HOP HING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 47)

Interim Results

For the six months ended 30 June 2004

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 2004, 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	
	Notes	**2004**	2003
		HK$'000	*HK$'000*
TURNOVER	2	**214,677**	168,896
Direct cost of stocks sold and services provided		**(172,308)**	(124,560)
Other production and service costs (including depreciation of HK$12,665,000 (2003: HK$13,368,000))		**(21,219)**	(23,380)
Selling and distribution costs		**(6,315)**	(9,104)
General and administrative expenses		**(15,369)**	(22,826)
LOSS FROM OPERATING ACTIVITIES	*3*	**(534)**	(10,974)
Finance costs, net	*4*	**(7,377)**	(8,137)
Share of profit/(loss) of a jointly-controlled entity		**1,493**	(425)
LOSS BEFORE TAX		**(6,418)**	(19,536)
Tax	*5*	**(849)**	(1,040)
LOSS BEFORE MINORITY INTERESTS		**(7,267)**	(20,576)
Minority interests		**(273)**	47
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS		**(7,540)**	(20,529)
LOSS PER SHARE (HK cents)	*6*		
– Basic		**(1.84)**	(5.02)
– Diluted		**N/A**	N/A

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.

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 2003.

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 loss 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 31 December 2003; and

(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 in value. The Group intends to confirm the value of its trademarks by independent professional valuation periodically.

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.

	Mainland China Unaudited Six months ended 30 June		**Hong Kong Unaudited Six months ended 30 June**		**Consolidated Unaudited Six months ended 30 June**	
	2004	2003	**2004**	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**154,751**	100,270	**59,926**	68,626	**214,677**	168,896

3. LOSS FROM OPERATING ACTIVITIES

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

	Unaudited Six months ended 30 June	
	2004	2003
	HK$'000	*HK$'000*
Cost of stocks sold	**170,792**	123,180

4. FINANCE COSTS, NET

	Unaudited Six months ended 30 June	
	2004	2003
	HK$'000	*HK$'000*
Interest on bank borrowings	**7,565**	8,276
Interest on other loans wholly repayable within five years	**67**	69
Total finance costs	**7,632**	8,345
Less: interest income	**(255)**	(208)
	7,377	8,137

5. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Overseas taxes have been provided for at the applicable tax rates, if required.

	Unaudited Six months ended 30 June	
	2004	2003
	HK$'000	*HK$'000*
Tax in the profit and loss account represents:		
Provision for Hong Kong profits tax	**891**	752
Provision for tax elsewhere	**100**	218
	991	970
Deferred tax	**(402)**	(41)
	589	929
Share of tax charges of a jointly-controlled entity – Hong Kong	**260**	111
	849	1,040

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.

6. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated based on the net loss attributable to shareholders of HK$7,540,000 (2003: HK$20,529,000) and the weighted average of 409,172,918 shares (2003: 409,130,246 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. CONTINGENT LIABILITIES

As at 30 June 2004, the unaudited contingent liabilities in respect of guarantees given to banks to secure banking facilities utilised by the jointly-controlled entity of the Group amounted to HK$37,777,000 (31 December 2003: HK$45,544,000).

8. PLEDGE OF ASSETS

As at 30 June 2004, an investment property, certain leasehold land and buildings and certain plant and machinery of the Group with an aggregate carrying value of approximately HK$301,601,000 (31 December 2003: HK$309,409,000) and cash deposits of the Group of approximately HK$5,987,000 (31 December 2003: HK$6,149,000) 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 2003: HK$2,293,000) were pledged to secure certain other loans.

SUMMARY OF AUDITORS' INDEPENDENT REVIEW REPORT

The auditors' review report on the Group's financial statements for the six months period ended 30 June 2004 contained a modified conclusion in respect of the accounting treatment of the Group's trademarks. The following is an extract of the auditors' review report:

Accounting treatment of trademarks

Included in the condensed consolidated balance sheet are trademarks of HK$122,599,000 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 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 2004 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 ended 30 June 2003 and qualified our opinion for the year ended 31 December 2003 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 2004.

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 June 2004, net loss attributable to shareholders was HK$7.5 million, which was a 63% improvement when compared to the net loss of HK$20.5 million for the same period in 2003. The loss per share for the period was 1.84 cents (2003 : loss per share 5.02 cents).

Earnings before interest, tax, depreciation and amortisation (EBITDA) was HK$13.6 million, almost a six-fold improvement over the HK$2.0 million for the first half of 2003.

Dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2004 (2003: Nil).

Review of Operation

In addition to our strategy to focus in the South China Region implemented since last year, the Group has sustained its efforts in increasing efficiency, streamlining costs and working capital management. We have also maintained tight risk management control on oil procurement. As a result, staff costs for the first half of 2004 were reduced by 23% to HK$15.3 million when compared with that for the same period in 2003. Stock, accounts receivable and sundry receivable have all decreased substantially, with about 90% of our accounts receivable within the Group's normal credit policy period.

Our performance in both China and Hong Kong has improved from the first half of 2003.

In Hong Kong, the market is still subject to fierce competition and volatility on raw material prices challenges margins. Our flagship brand, Lion & Globe, has for the 5th consecutive year received the Super Brand Gold Award from Reader's Digest.

For China, our South China strategy has begun to show positive results, and has reported positive and improved (EBITDA) since the second half of last year.

Financial Review

Equity

The number of issued shares of HK$0.10 each as at 30 June 2004 was 409,180,938 (31 December 2003: 409,152,938). During the period under review, the share capital of the Company was increased by 28,000 shares resulting from the exercise of 28,000 warrants of the Company. As at 30 June 2004, there were 81,754,687 warrants carrying rights to subscribe an aggregate of 81,754,687 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.

During the period, the Share Option Scheme (the "Old Scheme") adopted by the Company on 30 June 2000 was terminated. A new Share Option Scheme with rules complying the new Listing Rules of the Stock Exchange of Hong Kong Limited was adopted by the Company in its special general meeting held on 25 June 2004. The share options which were granted under the Old Scheme and outstanding as at 25 June 2004 are exercisable up to and including their respective expiry dates. 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 are disclosed in the section under "Share Option Scheme" in the interim financial report.

Liquidity and gearing

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

As at the balance sheet date, the Group's total bank borrowings less pledged cash deposits amounted to HK$293.5 million (31 December 2003: HK$303.0 million). Of the total bank borrowings, HK$56.6 million was repayable within one year and the balance was repayable within two to five years. The Group's gearing ratio (expressed as a percentage of long term bank borrowings over shareholders' funds and long term borrowings) as at 30 June 2004 was 37.0% (31 December 2003: 37.8%).

The net interest expenses for the year was HK$7.4 million (2003: HK$8.1 million). Such decrease was mainly attributable to the repayments of bank loans and the decrease in interest rates during the period under review.

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

Remuneration policies and share option scheme

Remuneration packages comprised salary and bonuses based on individual merits. The total remuneration paid to the employees (including pension costs and the directors' remuneration) of the Group in the period under review was HK$15.3 million (2003: HK$19.8 million). As at 30 June 2004, the Group had 346 full time and temporary employees (30 June 2003: 372).

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 Mainland China continued to account for a major proportion of the Group's turnover.

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

Contingent liabilities

Details of the contingent liabilities are set out in note 7.

Pledge of assets

Details of the pledge of assets are set out in note 8.

Outlook

The recent publicity on defective food products has caused consumers to seek good quality products. In this connection, our household brands, particularly Lion & Globe, Camel and Kitchen King, are well placed to benefit from any change in consumer preference in this regard.

We are now well positioned to deepen our penetration and presence in the South China market. In this connection, the business environment created by the Closer Economic Partnership Arrangement ("CEPA") and the initiatives in promoting a Pan Pearl River Delta area will in time create further opportunities for Hong Kong companies with a China presence like us.

We are hopeful that our performance in 2004 will improve over 2003.

The professional firm engaged by the Group to assist in a review of the overall structure of our business has continued to work with the Board in this regard.

Management and Staff

We thank all members of our management team and staff for their hard work 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 2004. The Group's external auditors have carried out their review in accordance with Statement of Auditing Standard 700 "Engagement to review interim financial report" issued by the Hong Kong Society of Accountants.

The audit committee which was established in accordance with the requirements of 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 (the "Listing Rules") for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls, comprises Mr. Sze Tsai To, Robert (Chairman of the committee), Mr. Wong Yu Hong, Philip and Mr. Cheung Wing Yui, Edward, the three independent non-executive directors of the Company, and Ms. Hung Chiu Yee and Mr. Lee Pak Wing, two non-executive directors of the Company.

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 2004.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code as set out in Appendix 14 of the Listing Rules throughout the period, except that the independent non-executive directors of the Company were 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as provided in Appendix 10 of the Listing Rules (the "Model Code") as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have complied with the required standard set out in the Model Code.

PURCHASE , SALE OR REDEMPTION OF OWN LISTED SECURITIES

During the six months ended 30 June, 2004, there were no purchases, sales or redemptions by the Company or any of its subsidiaries of the Company's listed securities.

PUBLICATION OF DETAILED INTERIM RESULTS

Information that is required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be subsequently published on the Stock Exchange's website in due course.

By Order of the Board
Hung Hak Hip
Chairman

Hong Kong, 12 August, 2004

As at the date of this announcement, the executive directors of the Company are Mr. Liu Chi Keung, Ricky, Mr. Chan Sai On. David and Mr. Wong Kwok Ying. The non-executive directors of the Company are Mr. Hung Hak Hip, Ms. Hung Chiu Yee and Mr. Lee Pak Wing. The independent non-executive directors of the Company are Mr. Wong Yu Hong, Philip, Mr. Sze Tsai To, Robert and Mr. Cheung Wing Yui, Edward.

Please also refer to the published version of this announcement in The Standard dated 13 August 2004.