HOP HING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 47)

ANNOUNCEMENT OF 2004 RESULTS

RESULT

The Directors of Hop Hing Holdings Limited announce the audited results of the Group for the year ended 31 December 2004 as follows:

	Notes	**2004** *HK$'000*	2003 *HK$'000*
TURNOVER	*2*	**438,326**	427,389
Direct cost of stocks sold and services provided		**(347,379)**	(330,583)
Other production and service costs (including depreciation of HK$25,172,000 (2003: HK$25,464,000))		**(43,159)**	(45,645)
Selling and distribution costs		**(14,092)**	(18,525)
General and administrative expenses		**(32,064)**	(43,315)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	*3*	**1,632**	(10,679)
Finance costs, net	*4*	**(14,582)**	(15,989)
Share of profit of a jointly-controlled entity		**2,595**	2,236
LOSS BEFORE TAX		**(10,355)**	(24,432)
Tax	*5*	**(1,405)**	(1,800)
LOSS BEFORE MINORITY INTERESTS		**(11,760)**	(26,232)
Minority interests		**(192)**	(1,444)
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS		**(11,952)**	(27,676)
LOSS PER SHARE *(HK cents)*	*6*		
Basic		**(2.92)**	(6.76)
Diluted		**N/A**	N/A

Consolidated balance sheet
As at 31 December 2004

	2004 *HK$'000*	2003 *HK$'000*
NON-CURRENT ASSETS		
Fixed assets	**441,389**	464,509
Trademarks	**122,659**	122,477
Interests in associates	**(1,425)**	(1,425)
Interest in a jointly-controlled entity	**57,220**	55,090
Deferred tax assets	**10,763**	10,763
	630,606	651,414
CURRENT ASSETS		
Stocks	**43,491**	43,596
Accounts receivable	**20,168**	24,314
Sundry receivables, deposits and prepayments	**33,705**	63,387
Pledged cash deposits	**5,944**	6,149
Cash and bank balances	**31,990**	47,984
	135,298	185,430
CURRENT LIABILITIES		
Interest-bearing bank loans	**47,582**	41,060
Other loans	**5,177**	5,177
Bills payable	**11,463**	12,149
Accounts payable	**22,865**	28,071
Other payables and accrued charges	**27,691**	52,897
Tax payable	**2,425**	4,944
	117,203	144,298
NET CURRENT ASSETS	**18,095**	41,132
TOTAL ASSETS LESS CURRENT LIABILITIES	**648,701**	692,546
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	**222,958**	255,958
Deferred tax liabilities	**9,387**	8,499
	232,345	264,457
MINORITY INTERESTS	**6,771**	6,579
	409,585	421,510
CAPITAL AND RESERVES		
Issued capital	**40,925**	40,915
Reserves	**368,660**	380,595
	409,585	421,510

NOTES

1. **IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS**

The Hong Kong Institute of Certified Public Accountants has issued a number of new Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKAS"), hereinafter collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004, except for the following standards:

- HKFRS 3 Business Combinations;
- HKAS 36 Impairment of Assets; and
- HKAS 38 Intangible Assets.

Changes in the accounting policies have been made in accordance with the provisions of HKFRS 3, HKAS 36 and HKAS 38, which were prospectively applied from 1 January 2004.

(i) The early adoption of HKFRS 3 and HKAS 36 has resulted in a change in the accounting policy for goodwill and excess of the fair values of the identifiable assets, liabilities and contingent liabilities acquired over cost ("Negative Goodwill").

Prior to the adoption of HKFRS 3 and HKAS 36:

- goodwill arising from acquisitions after 1 January 2001 was amortised on the straight-line basis over a period of not exceeding 20 years;
- goodwill was assessed for impairment if there was any indication of impairment of such; and
- on disposal of subsidiaries, jointly-controlled entities or associates, any attributable goodwill previously eliminated against the consolidated capital reserve at the time of acquisition was written back and included in the calculation of the gain or loss on disposal.

In accordance with the provisions of HKFRS 3 and HKAS 36:

- from the year ended 31 December 2004 onwards, goodwill is test annually for impairment, as well as when there are indications of impairment;
- Negative Goodwill is recognised immediately in the consolidated profit and loss account;
- on disposal of subsidiaries, jointly-controlled entities or associates, any attributable goodwill previously eliminated against the consolidated capital reserve at the time of acquisition is transferred to retained profits as a movement in reserves and not included in the calculation of the gain or loss on disposal; and
- reservals of impairment losses for goodwill is prohibited.

(ii) The early adoption of HKAS 38 has had no significant impact on these financial statements in respect of the accounting policy for intangible assets.

The Group has already commenced an assessment of the impact of other new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005, but is not yet in a position to state whether these new HKFRSs would have a significant impact on its result of operations and financial position.

2. TURNOVER AND SEGMENT INFORMATION

Turnover

Turnover represents the aggregate of the net invoiced value of goods sold, services rendered, rental, royalties and laboratory and testing fees income, but excludes intra-group transactions.

	2004	2003
	HK$'000	*HK$'000*
Sales of goods and services	**416,017**	397,620
Royalties	**10,783**	15,629
Rental and other income	**11,526**	14,140
	438,326	427,389

Segment Information

The Group's primary segment is the edible oils and food related business segment. Since this 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. In determining the Group's geographical segments, revenue are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

	Mainland China		**Hong Kong**		**Consolidated**	
	2004	2003	**2004**	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**309,787**	271,252	**128,539**	156,137	**438,326**	427,389
Segment assets	**350,045**	405,373	**349,301**	367,043	**699,346**	772,416
Unallocated assets					**67,983**	65,853
					767,329	838,269
Capital expenditure incurred during the year	**548**	645	**2,012**	4,431	**2,560**	5,076

3. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

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

	2004	2003
	HK$'000	*HK$'000*
Gain on disposal of fixed assets	**37**	614
and after charging:		
Cost of stocks sold	**344,339**	327,735
Depreciation	**25,172**	25,464

4. **FINANCE COSTS, NET**

	2004 *HK$'000*	2003 *HK$'000*
Interest on bank borrowings	**14,720**	16,232
Interest on other loans wholly repayable within five years	**134**	111
Total finance costs	**14,854**	16,343
Less: Interest income	**(272)**	(354)
	14,582	15,989

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 year. Overseas taxes have been provided for at the applicable tax rates, if required.

	2004 *HK$'000*	2003 *HK$'000*
Group		
Current – Hong Kong		
Charge for the year	**1,624**	6,386
Overprovision in prior years	**(1,572)**	–
Current – elsewhere	**–**	133
Deferred	**888**	(5,126)
	940	1,393
Share of tax attributable to a jointly-controlled entity		
– Hong Kong	**465**	407
Total tax charge for the year	**1,405**	1,800

Note: The Group 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$11,952,000 (2003: HK$27,676,000), and the weighted average of 409,199,822 (2003: 409,139,450) shares in issue during the year.

(b) **Diluted loss per share**

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

REVIEW OF OPERATIONS AND PROSPECTS

For the year ended 31 December 2004, net loss attributable to shareholders was HK$12.0 million, an improvement of 57% when compared to the net loss of HK$27.7 million for the year 2003. The loss per share for the year was 2.92 cents (2003: loss per share 6.76 cents).

Earnings before interest, tax, depreciation and amortization (EBITDA) increased by 73% from HK$17.0 million in 2003 to HK$29.4 million in the year under review.

Dividend

No interim dividend was paid (2003: Nil) and the directors do not recommend the payment of any final dividend for the year under review (2003: Nil).

Review of Operation

In the year under review, the edible oil markets continued to be competitive and the high raw material oil costs remained a challenge. However, the management continued effort to increase efficiency and streamline costs has been proven to be rewarding. The general and administrative expenses for 2004 have been reduced by 26% and the staff costs for the year under review also decreased by 23% from $38.5 million to $29.6 million.

For Hong Kong, the gradual recovery of its economy continued from the second half of 2003 into 2004. The catering edible oil segment which was hard hit by SARS in the first half of 2003 recorded a growth in the year under review. Together with the positive results contributed by improvement in efficiency and streamlining costs, the performance of our edible oil operation in Hong Kong showed an improvement over last year.

Our flagship brand, Lion & Globe, continues to be recognized as a leading brand in Hong Kong. Following the receipt of 2003 Hong Kong Top Ten Brandnames Awards - Honorary Award from The Chinese Manufacturers' Association, Lion & Globe has recently been awarded Superbrands Hong Kong 2004/05 by Superbrands Limited.

For PRC, our strategy to focus our effort in more profitable China South sales region has been implemented. Despite of the fierce competition in the edible oil market, especially the retail segment, and high raw material costs, our PRC operation continued to record positive and improving EBITDA in the year under review.

Financial Review

Equity

The number of issued shares of HK$0.10 each as at 31 December 2004 was 409,252,938 (31 December 2003: 409,152,938). During the year under review, the share capital of the Company was increased by 100,000 shares resulting from the exercise of 100,000 warrants of the Company. As at 31 December 2004, there were 81,682,687 warrants carrying rights to subscribe an aggregate of 81,682,687 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. A press announcement was made on 31 March 2005 and a circular was sent to the warrantholders on 8 April 2005 to remind the warrantholders to exercise their outstanding warrants on or before 30 April 2005.

During the year, 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 year end date, there were outstanding share options granted to certain eligible employees entitling them to subscribe for 19,401,547 shares of the Company.

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$276.1 million (31 December 2003: HK$303.0 million). Of the total bank borrowings, HK$59.0 million was repayable within one year and the balance was repayable within a period of less than two years. The Group's gearing ratio (expressed as a percentage of long term bank borrowings over shareholders' funds and long term borrowings) as at 31 December 2004 was 35.2% (31 December 2003: 37.8%).

The net interest expense for the year was HK$14.6 million (2003: HK$16.0 million). Such decrease was mainly attributable to the repayments of bank loans and the decrease in interest rates during the year under review.

Subsequent to the year end, the Group has taken steps to improve its financial position. The proposals being considered include realising certain of its non-current assets and reducing its bank borrowings. Based on the current progress, the management is optimistic that the Group's indebtedness will be reduced. Your Board will report to you on this when the steps have been completed.

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 year under review was HK$28.7 million (2003: HK$37.4 million). As at 31 December 2004, the Group had 340 full time and temporary employees (31 December 2003: 354).

Segmented information

In the year 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 segmented information are set out in note 2 above.

Contingent liabilities

(a) At the balance sheet date, 33 (2003: 35) employees had completed the required number of years of service under the Employment Ordinance to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments where the termination meets the required circumstances specified in the Employment Ordinance. If the termination of all these employees met the circumstances required by the Employment Ordinance, the Group's liability at the balance sheet date would be approximately HK$396,000 (2003: HK$444,000). No provision has been made for this amount in the financial statements as it is not considered probable that there will be an outflow of resources in respect thereof.

(b) At the balance sheet date, the 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$21,697,000 (2003: HK$45,544,000).

Pledge of assets
At the balance sheet date, investment property, certain leasehold land and buildings and certain plant and machinery of the Group with an aggregate carrying value of approximately HK$294,047,000 (2003: HK$309,409,000), and cash deposits of the Group of approximately HK$5,944,000 (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 (2003: HK$2,293,000) were pledged to secure certain other loans.

Outlook
As the owner of the only edible oil refinery facility in Hong Kong, the Group has been able to capture the opportunities created by the Closer Economic Partnership Arrangement ("CEPA"). With the gradual recovery of Hong Kong economy, your Board expects the market situation will improve.

Following China's accession to WTO, PRC's quota system on controlling the import of edible oil will be lifted in 2006. To meet with the challenges lying ahead, the Group will continue with its proven South China strategy and building and reinforcing the brand loyalty of its customers.

The Board is in progress of reviewing the overall strategic structure of our business.

VOTE OF THANKS
We would like to thank all of our customers, suppliers, business associates and bankers for the continued support during 2004. We would also like to thank all members of our management team and staff for their hard work during the year.

CORPORATE GOVERNANCE
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 then Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year, 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.

The Code was replaced by the Code on Corporate Governance Practices (the "Code on CG Practices") which has become effective for accounting periods commencing on or after 1 January 2005. Appropriate actions are being taken by the Company for complying with the Code on CG Practices.

AUDIT COMMITTEE
The Company has an audit committee which was established in compliance with Rule 3.21 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. The audit committee comprises the three independent non-executive directors and two non-executive directors of the Company. The Group's annual results for the year ended 31 December 2004 have been reviewed by the audit committee of the Company.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES
There were no purchases, sales or redemptions by the Company or any of its subsidiaries of the Company's listed securities during the year.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE EXCHANGE'S WEBSITE
A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules in force prior to 31 March 2004, which remain applicable to results announcement in respect of accounting periods commencing before 1 July 2004 under the transitional arrangements, will be published on the Exchange's website in due course.

ANNUAL GENERAL MEETING
The 2005 Annual General Meeting of the Company will be held on Monday, 20 June 2005 and the Notice of Annual General Meeting will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from 13 June 2005 to 20 June 2005, both days inclusive, during which period no share transfers will be registered.

In order to qualify for attending the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 10 June 2005.

By Order of the Board
Hung Hak Hip
Chairman

Hong Kong, 28 April 2005

As at the date hereof, the Executive Directors of the Company are Mr. Chan Sai On, David, Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy. 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."