Hop Hing Holdings Limited

(Incorporated in Bermuda with limited liability)

Interim Report 2003

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 2003, 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 2003 HK$'000**	2002 HK$'000 (Restated)
TURNOVER	2	**168,896**	264,095
Direct cost of stocks sold and services provided		**(124,560)**	(193,624)
Other production and service costs (including depreciation of HK$13,368,000 (2002: HK$13,937,000))		**(23,380)**	(25,633)
Selling and distribution costs		**(9,104)**	(22,272)
General and administrative expenses		**(22,826)**	(24,314)
Provision against and write-off of deposits and prepayments	3	**–**	(39,272)
LOSS FROM OPERATING ACTIVITIES	3	**(10,974)**	(41,020)
Finance costs, net	4	**(8,137)**	(9,579)
Share of profit/(loss) of a jointly-controlled entity		**(425)**	642
LOSS BEFORE TAX		**(19,536)**	(49,957)
Tax	5	**(1,040)**	(416)
LOSS AFTER TAX		**(20,576)**	(50,373)
Minority interests		**47**	(11)
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS		**(20,529)**	(50,384)
LOSS PER SHARE *(HK cents)*	8		
– Basic		**(5.02)**	(12.32)
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 June 2003 HK$'000	Audited 31 December 2002 HK$'000 (Restated)
NON-CURRENT ASSETS			
Fixed assets		**509,404**	520,997
Trademarks		**122,429**	122,235
Interests in associates		**(1,425)**	(1,425)
Interest in a jointly-controlled entity		**52,725**	53,261
Deferred tax asset		**10,763**	9,840
		693,896	704,908
CURRENT ASSETS			
Stocks		**36,227**	42,568
Accounts receivable	*9*	**27,933**	30,841
Sundry receivables, deposits and prepayments		**40,432**	37,712
Pledged cash deposits		**8,752**	11,545
Cash and bank balances		**76,906**	56,110
		190,250	178,776
CURRENT LIABILITIES			
Interest-bearing bank loans		**42,828**	138,802
Other loans		**5,177**	5,177
Bills payable		**20,786**	65,249
Accounts payable	*10*	**28,071**	18,673
Other payable and accrued charges		**35,158**	37,871
Tax payable		**48**	12,090
		132,068	277,862
NET CURRENT ASSETS/(LIABILITIES)		**58,182**	(99,086)
TOTAL ASSETS LESS CURRENT LIABILITIES		**752,078**	605,822
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**268,958**	102,958
Deferred tax liabilities		**19,848**	18,122
		288,806	121,080
MINORITY INTERESTS		**5,088**	5,135
		458,184	479,607
CAPITAL AND RESERVES			
Issued capital	*11*	**40,915**	40,913
Reserves		**417,269**	438,694
		458,184	479,607

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2003 (Unaudited)

	Issued capital HK$'000	Share premium HK$'000	Reserves: Investment property revaluation reserve HK$'000	Reserves: Other properties revaluation reserve HK$'000	Reserves: Capital and other reserves HK$'000	Reserves: Accumulated losses HK$'000	Reserves: Sub-total HK$'000	Total HK$'000
At 1 January 2003:								
As previously stated	40,913	374,114	319	56,265	58,759	(51,384)	438,073	478,986
Prior period adjustment – *note 6*	–	–	–	(9,002)	–	9,623	621	621
As restated	40,913	374,114	319	47,263	58,759	(41,761)	438,694	479,607
Issue of shares	2	5	–	–	–	–	5	7
Bonus warrants issue expenses	–	(57)	–	–	–	–	(57)	(57)
Deferred tax charge for the period	–	–	–	(844)	–	–	(844)	(844)
Loss for the period	–	–	–	–	–	(20,529)	(20,529)	(20,529)
As 30 June 2003	40,915	374,062	319	46,419	58,759	(62,290)	417,269	458,184

For the six months ended 30 June 2002 (Unaudited)

	Issued capital HK$'000	Share premium HK$'000	Reserves: Investment property revaluation reserve HK$'000	Reserves: Other properties revaluation reserve HK$'000	Reserves: Capital and other reserves HK$'000	Reserves: Retained profits/ (Accumulated losses) HK$'000	Reserves: Sub-total HK$'000	Total HK$'000
At 1 January 2002:								
As previously stated	40,911	374,364	7,519	56,265	58,759	24,089	520,996	561,907
Prior period adjustment – *note 6*	–	–	–	(9,002)	–	9,033	31	31
As restated	40,911	374,364	7,519	47,263	58,759	33,122	521,027	561,938
Bonus warrants issue expenses	–	(22)	–	–	–	–	(22)	(22)
Loss for the period (as restated)	–	–	–	–	–	(50,384)	(50,384)	(50,384)
At 30 June 2002	40,911	374,342	7,519	47,263	58,759	(17,262)	470,621	511,532

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30 June 2003 HK$'000	2002 HK$'000
NET CASH INFLOW/(OUTFLOW) FROM:		
OPERATING ACTIVITIES	**(3,811)**	20,563
INVESTING ACTIVITIES	**(1,969)**	1,965
FINANCING ACTIVITIES	**26,576**	(39,900)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**20,796**	(17,372)
Cash and cash equivalents at beginning of period	**56,110**	88,692
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**76,906**	71,320
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and time deposits	**76,906**	63,328
Pledged cash deposits within three months of maturity	**–**	7,992
	76,906	71,320

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 2002, except that SSAP 12 (Revised) "Income taxes" has been adopted for the first time in the preparation of the current period's condensed consolidated financial statements.

SSAP 12 (Revised) "Income taxes" prescribes the basis for accounting for income taxes payable or recoverable, arising from the taxable profit or loss for the current period (current tax); and income taxes payable or recoverable in future periods, principally arising from taxable and deductible temporary differences and the carryforward of unused tax losses (deferred tax). The principal impact of the revision of this SSAP on these condensed consolidated financial statements is that deferred tax assets and liabilities relating to the differences between capital allowances for tax purposes and depreciation for financial reporting purposes and other taxable and deductible temporary differences are generally fully provided for, whereas previously the deferred tax was recognised for timing differences only to the extent that it was probable that the deferred tax asset or liability would crystallise in the foreseeable future. In addition, deferred tax liabilities have been recognised on the revaluation of the Group's land and buildings, and deferred tax asset has been recognised for tax losses arising in the prior periods to the extent that it is probable that there will be sufficient future taxable profits against which such losses can be utilised. Further details of the prior period adjustments arising from them are included in note 6 to the 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 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 2002; 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 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.

	Mainland China Unaudited Six months ended 30 June		Hong Kong Unaudited Six months ended 30 June		Consolidated Unaudited Six months ended 30 June	
	2003	2002	**2003**	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**100,270**	219,167	**68,626**	44,928	**168,896**	264,095

3. LOSS FROM OPERATING ACTIVITIES

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

	Unaudited Six months ended 30 June	
	2003	2002
	HK$'000	*HK$'000*
Cost of stocks sold	**123,180**	192,414
Provision against and write-off of deposits and prepayments – *note*	**–**	39,272

Note: The Group has commenced cooperation with a company established in Guangzhou, the People's Republic of China ("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.

In the prior period, the Group received information that the PRC Company was involved in certain enquiries being conducted by certain authorities in the PRC and was 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. Provisions for the recoverability of the Amounts were therefore made in the prior period. 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 were also written off in that period.

4. FINANCE COSTS, NET

	Unaudited Six months ended 30 June 2003 HK$'000	2002 HK$'000
Interest on bank borrowings	**8,276**	9,872
Interest on other loans wholly repayable within five years	**69**	80
Total finance costs	**8,345**	9,952
Less: interest income	**(208)**	(373)
	8,137	9,579

5. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 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 2003 HK$'000	2002 HK$'000 (Restated)
Tax in the profit and loss account represents:		
Provision for Hong Kong profits tax	**752**	580
Provision for tax elsewhere	**218**	130
	970	710
Deferred tax	**(41)**	(643)
	929	67
Share of tax charges of a jointly-controlled entity – Hong Kong	**111**	349
	1,040	416

6. PRIOR PERIOD ADJUSTMENTS

In the current period, the Company adopted SSAP 12 (Revised) "Income taxes" as detailed in note 1 to these condensed consolidated financial statements. This change in accounting policy has been applied retrospectively and has resulted in an increase in the Group's deferred tax asset and deferred tax liabilities as at 31 December 2002 by HK$9,840,000 and HK$9,219,000, respectively. As a consequence, the Group's net loss attributable to shareholders for the six months ended 30 June 2002 has been decreased by HK$643,000, the consolidated retained profits and other properties revaluation reserve as at 1 January 2002 have been increased by HK$9,033,000 and reduced by HK$9,002,000, respectively, and the consolidated accumulated losses and other properties revaluation reserve as at 1 January 2003 have been reduced by HK$9,623,000 and HK$9,002,000, respectively.

7. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2003 (2002: Nil).

8. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated based on the net loss attributable to shareholders of HK$20,529,000 (2002: HK$50,384,000 (as restated)) and the weighted average of 409,130,246 shares (2002: 409,113,229 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.

9. ACCOUNTS RECEIVABLE

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

	Unaudited 30 June 2003 *HK$'000*	Audited 31 December 2002 *HK$'000*
Current and less than 60 days	**24,770**	25,972
Over 60 days	**3,163**	4,869
	27,933	30,841

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

10. ACCOUNTS PAYABLE

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

	Unaudited 30 June 2003 *HK$'000*	Audited 31 December 2002 *HK$'000*
Current and less than 60 days	**26,226**	10,216
Over 60 days	**1,845**	8,457
	28,071	18,673

11. SHARE CAPITAL

During the period, 27,200 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 27,200 warrants of the Company for a total cash consideration, before expenses, of approximately HK$7,000.

As at 30 June 2003, the Company had 81,782,687 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in the issue of 81,782,687 additional shares of HK$0.10 each and cash proceeds, before the related issue expenses, of approximately HK$22,081,000.

12. COMMITMENTS

	Unaudited 30 June 2003 *HK$'000*	Audited 31 December 2002 *HK$'000*
Capital commitments for the acquisition of property, plant and equipment:		
Contracted for	**1,902**	2,210
Authorised, but not contracted for	**4,108**	2,898

13. CONTINGENT LIABILITIES

As at 30 June 2003, 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$32,140,000 (31 December 2002: HK$38,623,000).

14. RELATED PARTY TRANSACTIONS

	Notes	Unaudited Six months ended 30 June 2003 HK$'000	2002 HK$'000
Transactions with the jointly-controlled entity:			
Sales of goods	*a*	**21,262**	17,768
Purchases of goods/services	*b*	**866**	833
Oil refinement income	*c*	**349**	7,685
Production income	*d*	**16,851**	4,863
Royalty income	*e*	**10,215**	11,013
Property rental and tank farm income	*f*	**4,083**	4,797
Other property related income	*g*	**1,609**	2,622
Transactions with companies in which a director of the Company has an indirect interest:			
Management fee	*h*	**270**	270
Rental income	*i*	**943**	448

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 was charged basing on agreements entered into with the jointly-controlled entity after arm's length negotiation and were 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 jointly-controlled entity, 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 jointly-controlled entity 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.

14. RELATED PARTY TRANSACTIONS *(Continued)*

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

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 property rental income was charged by reference to relevant industry practice and was subject to review on a regular basis.

15. PLEDGE OF ASSETS

As at 30 June 2003, investment property, certain leasehold land and buildings and certain plant and machinery of the Group with an aggregate carrying value of approximately HK$352,254,000 (31 December 2002: HK$362,784,000), certain accounts receivable and stocks of HK$1,548,000 (31 December 2002: HK$2,230,000) and cash deposits of the Group of approximately HK$8,752,000 (31 December 2002: HK$11,545,000) 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 2002: HK$2,293,000) were pledged to secure certain other loans.

BUSINESS REVIEW AND PROSPECTS

It has been an exceptional and eventful 6 months. The economic conditions in Hong Kong have remained difficult during the period under review, while severe competition persisted both in Hong Kong and in China. The war in Iraq had caused volatility and an upsurge of costs in sea transportation and in fuel used in oil refineries. The occurrence of SARS in March had greatly disturbed sales in the restaurants and catering sector of the industry. All these factors have presented challenges to the business as a whole.

Operating results

For the six months ended 30 June 2003, net loss attributable to shareholders was HK$21 million, which compares with a net loss of HK$50 million for the same period of last year. The loss per share for the period was 5.02 cents (2002: loss per share of 12.32 cents).

Earnings before interest, tax, depreciation and amortisation (EBITDA) was HK$2 million, as compared to a loss of HK$26 million in 2002.

Financial Review

Equity

The number of issued shares of HK$0.10 each as at 30 June 2003 was 409,152,938 (31 December 2002: 409,125,738). During the period under review, the share capital of the Company was increased by 27,200 shares resulting from the exercise of 27,200 warrants of the Company. As at 30 June 2003, there were 81,782,687 warrants carrying rights to subscribe an aggregate of 81,782,687 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.

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’ and Chief Executive’s Interests and Short Positions” in the interim financial report.

Liquidity and gearing

On 24 April 2003, the Group completed refinancing of its bank loans which resulted in a net current asset of HK$58 million as at 30 June 2003 (net current liabilities as at 31 December 2002: HK$99 million).

As at the balance sheet date, the Group's total bank borrowings less pledged cash deposits amounted to HK$324 million (31 December 2002: HK$295 million). Of the total bank borrowings, HK$64 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 2003 was 37% (31 December 2002: 18%). The increase in gearing ratio was mainly due to additional bank borrowings and reclassification of bank loans from current liabilities to long term liabilities as a result of the debt refinancing.

The net interest expenses for the period were HK$8.1 million (2002: HK$9.6 million). Such decrease is mainly attributable to the repayments of bank loans and the decrease in interest rates during the period under review.

The Group's 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.

Review of Operations

In Hong Kong, restaurants, hotels and airlines were all hit hard by SARS for 3–4 months since March 2003. As a result, our catering sales in this sector were adversely affected, although loss in sales here was partly offset by increased retail sales as more cooking at home were seen during the SARS period.

The market situation in China was similar to Hong Kong during the same period, although the impact on catering sales was less severe. For this market, the Group has continued to concentrate only in the more profitable sales regions, which explained the overall decrease in turnover.

The Group has met such challenges by focusing on selective sales promotional activities and tightening control on costs and expenditures. Overall, the performance of our edible oil business has been in line with the market conditions.

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$20 million (2002: HK$21 million). As at 30 June 2003, the Group had 372 (31 December 2002: 379) employees.

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

Segmented information

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 major proportion of the Group's turnover.

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

Contingent liabilities

Details of the contingent liabilities are set out in note 13 to the interim financial report.

Pledge of assets

Details of the pledge of assets are set out in note 15 to the interim financial report.

Provisions

As reported in 2002, the Group has made a provision of HK$39 million, mainly being money to be recovered from a PRC company (the "PRC Company"). During the period under review, the Group has continued to work with its lawyers in the pursuit of repayment of this from the PRC Company concerned.

Outlook

For the short term, businesses have rebounced faster than most people expected as a result of SARS. CEPA and the uplifting of control on tourism from China have helped improved market sentiments in general, although the impacts of these on the edible oils industry remains to be seen. The management expects market situation to improve slightly in the second half of the year.

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 2003. The Group's external auditors have carried out their review in accordance with Statement of Auditing Standards 700 "Engagement to review interim financial reports" issued by the Hong Kong Society of Accountants.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the interim report for the six months ended 30 June 2003.

DEALINGS IN THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June, 2003, there were no purchases, sales or redemptions by the Company or any of its subsidiaries of the Company's listed securities.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

At 30 June 2003, 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 under Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(a) 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.

(b) Interests in underlying shares

(i) Warrants

At 30 June 2003, certain directors held warrants issued to them entitling them to subscribe for shares of HK$0.10 each in the Company at a subscription price of HK$0.27 per share, payable in cash and subject to adjustment, from the date of issue to 30 April 2005 as follows:

	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.

(ii) Share Options

At 30 June, 2003, 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	**Exercise period of share options**	**Exercise price of share options** *HK$*
Hung Hak Hip	4,752,105	17 November 2000 to 16 November 2010	0.1834
Liu Chi Keung, Ricky	4,091,130	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

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

No share options were granted or exercised during the period.

(ii) Share Options (Continued)

Other than the holdings disclosed above, no interests and short positions of any director or the chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) were recorded in the register as required pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies. Nor any of the directors and the chief executive (including their spouses and children under the age of 18) had, as at 30 June 2003, any interest in, or had been granted any right to subscribe for the securities of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

At 30 June, 2003, the interests of those persons (other than the directors and chief executive) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

(a) Interests in Shares

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 *(i)*
Hung Cheung Pui	272,528,781 *(ii)*

(i) These shares disclosed under the name of GZTC include GZTC's deemed interest in the shares held by Hung's and HHO.

(ii) These shares disclosed under the name of Mr. Hung Cheung Pui include Mr. Hung Cheung Pui's deemed interest in the above disclosed interest of GZTC.

(b) Interests in underlying shares

At 30 June 2003, the following persons (other than the directors and chief executive) held warrants entitling them to subscribe for shares of HK$0.10 each in the Company at a subscription price of HK$0.27 per share, payable in cash and subject to adjustment, from the date of issue to 30 April 2005:

Name of shareholder	Number of warrants
Hung's	23,427,216
HHO	31,078,539
GZTC	54,505,755 *(i)*
Hung Cheung Pui	54,505,755 *(ii)*

(i) These warrants disclosed under the name of GZTC include GZTC's deemed interest in the warrants held by Hung's and HHO.

(ii) These warrants disclosed under the name of Mr. Hung Cheung Pui include Mr. Hung Cheung Pui's deemed interest in the above disclosed interest of GZTC.

Apart from the aforesaid, no interests and short positions of other persons in the shares and underlying shares of the Company were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 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, 26 September, 2003

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 13.

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

ACCOUNTING TREATMENT OF TRADEMARKS

Included in the condensed consolidated balance sheet are trademarks of HK$122,429,000 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 2003 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 2002 and qualified our opinion for the year ended 31 December 2002 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 2003.

Ernst & Young
Certified Public Accountants

Hong Kong
26 September 2003