 December 2001.

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

As a result and consistent with the prior period, 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 losses. The Group intends to confirm the value of its trademarks by independent professional valuation periodically.

2. BASIS OF PREPARATION

As at 30 June 2002, the Group had consolidated net current liabilities of HK$51 million and total bank borrowings of HK$347 million of which the latter included an amount of HK$210 million which is repayable within one year.

As of the current date, the Group has made repayments in accordance with the repayment schedules and has complied with all the bank loan covenants. In view of the present available banking facilities to the Group at the date of releasing this interim financial report and the fact that the Group is currently holding discussions with its bankers, the directors are of the view that the banks will continue to provide the Group with sufficient working capital to finance its operations in the foreseeable future and it is considered appropriate to prepare the financial statements on a going concern basis.

If the going concern basis is not appropriate, adjustments would have to be made to restate the value of the assets to their break up values, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. TURNOVER AND SEGMENTED 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.

	People's Republic of China ("PRC") Unaudited Six months ended 30 June		Hong Kong Unaudited Six months ended 30 June		Consolidated Unaudited Six months ended 30 June	
	2002 HK$'000	2001 HK$'000	**2002 HK$'000**	2001 HK$'000	**2002 HK$'000**	2001 HK$'000
Turnover – Revenue from external customers	**219,167**	241,205	**44,928**	61,718	**264,095**	302,923
Segment results	**(47,035)**	11,293	**6,015**	9,608	**(41,020)**	20,901

4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

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

	Unaudited Six months ended 30 June	
	2002 HK$'000	2001 HK$'000
Cost of stocks sold (including write-back of accounts payable provision of Nil (2001:HK$10 million))	**192,414**	206,489
Provision and write-off of deposits and prepayments – note	**39,272**	–

Note:

The Group has commenced cooperation with a company established in Guangzhou, PRC (the "PRC Company") in relation to the Group's edible oil business in the PRC (the "PRC Businesses") since 1999. A wholly owned subsidiary of the Company in the PRC has since been having a trading relationship with the PRC Company. In May 2000, the Group entered into a cooperative agreement with the PRC Company.

The Group receives information that the PRC Company is involved in certain enquiries currently being conducted by certain authorities in the PRC and is concerned as to the possible impacts to the Group, if the results of such enquiries adversely affect the PRC Company. In respect of the amounts due from the PRC Company (the "Amounts"), including trading deposits and prepayments, and in preparation for enforcement of payment thereof, the Group has obtained legal opinion which indicates that the Group has valid grounds to claim and recover the Amounts in full. However, actual recovery of the Amounts still depends on the financial conditions of the PRC Company and hence remains uncertain. It is therefore appropriate to make provisions for the recoverability of the Amounts. In this connection, costs associated with the proposed listing of the PRC Businesses on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited are also written off.

5. FINANCE COSTS, NET

	Unaudited Six months ended 30 June 2002 HK$'000	2001 HK$'000
Interest on bank borrowings	**9,872**	15,568
Interest on other loans wholly repayable within five years	**80**	80
Total finance costs	**9,952**	15,648
Less: interest income	**(373)**	(2,209)
	9,579	13,439

6. TAX

Hong Kong profits tax has been provided at the rate of 16% (2001: 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 2002 HK$'000	2001 HK$'000
Tax in the profit and loss account represents:		
Provision for Hong Kong profits tax	**580**	1,396
Provision for tax elsewhere	**130**	313
	710	1,709
Share of tax charges of a jointly controlled entity-Hong Kong	**349**	239
	1,059	1,948

7. PRIOR PERIOD ADJUSTMENT

In the current period, the Company adopted SSAP 34 "Employee Benefits" as detailed in note 1. These changes in accounting policy have been made retrospectively and accordingly, the comparative balances for the period ended 30 June 2001, including earnings per share and retained profits brought forward as at 1 January 2001 have been restated. The effect of this change in respect of the year ended 31 December 2001 is an increase in general and administrative expenses and a decrease in net profit attributable to shareholders, of HK$47,000 and HK$9,000 for the six months period ended 30 June 2001 and 31 December 2001, respectively, which are the net movements in accrued employees' compensated leave during those periods. The retained profits brought forward as at 1 January 2001 have been reduced by HK$1,791,000, which is the amount of adjustment in respect of the Group's required accrual for employees' compensated leave as at that date.

8. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the period under review (2001: Nil).

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on the loss attributable to shareholders of HK$51,027,000 (2001 as restated: profit of HK$6,987,000) and the weighted average of 409,113,329 shares (2001: 409,113,021 shares) in issue during the period.

(b) Diluted earnings/(loss) per share

No diluted loss per share is presented as there were no dilutive potential ordinary shares. Diluted earnings per share for the prior period is based on the profit attributable to shareholders of HK$6,987,000 and the weighted average of 416,680,943 shares adjusted for the effects of all dilutive potential shares for that period.

10. ACCOUNTS RECEIVABLE

The aging analysis of accounts receivable is as follows:

	Unaudited 30 June 2002 HK$'000	Audited 31 December 2001 HK$'000
Current	**24,372**	35,792
Less than 60 days	**10,115**	5,192
Over 60 days	**6,415**	10,032
	40,902	51,016

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.

11. ACCOUNTS PAYABLE

The aging analysis of accounts payable is as follows:

	Unaudited 30 June 2002 HK$'000	Audited 31 December 2001 HK$'000
Current and less than 60 days	**20,058**	15,588
Over 60 days	**8,855**	7,865
	28,913	23,453

12. SHARE CAPITAL

During the period, the Company issued bonus warrants to the shareholders on the basis of one bonus warrant for every five shares held by the shareholders of the Company, resulting in an issue of 81,822,604 warrants carrying rights to subscribe in aggregate of 81,822,604 new shares of HK$0.10 each in the Company at any time between 29 May 2002 and 30 April 2005, both dates inclusive, at an initial subscription price of HK$0.27 per share, subject to adjustments. During the period, 2,505 new shares of HK$0.10 each in the Company were issued as a result of exercise of warrants.

As at 30 June 2002, the Company had outstanding 81,820,099 warrants. The exercise in full of such warrants would result in issue of 81,820,099 additional shares of HK$0.10 each and cash proceeds, before the related issue expenses, of approximately HK$22,091,000.

13. COMMITMENTS

	Unaudited 30 June 2002 HK$'000	Audited 31 December 2001 HK$'000
Capital commitments for the acquisition of property, plant and equipment:		
Contracted for	**4,777**	4,931
Authorised, but not contracted for	**4,870**	2,069

14. CONTINGENT LIABILITIES

As at 30 June 2002, 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$15,747,000 (31 December 2001: HK$15,333,000).

15. RELATED PARTY TRANSACTIONS

		Unaudited Six months ended 30 June	
	Notes	**2002 HK$'000**	2001 HK$'000
Transactions with the JCE:			
Sales of goods	a	**17,768**	25,306
Purchases of goods/services	b	**833**	1,049
Oil refinement income	c	**7,685**	6,413
Production income	d	**4,863**	–
Royalty income	e	**11,013**	11,536
Property rental and tank farm income	f	**4,797**	6,276
Other property related income	g	**2,622**	2,087
Transactions with the controlling shareholders of the Group			
Sales of goods	a	**–**	430
Transactions with a company in which a director of the Company has indirect interest			
Management fee expenses	h	**–**	270
Consultancy fee expenses	i	**270**	–

15. RELATED PARTY TRANSACTIONS (Continued)

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 refinement income was charged at rates comparable to those offered to other unrelated customers of the Group.

d. The production income were charged at rates comparable to those offered to other unrelated customers of the Group.

e. Pursuant to a trademark licence agreement entered into between the Group and the JCE, the royalties received for the use of the trademarks is 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.

f. 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.

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

h. 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.

i. The consultancy fee expenses paid to a company in which a director of the Company has indirect interest were charged by that company based on the cost incurred in providing such services.

16. PLEDGE OF ASSETS

As at 30 June 2002, investment property, certain leasehold land and buildings and certain plant and machinery of the Group with an aggregate carrying value of approximately HK$340,658,000 (31 December 2001: HK$344,970,000), accounts receivable of the Group of Nil (31 December 2001: HK$5,049,000), certain stocks of the Group with a carrying value of approximately HK$24,020,000 (31 December 2001: HK$22,096,000) and cash deposits of the Group of approximately HK$14,399,000 (31 December 2001: HK$7,437,000) 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 2001: HK$2,293,000) were pledged to secure certain other loans.

BUSINESS REVIEW AND PROSPECTS

The economic conditions during the first half of 2002 have remained difficult for businesses, and that for the edible oil industry is of no exception.

Operating results

For the six months ended 30 June 2002, earnings before exceptional item, interest, tax, depreciation and amortisation (EBITDA) was HK$13 million, as compared to HK$37 million for the same period in 2001.

Net loss attributable to shareholders for the said period was HK$51 million, which included the exceptional item relating to the provision and write-off of deposits and prepayments (see "Provision and write-off" here below). This compares with a profit of HK$7 million for the same period in 2001. The loss per share for the period was 12.47 cents (2001: earnings per share of 1.71 cents).

Financial Review

Equity

The number of issued shares of HK$0.10 each as at 30 June 2002 was 409,115,526 (31 December 2001: 409,113,021). On 29 May 2002, 81,822,604 warrants (the "Warrants") carrying rights to subscribe an aggregate of 81,822,604 new shares of HK$0.10 each in the Company at any time up to 30 April 2005 at an initial subscription price of HK$0.27 per share were issued. During the period under review, the share capital of the Company was increased by 2,505 shares resulting from the exercise of 2,505 Warrants.

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" in the interim financial report.

Liquidity and gearing

As at the balance sheet date, the Group's total bank borrowings less pledged cash deposits amounted to HK$332 million (31 December 2001: HK$361 million). The Group's gearing ratio (expressed as a percentage of long term bank borrowings over shareholders' funds and long term bank borrowings) as at 30 June 2002 was 21% (31 December 2001: 22%).

Liquidity and gearing (Continued)

As at 30 June 2002, the Group had net current liabilities of HK$51 million (31 December 2001: net current asset of HK$1 million). The decrease in net current assets is mainly due to repayment of long term bank loans, provision and write-off of deposits and prepayments. As the Group had made repayments of its bank indebtedness in accordance with the repayment schedules and complied with all the bank loan covenants and discussions had been carried out with the Group's bankers, the directors are of the view that the banks will continue to provide the Group with sufficient working capital to finance its operations in the foreseeable future.

The Group's bank borrowings are denominated in Hong Kong dollars, US dollars, and Renminbi. The Group continues to adopt the policy of hedging foreign currency liabilities with foreign currency assets.

The net interest expenses for the period were HK$10 million (2001: HK$13 million). Such decrease is mainly attributable to the repayments of bank loans and the decrease in interest rates during the period under review.

Remuneration policies and share option scheme

Remuneration packages comprised salaries 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 million (2001: HK$22 million). As at 30 June 2002, the Group had 535 (31 December 2001: 593) employees.

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

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 results of the PRC segment included provision and write-off of deposits and prepayments amounting to HK$39 million.

Details of the segmented information are set out in note 3 to the interim financial report.

Contingent liabilities

Details of the contingent liabilities are set out in note 14 to the interim financial report.

Pledge of assets

Details of the pledge of assets are set out in note 16 to the interim financial report.

Review of Operations

Edible oil

The performance of our edible oil business in Hong Kong has been in line with the market conditions while that of our edible oil business in the PRC has continuously been hit by the price-driven strategies which were adopted to cope with the local market competition.

In Hong Kong, the Group's flagship brand, Lion & Globe, continues to receive "Superbrands" award. In the PRC, Lion & Globe peanut oil and Camel mixed oil have recently been officially awarded the title of "Premium Brand" by the Guangdong provincial government.

Provision and write-off

The Group has commenced cooperation with a company established in Guangzhou, PRC (the "PRC Company") in relation to the Group's edible oil business in the PRC (the "PRC Businesses") since 1999. In May 2000, the Group entered into a cooperative agreement with the PRC Company.

Recently, the Group receives information that the PRC Company is involved in certain enquiries currently being conducted by certain authorities in the PRC. The Group is concerned as to the possible impacts to the Group, if the results of such enquiries adversely affect the PRC Company. In respect of the amounts due from the PRC Company (the "Amounts"), including trading deposits and prepayments, and in preparation for enforcement of payment thereof, the Group has obtained legal opinion which indicates that the Group has valid grounds to claim and recover the Amounts in full. However, at this juncture, it is not certain that the assets of the PRC Company are adequate to cover fully the Amounts and it is therefore appropriate to make a provision (the "Provision") for the Amounts in the accounts for the period under review. Despite the Provision, the Group will take all possible steps to recover the Amounts. In this connection, the costs associated with the proposed listing of the PRC Businesses are written-off in the accounts for the same period (the "Write-off"). The Provision and the Write-off amount to HK$39 million in total.

Provision and write-off (Continued)

With China's recent accession to WTO, the edible oil industry in the PRC becomes more open and transparent and the edible oil supplies in the PRC are more readily accessible by foreign investment enterprises. Accordingly, it is expected that the role of the PRC Company in providing or procuring supplies of edible oil to the Group would become less and less important. Consequently, the impact of the results of the above enquiries involving the PRC Company on the Group's business future would not be significant.

In view of the change in the PRC edible oil market conditions as mentioned above and the risk associated with the recoverability of the Amounts, the Group will review its overall strategies for the PRC Businesses and its relationship with the PRC Company and consider possible new directions, and, for such purposes, obtain further legal advice in the PRC and in Hong Kong. At the same time, to explore more options for the Group in the possible redirection of the PRC Businesses, there have already been initial talks with parties interested in cooperating with the Group in developing the PRC Businesses.

Outlook

The management expects that the current market situations would not be substantially improved in the second half of the year. In a longer term, the edible oil market in the PRC is expected to experience a substantial growth resulting from China's entry into WTO.

Apart from reviewing its PRC business strategies, the Group will continue to improve its operational costs, efficiency and liquidity and concentrate on profitable business segments. Emphasis will also be placed on implementing proper brand management strategies which would strengthen customers' loyalty and bring benefits in the long term.

Management and staff

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

AUDIT COMMITTEE

The Directors have engaged the Group's external auditors to review the interim financial report for the six months ended 30 June 2002. 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.

AUDIT COMMITTEE (Continued)

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 the review of the interim report for the six months ended 30 June 2002.

DEALINGS IN THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2002, 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 and warrants of the Company as recorded in the register kept under Section 29 of the Securities (Disclosure of Interests) Ordinance as at 30 June, 2002 were as follows:

(i) Interests in shares

	Number of shares of HK$0.10 each			
	Personal Interests	Family Interests	Corporate Interests	Other Interests
Hung Hak Hip	–	1,396,645	3,601,607	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 an equity interest in any of the Company's subsidiaries.

DIRECTORS' INTERESTS (Continued)

(ii) Interests in warrants

	Number of warrants			
	Personal Interests	Family Interests	Corporate Interests	Other Interests
Hung Hak Hip	–	179,328	720,321	645,483**
Liu Chi Keung, Ricky	–	–	–	–
Wong Yu Hong, Philip	–	–	–	–
Sze Tsai To, Robert	–	–	–	–
Cheung Wing Yui, Edward	79,600	–	–	–
Hung Chiu Yee	154,534	–	–	–
Lee Pak Wing	–	–	–	–
Han Kin Yee	–	–	–	–
Chan Sai On, David	–	–	–	–
Wong Kwok Ying	–	–	–	–

** 645,483 warrants were beneficially owned by a discretionary trust whose discretionary beneficiaries include an associate of Mr. Hung Hak Hip.

B. At 30 June, 2002, 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	Exercisable price per share
Hung Hak Hip	4,752,105	up to 16 November 2010	HK$0.1834
Liu Chi Keung, Ricky	4,091,130	up to 16 November 2010	HK$0.1834
Wong Yu Hong, Philip	2,045,565	up to 29 November 2005	HK$0.2112
Sze Tsai To, Robert	2,045,565	up to 21 November 2006	HK$0.1834
Cheung Wing Yui, Edward	2,045,565	up to 16 November 2005	HK$0.1834
Hung Chiu Yee	2,045,565	up to 16 November 2010	HK$0.1834
Lee Pak Wing	2,376,052	up to 16 November 2010	HK$0.1834
Wong Kwok Ying	4,091,130	up to 16 November 2010	HK$0.1834

All the above share options were granted pursuant to a board resolution on 17 November 2000.

DIRECTORS' INTERESTS (Continued)

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, 2002, 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 (the "Code") 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 required by paragraph 7 of the Code 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, 27 September 2002

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 11.

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 and authorised for issue 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.

Basis of preparation

In forming our review conclusion, we have considered the adequacy of the disclosures made in note 2 to the interim financial report with regards to the preparation of the condensed consolidated financial statements on the going concern basis. We consider that appropriate disclosures have been made in that note.

Accounting treatment of trademarks

Included in the condensed consolidated balance sheet are trademarks of HK$122,160,000 which are stated at cost and are not amortised. In accordance with SSAP 29 "Intangible Assets", 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 for the reasons stated therein. Because we have not been able to quantify the estimated useful life 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 2002 and the loss for the six months period then ended, including any prior period adjustment that may be required.

We previously modified our review conclusion for the six months period ended 30 June 2001 and qualified our opinion for the year ended 31 December 2001 in respect of the above matter.

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 2002.

Ernst & Young
Certified Public Accountants

Hong Kong
27 September 2002