Hop Hing Holdings Limited

(Incorporated in Bermuda with limited liability)

Interim Report 2005

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 2005, 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

		For the six months ended 30 June	
		2005	2004
		(Unaudited)	(Restated)
	Notes	***HK$'000***	*HK$'000*
TURNOVER	*2*	**349,412**	343,103
Direct cost of stocks sold and services provided		**(263,655)**	(261,319)
Other production and service costs (including depreciation and amortisation of HK$12,188,000 and HK$203,000 (2004: HK$12,976,000 and HK$203,000), respectively)		**(29,871)**	(28,018)
Selling and distribution costs		**(35,220)**	(32,621)
General and administrative expenses		**(19,005)**	(19,909)
PROFIT FROM OPERATING ACTIVITIES	*3*	**1,661**	1,236
Finance costs, net	*4*	**(6,586)**	(7,654)
LOSS BEFORE TAX		**(4,925)**	(6,418)
Tax	*5*	**(1,125)**	(849)
LOSS FOR THE PERIOD		**(6,050)**	(7,267)
ATTRIBUTABLE TO :			
Equity holders of the Company		**(6,073)**	(7,540)
Minority interests		**23**	273
		(6,050)	(7,267)
LOSS PER SHARE (HK cents)	*6*		
– Basic		**(1.48)**	(1.84)
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30 June 2005 (Unaudited) *HK$'000***	31 December 2004 (Restated) *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**298,769**	376,175
Investment property		**–**	58,400
Land use rights		**16,230**	16,433
Trademarks		**122,807**	122,659
Interests in associates		**(1,425)**	(1,425)
Deferred tax assets		**5,614**	10,763
		441,995	583,005
Current assets			
Stocks		**76,037**	95,148
Accounts receivable	*7*	**67,330**	73,363
Sundry receivables, deposits and prepayments		**45,005**	36,731
Pledged cash deposits		**3,654**	5,944
Cash and bank balances		**36,228**	35,476
		228,254	246,662
Total assets		**670,249**	829,667

CONDENSED CONSOLIDATED BALANCE SHEET *(continued)*

	Notes	30 June 2005 (Unaudited) HK$'000	31 December 2004 (Restated) HK$'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued capital	10	**41,300**	40,925
Reserves		**366,243**	368,660
		407,543	409,585
Minority interests		**11,971**	11,948
Total equity		**419,514**	421,533
Non-current liabilities			
Interest-bearing bank loans	8	**10,000**	222,958
Deferred tax liabilities		**4,326**	10,075
		14,326	233,033
Current liabilities			
Interest-bearing bank loans	8	**131,236**	47,582
Bills payable		**31,020**	33,160
Accounts payable	9	**27,559**	38,760
Other payables and accrued charges		**43,178**	52,960
Tax		**3,416**	2,639
		236,409	175,101
Total liabilities		**250,735**	408,134
Total equity and liabilities		**670,249**	829,667

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005 (Unaudited)

	Issued share capital	Reserves: Share premium account	Reserves: Investment property revaluation reserve	Reserves: Other properties revaluation reserve	Reserves: Capital and other reserves	Reserves: Accumulated losses	Reserves: Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2005								
As previously stated	**40,925**	**374,079**	**319**	**16,892**	**58,759**	**(81,389)**	**368,660**	**409,585**
Opening adjustment	**–**	**–**	**(319)**	**–**	**–**	**319**	**–**	**–**
As restated	**40,925**	**374,079**	**–**	**16,892**	**58,759**	**(81,070)**	**368,660**	**409,585**
Transfer upon disposal	**–**	**–**	**–**	**(17,252)**	**–**	**17,252**	**–**	**–**
Reversal upon disposal	**–**	**–**	**–**	**3,019**	**–**	**–**	**3,019**	**3,019**
Issue of shares (note 10)	**375**	**637**	**–**	**–**	**–**	**–**	**637**	**1,012**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(6,073)**	**(6,073)**	**(6,073)**
Balance at 30 June 2005	**41,300**	**374,716**	**–**	**2,659**	**58,759**	**(69,891)**	**366,243**	**407,543**

For the six months ended 30 June 2004 (Unaudited)

	Issued share capital	Reserves: Share premium account	Reserves: Investment property revaluation reserve	Reserves: Other properties revaluation reserve	Reserves: Capital and other reserves	Reserves: Accumulated losses	Reserves: Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2004	40,915	374,062	319	16,892	58,759	(69,437)	380,595	421,510
Issue of shares	3	5	–	–	–	–	5	8
Loss for the period	–	–	–	–	–	(7,540)	(7,540)	(7,540)
Balance at 30 June 2004	40,918	374,067	319	16,892	58,759	(76,977)	373,060	413,978

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2005	2004
	(Unaudited)	(Restated)
	HK$'000	*HK$'000*
NET CASH INFLOW/(OUTFLOW) FROM:		
OPERATING ACTIVITIES	**10,929**	9,917
INVESTING ACTIVITIES (*)	**2,522**	(531)
FINANCING ACTIVITIES	**(12,699)**	(16,587)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**752**	(7,201)
Cash and cash equivalents at beginning of period	**35,476**	47,984
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**36,228**	40,783
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and time deposits	**36,228**	40,783

CONDENSED CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(*) Investing activities included disposal of subsidiaries during the period. The financial impacts of the disposal are as follows:

	HK$'000
Net assets/(liabilities) disposed of:	
Property, plant and equipment	66,636
Investment property	58,400
Deferred tax asset, net	2,394
Sundry receivables, deposits and prepayments	701
Cash and bank balances	1,103
Other payables and accrued charges	(3,883)
Interest-bearing bank loans, secured	(120,000)
	5,351
Gain on disposal	452
	5,803
Satisfied by:	
Cash	5,803

An analysis of the net cash inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK$'000
Cash consideration	5,803
Cash and bank balances disposed of	(1,103)
	4,700

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". 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 2004, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time in the Group's financial statements for the current period:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HK(SIC) – Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK – Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 1, 2, 7, 8, 10, 12, 16, 18, 19, 21, 23, 24, 27, 28, 32, 33, 37, 39, HKFRS 2, HK(SIC) – Int 21 and HK – Int 4 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements. The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 17 – Leases

In prior periods, leasehold land and buildings held for own use were stated at cost or valuation less accumulated depreciation and any impairment losses.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) HKAS 17 – Leases *(continued)*

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to be passed to the Group by the end of the lease term, and is reclassified from property, plant and equipment to land use rights, while leasehold buildings continue to be classified as part of property, plant and equipment. Land use rights are initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

This change in accounting policy has had no effect on the condensed consolidated profit and loss account and accumulated losses. The comparatives on the condensed consolidated balance sheet for the year ended 31 December 2004 have been restated to reflect the reclassification of land use rights.

(b) HKAS 31 – Interests in Joint Ventures

In prior periods, the Group's interest in its jointly-controlled entity was accounted for using the equity method. Upon the adoption of HKAS 31, which recommends the use of proportionate consolidation for investments in jointly-controlled entities, the Group changes the accounting policy for its investment in the jointly-controlled entity from equity method to proportionate consolidation. Such change in accounting policy is accounted for retrospectively and involves recognising a proportionate share of the jointly-controlled entity's assets, liabilities, income and expenses into similar items in the condensed consolidated interim financial statements on a line-by-line basis.

This change in accounting policy has had no effect on the condensed consolidated profit and loss account and the net assets of the Group.

(c) HKAS 40 – Investment Property

In prior periods, changes in the fair values of investment properties were dealt with as movements in the investment property revaluation reserve. If the total of this reserve was insufficient to cover a deficit, on a portfolio basis, the excess of the deficit was charged to the profit and loss account. Any subsequent revaluation surplus was credited to the profit and loss account to the extent of the deficit previously charged.

Upon the adoption of HKAS 40, gains or losses arising from changes in the fair values of investment properties are included in the profit and loss account in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit and loss account in the year of retirement or disposal.

The Group has taken advantage of the transitional provisions of HKAS 40 to adjust the effect of adopting the standard to the opening balance of accumulated losses rather than restating the comparative amounts to reflect the changes retrospectively for the earlier period presented in the condensed consolidated financial statements.

This change in accounting policy has had no effect on the condensed consolidated profit and loss account and the net assets of the Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The following is a summary of effect of adopting the new HKFRSs on the condensed consolidated interim financial statements:

(i) Condensed consolidated profit and loss account

	Increase/(Decrease) For the six months ended 30 June	
	2005	2004
	HKAS 31	HKAS 31
	HK$'000	*HK$'000*
Turnover	**119,068**	128,426
Direct cost of stocks sold and services provided	**(76,839)**	(89,011)
Other production and service costs (including depreciation of HK$491,000 (2004: HK$514,000))	**(7,541)**	(6,799)
Selling and distribution costs	**(29,106)**	(26,306)
General and administrative expenses	**(4,558)**	(4,540)
Profit from operating activities	**1,024**	1,770
Finance costs, net	**(296)**	(277)
Share of profit of a jointly-controlled entity	**(728)**	(1,493)
Loss for the period	**–**	–

Notes to Condensed Consolidated Financial Statements *(continued)*

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ii) Condensed consolidated balance sheet

	Increase/(Decrease)					
	As at 30 June 2005			As at 31 December 2004		
	HKAS 1	**HKAS 17**	**HKAS 31**	HKAS 1	HKAS 17	HKAS 31
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	**–**	**(16,230)**	**9,587**	(58,400)	(16,433)	9,619
Investment property	**–**			58,400		
Land use rights		**16,230**			16,433	
Interest in a jointly-controlled entity			**(55,737)**			(57,220)
Stocks			**38,988**			51,657
Accounts receivable			**47,854**			53,195
Sundry receivables, deposits and prepayments			**2,407**			3,026
Cash and bank balances			**2,879**			3,486
Total assets	**–**	**–**	**45,978**	–	–	63,763
Deferred tax liabilities			**713**			688
Bills payable			**18,853**			21,697
Accounts payable			**7,487**			15,895
Other payables and accrued charges			**18,618**			25,269
Tax			**307**			214
Total liabilities	**–**	**–**	**45,978**	–	–	63,763
Total equity	**–**	**–**	**–**	–	–	–

2. 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.

	Hong Kong For the six months ended 30 June		**Mainland China For the six months ended 30 June**		**Consolidated For the six months ended 30 June**	
	2005	2004	**2005**	2004	**2005**	2004
	(Unaudited)	(Restated)	**(Unaudited)**	(Restated)	**(Unaudited)**	(Restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**198,930**	188,352	**150,482**	154,751	**349,412**	343,103

Notes to Condensed Consolidated Financial Statements *(continued)*

3. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 30 June	
	2005 (Unaudited) *HK$'000*	2004 (Restated) *HK$'000*
Cost of stocks sold	**262,759**	259,803

4. FINANCE COSTS, NET

	For the six months ended 30 June	
	2005 (Unaudited) *HK$'000*	2004 (Restated) *HK$'000*
Interest on bank borrowings	**6,630**	7,842
Interest on other loans wholly repayable within five years	**67**	67
Total finance costs	**6,697**	7,909
Less: Interest income	**(111)**	(255)
	6,586	7,654

5. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 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.

	For the six months ended 30 June	
	2005 (Unaudited) *HK$'000*	2004 (Restated) *HK$'000*
Tax in the profit and loss account represents:		
Provision for Hong Kong profits tax	**1,040**	1,134
Provision for tax elsewhere	**60**	155
	1,100	1,289
Deferred tax	**25**	(440)
	1,125	849

Note: The Group has received notices of assessment from the Inland Revenue Department in Hong Kong in respect of the Group's assessable profits arising from royalty income, which is under objection.

Notes to Condensed Consolidated Financial Statements *(continued)*

6. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of HK$6,073,000 (2004: HK$7,540,000) and the weighted average of 410,830,020 ordinary shares (2004: 409,172,918 ordinary shares) in issue during the period.

(b) Diluted loss per share

Diluted loss per share for both periods have not been presented as the share options and warrants outstanding during the periods had an anti-dilutive effect on the basic loss per share for these periods.

7. ACCOUNTS RECEIVABLE

An aged analysis of the accounts receivable as at the balance sheet date is as follows:

	30 June 2005 (Unaudited) ***HK$'000***	31 December 2004 (Restated) *HK$'000*
Current and less than 60 days	**64,752**	71,575
Over 60 days	**2,578**	1,788
	67,330	73,363

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 senior management.

8. INTEREST-BEARING BANK LOANS

	30 June 2005 (Unaudited) ***HK$'000***	31 December 2004 (Restated) *HK$'000*
Secured	**138,428**	267,732
Unsecured	**2,808**	2,808
	141,236	270,540
Portion due within one year included under current liabilities:		
Hong Kong	**14,800**	33,000
PRC *(Note)*	**116,436**	14,582
	131,236	47,582
Long term portion	**10,000**	222,958
Represented by:		
Hong Kong	**10,000**	120,000
PRC *(Note)*	**–**	102,958

Note: Certain of the Group's PRC bank loans (the "PRC Bank Loans") of approximately HK$103 million, which were classified as long term liabilities as at 31 December 2004, were due for renewal within one year from the period end and classified as current liabilities as at 30 June 2005. The PRC Bank Loans were borrowed by a PRC subsidiary and secured on certain property, plant and equipment and land use rights of certain PRC subsidiaries and have no recourse to other members of the Group.

Notes to Condensed Consolidated Financial Statements *(continued)*

9. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the balance sheet date is as follows:

	30 June 2005 (Unaudited) ***HK$'000***	31 December 2004 (Restated) *HK$'000*
Current and less than 60 days	**23,887**	34,686
Over 60 days	**3,672**	4,074
	27,559	38,760

10. SHARE CAPITAL

During the period, 3,745,853 shares of HK$0.10 each were issued for cash at a subscription price of HK$0.27 per share pursuant to the exercise of 3,745,853 warrants of the Company for a total cash consideration, before expenses, of approximately HK$1,012,000.

11. COMMITMENTS

	30 June 2005 (Unaudited) ***HK$'000***	31 December 2004 (Audited) *HK$'000*
Capital commitments for the acquisition of property, plant and equipment:		
Contracted for	**1,436**	1,434
Authorised, but not contracted for	**1,240**	1,097

Notes to Condensed Consolidated Financial Statements *(continued)*

12. RELATED PARTY TRANSACTIONS

	Notes	For the six months ended 30 June 2005 (Unaudited) HK$'000	2004 (Restated) HK$'000
Transactions with the jointly-controlled entity (+):			
Sales of goods	*a*	**26,419**	15,035
Purchases of goods/services	*b*	**619**	20
Production and oil refinement income	*c*	**22,486**	14,052
Royalty income	*d*	**5,274**	5,236
Property rental income	*e*	**3,202**	4,230
Other property related income	*f*	**790**	1,206
Management fee income	*g*	**2,000**	2,000
Transactions with companies associated with the controlling shareholders of the Company:			
Sales of goods	*a*	**858**	–
Rental income	*h*	**829**	943
Rental expenses	*i*	**575**	–
Consideration received on disposal of subsidiaries	*j*	**5,803**	–
Transactions with a company in which a director of the Company has an indirect interest:			
Management fee expenses	*k*	**480**	270

(+) The Group has proportionate consolidated 50% of the transactions with the jointly-controlled entity in its condensed consolidated profit and loss account.

Notes:

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

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

c. The production and oil refinement income arose from agreements entered into with the jointly-controlled entity after an arm's length negotiation and was at rates comparable to those offered to unrelated customers of the Group.

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

Notes to Condensed Consolidated Financial Statements *(continued)*

12. RELATED PARTY TRANSACTIONS *(continued)*

e. The property rental income related to the properties and barges included in property, plant and equipment. The property rental income was received 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 received and a property management fee and was received based on the cost incurred in managing the properties and providing air-conditioning services.

g. The management fee income was received based on the cost incurred for providing such services.

h. The rental income was received by reference to open market rentals and was subject to review according to the terms of the relevant tenancies.

i. The rental expenses were paid by reference to open market rentals and were subject to the terms of the relevant tenancies.

j. The transaction was approved by the directors at a board meeting held on 29 April 2005, and details of the contract are summarised in a circular to the shareholders dated 23 May 2005.

k. 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.

13. PLEDGE OF ASSETS

As at 30 June 2005, an investment property, certain leasehold land and buildings, certain land use rights and certain plant and machinery of the Group with an aggregate carrying value of approximately HK$177,478,000 (31 December 2004: HK$294,047,000), certain accounts receivable and stocks of the Group of approximately HK$18,053,000 (31 December 2004: Nil), and a cash deposit of the Group of approximately HK$3,654,000 (31 December 2004: HK$5,944,000) were pledged to banks to secure banking facilities granted to the Group. In addition, certain stocks with a carrying value of approximately HK$2,293,000 (2004: HK$2,293,000) were pledged to secure certain loans from minority shareholders of certain subsidiaries.

14. APPROVAL OF THE INTERIM FINANCIAL REPORT

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 16 September 2005.

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 June 2005, the loss attributable to equity holders was HK$6.1 million, an improvement of 19% when compared to the loss of HK$7.5 million for the same period in 2004. The loss per share for the period was 1.48 cents (2004: loss per share 1.84 cents).

Profit from operating activities was HK$1.7 million, increased by 34% over that of the first half of 2004.

Dividend
The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2005 (2004: Nil).

Review of Operation
In the period under review, the edible oil markets continued to be competitive. The upsurge of fuel cost has resulted in increasing the operating costs of the Group. Although the market sentiment was improving, price adjustments reflecting increases in raw material and operation costs had yet to be accepted by the market. To meet these challenges, the management continued its effort to increase efficiency, streamline costs and improve its working capital management. The staff cost for the period under review was reduced by 9% to HK$20.7 million from HK$22.7 million in the same period last year. As compared to 30 June 2004, the Group's stock level and its accounts receivable as at 30 June 2005 decreased by 20% and 8% respectively.

In the first half of 2005, the Hong Kong economy continued to recover. Despite the threat of PRC brands entering into the Hong Kong edible oil markets, the Group maintained its stable market share. The Group's Hong Kong edible oil segment performed up to expectation in the first half of 2005 and continued to be a major profit contributor of the Group.

In addition to Superbrands Hong Kong 2004/05 awarded by Superbrands Limited, Lion & Globe, our flagship edible oil brand, received 2005 Superbrand Gold Award from Reader's Digest in the period under review. Its popularity has further been confirmed by being awarded The Healthiest for Cooking 2004 Award in the Favourite Brand Poll conducted by ParknShop, a leading supermarket chain in Hong Kong.

The PRC edible oils market remained competitive. Our strategy in the PRC to focus on more profitable China South sales region has been proven to be effective. Together with our continued effort in streamlining costs, the performance of the PRC edible oil segment showed an improving trend. Although this segment still recorded losses which were caused mainly by the depreciation of its property, plant and equipment and amortisation of its land use rights, the EBITDA of this segment was positive and increasing.

BUSINESS REVIEW AND OUTLOOK *(continued)*

Financial Review

Equity

The number of issued shares of HK$0.10 each as at 30 June 2005 was 412,998,791 (31 December 2004: 409,252,938). At 1 January 2005, the Company had 81,682,687 outstanding warrants carrying rights to subscribe for an aggregate of 81,682,687 new shares of HK$0.10 each in the Company at an initial subscription price of HK$0.27 per share. During the period under review, 3,745,853 warrants were exercised for 3,745,853 shares of HK$0.10 each at a price of HK$0.27 per share. The unexercised 77,936,834 warrants were cancelled upon their expiration on 30 April 2005.

On 26 May 2005, 2,064,993 share options were granted to a director for a cash consideration of HK$1.00 under the Share Option Scheme adopted by the Company in its special general meeting held on 25 June 2004, entitling her to subscribe shares of HK$0.10 each in the Company at a price of HK$0.286 per share upon exercise of her subscription rights in the exercise period from 26 May 2006 to 25 May 2016 (both dates inclusive). As at the period end date, there were outstanding share options granted to certain eligible employees, entitling them to subscribe for 21,466,540 shares of the Company. Details of the share options outstanding are disclosed in the section under "Share Option Scheme" in the interim financial report.

Liquidity and gearing

As at the balance sheet date, the Group's total bank borrowings amounted to HK$172.3 million (31 December 2004: HK$303.7 million), of which HK$162.3 million was either repayable or subject to renewal within one year and the balance was repayable within two to five years. The Group's gearing ratio (expressed as a percentage of total bank loans over shareholders' funds) as at 30 June 2005 was 34.7% (31 December 2004: 66.1%). The substantial improvement in the Group's gearing ratio was mainly due to the disposal of certain wholly-owned subsidiaries whose liabilities included a syndicated bank loan.

The net interest expenses for the period was HK$6.6 million (2004: HK$7.7 million). Such decrease was mainly attributable to the repayments of bank loans and the disposal of certain subsidiaries of the Group which carried certain of the Group's bank borrowings in Hong Kong during the period under review.

The Group's funding policy is to finance the business operations with internally generated cash and banking 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.

BUSINESS REVIEW AND OUTLOOK *(continued)*

Financial Review *(continued)*

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 directors' remuneration) of the Group in the period under review was HK$20.7 million (2004: HK$22.7 million). As at 30 June 2005, the Group had 420 full-time and temporary employees (30 June 2004: 426).

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 financial report.

Segment information

In the period under review, the Group's edible oil business in Hong Kong enjoyed a moderate growth and accounted for a major proportion of the Group's turnover.

Details of the Group's segment information are set out in note 2.

Pledge of assets

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

Outlook

Having gone through the process of increasing efficiency and streamlining costs, the Group is now well positioned to meet the challenges lying ahead.

With the recovering Hong Kong economy, the lifting of control on Mainland China tourists and the inauguration of Hong Kong Disneyland in the second half of this year, market situation will improve. The fierce competition in the PRC edible oil market is expected to continue into 2006 when the PRC's quota system on controlling the import of edible oils will be lifted.

To capture market opportunities and rise to the challenge, the Group will build and reinforce the brand loyalty of its customers. The Group will also take advantage of its edible oil refinery facility in Hong Kong to capture the opportunities created by the Closer Economic Partnership Arrangement ("CEPA").

BUSINESS REVIEW AND OUTLOOK *(continued)*

Management and staff

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.

BOARD COMMITTEES

Audit Committee

The directors have engaged the Group's external auditors to review the interim financial report for the six months ended 30 June 2005. 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 Institute of Certified Public Accountants.

The Company has an audit committee with terms of reference revised to align with the provisions of the Code on Corporate Governance Practices (the "Code on CG Practices") as set out in Appendix 14 of Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. Ms. Hung Chiu Yee and Mr. Lee Pak Wing, two non-executive directors of the Company, resigned from the audit committee on 17 June 2005. The audit committee currently comprises the three independent non-executive directors of the Company with the Chairman of the committee having appropriate professional financial qualifications and experience.

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 financial report for the six months ended 30 June 2005.

Remuneration Committee

The remuneration committee was established with a particular responsibility to review the Company's remuneration policy for directors and members of senior management. The committee now comprises the non-executive Chairman of the Company and the three independent non-executive directors. During the period, the terms of reference of the remuneration committee were also revised to align with the provisions of the Code on CG Practices.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2005, the interests of the directors and chief executive in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") were as follows:

Interests in ordinary shares of the Company

	Number of shares held, capacity and nature of interest					
Name of director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	Percentage of the Company's issued share capital
Hung Hak Hip, Peter	–	–	3,601,607	3,227,420*	6,829,027	1.7
Wong Yu Hong, Philip	–	–	–	–	–	–
Sze Tsai To, Robert	–	–	–	–	–	–
Cheung Wing Yui, Edward	398,000	–	–	–	398,000	0.1
Hung Chiu Yee	772,673	–	–	–	772,673	0.2
Lee Pak Wing	–	–	–	–	–	–
Wong Kwok Ying	–	–	–	–	–	–
Lam Fung Ming, Tammy	–	–	–	–	–	–

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

The interests of the directors and chief executive in the share options of the Company are separately disclosed under the section headed "Share Option Scheme" below.

Save as disclosed above, none of the directors and chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

SHARE OPTION SCHEME

On 25 June 2004, the shareholders of the Company approved the termination of the share option scheme adopted by the Company on 30 June 2000 (the "2000 Share Option Scheme") and the adoption of a new share option scheme (the "2004 Share Option Scheme") with rules complying with the new requirements of Chapter 17 of the Listing Rules. Upon termination of the 2000 Share Option Scheme, no further share options can be granted thereunder but in all other respects the provisions of the 2000 Share Option Scheme shall remain in force and all share options granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

At 30 June 2005, certain directors held share options granted to them under the 2000 Share Option Scheme and the 2004 Share Option Scheme which entitle them to subscribe for shares of HK$0.10 each in the Company upon the exercise of their subscription rights as follows:

	Number of shares constituting the share options	**Exercise period of share options**	**Exercise price of share options** *HK$*
Hung Hak Hip, Peter	4,752,105	17 November 2000 to 16 November 2010	0.1834
Wong Yu Hong, Philip	2,045,565	30 November 2000 to 29 November 2005	0.2112
Sze Tsai To, Robert	2,045,565	22 November 2001 to 21 November 2006	0.1834
Cheung Wing Yui, Edward	2,045,565	17 November 2000 to 16 November 2005	0.1834
Hung Chiu Yee	2,045,565	17 November 2000 to 16 November 2010	0.1834
Lee Pak Wing	2,376,052	17 November 2000 to 16 November 2010	0.1834
Wong Kwok Ying	4,091,130	17 November 2000 to 16 November 2010	0.1834
Lam Fung Ming, Tammy	2,064,993	26 May 2006 to 25 May 2016	0.2860

SHARE OPTION SCHEME *(continued)*

Apart from 2,064,993 share options granted to Ms. Lam Fung Ming, Tammy under the 2004 Share Option Scheme pursuant to a board resolution passed on 26 May 2005, all the above share options were granted under the 2000 Share Option Scheme pursuant to a board resolution passed on 17 November 2000.

No share options were exercised under both the 2000 Share Option Scheme and the 2004 Share Option Scheme during the period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the headings "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" and "Share Option Scheme" above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company or their respective spouse or minor children to acquire benefits by means of acquisitions of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2005, the interests of those persons (other than the directors and chief executive) holding 5% or more of the issued share capital, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Interests in ordinary shares of the Company

Name of holder	*Notes*	**Number of ordinary shares held**	**Percentage of the Company's issued share capital**
Hung's (1985) Limited ("Hung's")	*(i)*	117,136,083	28.4%
Hop Hing Oil (1985) Limited ("HHO")	*(ii)*	155,392,698	37.6%
GZ Trust Corporation ("GZTC")	*(iii)*	272,528,781	66.0%
Hung Cheung Pui	*(iv)*	272,528,781	66.0%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(continued)*

Interests in ordinary shares of the Company *(continued)*

Notes:

(i) Hung's is the registered holder of the shares disclosed above.

(ii) HHO is the registered holder of the shares disclosed above.

(iii) GZTC is the registered holder of the majority units of certain unit trusts, of which Hung's and HHO are trustees. The shares disclosed above represent GZTC's deemed interest in the shares held by Hung's and HHO.

(iv) Mr. Hung Cheung Pui is the founder of two discretionary trusts, of which GZTC is the trustee. The shares disclosed above represent Mr. Hung Cheung Pui's deemed interest in the disclosed interest of GZTC mentioned above.

Save as disclosed above, no person, other than the directors of the Company whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DISCLOSURES PURSUANT TO RULE 13.22 OF THE LISTING RULES

Advances and Guarantees to an Affiliated Company

As at 30 June 2005, the following advances were made to and guarantees were given for banking facilities granted to Evergreen Oils & Fats Limited ("Evergreen"), an affiliated company of the Company:

Affiliated company	Percentage of equity held by the Group	Balance of advances	Guarantees given	Extent of guaranteed facilities utilised	Aggregate of advances and guarantees given
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Evergreen Oils & Fats Limited	50%	9,364	77,000	18,853	86,364

DISCLOSURES PURSUANT TO RULE 13.22 OF THE LISTING RULES *(continued)*

Advances and Guarantees to an Affiliated Company *(continued)*
Evergreen is a jointly-controlled entity whose interests are held as to 50% by Lawshun Holdings Limited, a wholly-owned subsidiary of the Company, and 50% by an independent third party. The advances are trade receivables arising from the ordinary course of business of the Group and are unsecured, interest-free and repayable on demand.

The relevant percentage ratio of the above advances to and guarantees given for the banking facilities granted to Evergreen in aggregate exceeded 8% under Rule 13.16 of the Listing Rules.

Pursuant to the continuing disclosure requirements under Rule 13.22 of the Listing Rules, the pro forma balance sheet of Evergreen and the Group's attributable interest in Evergreen as at 30 June 2005 are presented below:

Pro forma Balance Sheet of Evergreen Oils & Fats Limited

	30 June 2005 (Unaudited) ***HK$'000***
Non-current assets	**19,174**
Current assets	**192,746**
Non-current liabilities	**(1,426)**
Current liabilities	**(99,020)**
Net assets	**111,474**
Attributable interest of the Group's share of net assets	**55,737**

CORPORATE GOVERNANCE

The Company has adopted its code on corporate governance (the "Company's Code on CG") based on the principles set out in the Code of CG Practices contained in Appendix 14 of the Listing Rules. The Company's Code on CG, with the exception of code provision C.2 on internal controls which is effective for accounting periods commencing on or after 1 July 2005, has become effective for accounting periods commencing on or after 1 January 2005.

In the opinion of the directors, the Company has complied with the Code on CG Practices and the Company's Code on CG (collectively, the "CG Codes") throughout the period, except that the independent non-executive directors of the Company were not appointed for specific terms as required by code provision A.4.1 of the Code on CG Practices as they were subject to retirement and re-election in accordance with the provisions of the bye-laws of the Company.

To comply with the CG Codes, certain amendments to the bye-laws of the Company were proposed and approved by shareholders at a special general meeting of the Company held on 20 June 2005 and the non-executive directors of the Company have been appointed for specific terms.

According to the bye-laws of the Company, executive Chairman and Managing Director of the Company are not subject to retirement by rotation. To comply with code provision A.4.2 of the Code on CG Practices, the Board will propose relevant amendments to be made to the bye-laws of the Company for approval by the shareholders at the forthcoming special general meeting or annual general meeting of the Company, whichever comes first.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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 Code on CG Practices. 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 2005, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

BOARD OF DIRECTORS

As at the date of this interim financial report, the executive directors of the Company are Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy. The non-executive directors of the Company are Mr. Hung Hak Hip, Peter, Ms. Hung Chiu Yee and Mr. Lee Pak Wing. The independent non-executive directors of the Company are Dr. Wong Yu Hong, Philip, Mr. Sze Tsai To, Robert and Mr. Cheung Wing Yui, Edward.

By Order of the Board

Hung Hak Hip, Peter
Chairman

Hong Kong, 16 September 2005

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 15.

Respective responsibilities of directors and auditors

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 Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public 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. It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public 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.

Review conclusion

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 2005.

Ernst & Young
Certified Public Accountants

Hong Kong
16 September 2005