



## OUTLOOK

Faced with keen competition and stringent international trading regulations, we are confident that by improving our efficiency and focusing on product development, we are able to cope with the challenges ahead. The Directors remain optimistic about the prospect of our Group.

## PRACTICE NOTE 19

As at 30th June, 2002, the financial assistance and guarantees given to and for affiliated companies in aggregate amounted to approximately 34.8% of the audited consolidated net tangible assets of the Company as at 31st December, 2001, after adjusting for the net profit of US\$47.57 million for the six months ended 30th June, 2002. Furthermore, there were covenants in certain loan agreements of the Group relating to specific performance obligations of the Company's controlling shareholders.

Pursuant to Practice Note 19 of the Listing Rules, the following information is hereby disclosed:

- (i) Information extracted from the balance sheets as at 30th June, 2002 of the affiliated companies which the Company has provided financial assistance:

Name of Affiliated Companies	Equity	Total Assets	Total Liabilities	Net Asset Value
	Interest Owned by the Group			
		US\$'000	US\$'000	US\$'000
Beijing Chia Tai Feedmill Limited	33%	12,642	9,006	3,636
Beijing Poultry Breeding Company Limited	36%	19,785	9,597	10,188
Henan East Chia Tai Co., Ltd.	50%	9,254	4,582	4,672
Jilin Chia Tai Enterprises Co., Ltd.	50%	15,420	4,828	10,592
Jilin Da He Feedmill Co., Ltd.	29%	967	654	313
Jilin Dalong Feed Co., Ltd.	30%	1,772	874	898
Jilin De Da Company Limited	50%	219,785	163,606	56,179
Kaifeng Chia Tai Company Limited	50%	23,793	18,163	5,630
Luoyang Northern Ek Chor Motorcycle Company Limited	38%	79,481	35,813	43,668
Nantong River Mouth Bio-tech Co., Ltd.	33%	8,780	6,734	2,046
Tangshan Chia Tai Feedmill Co., Ltd.	38%	4,575	4,506	69
<b>Total</b>		<b>396,254</b>	<b>258,363</b>	<b>137,891</b>

**PRACTICE NOTE 19 (continued)**

- (ii) Information extracted from the balance sheets as at 30th June, 2002 of the affiliated companies which the Company has provided guarantees for facilities/loans offered to them:

Name of Affiliated Companies	Equity	Total		Net Asset
	Interest Owned by the Group	Assets	Liabilities	Value/ (Asset Deficiency)
		US\$'000	US\$'000	US\$'000
Beijing Chia Tai Feedmill Limited	33%	12,642	9,006	3,636
Han Dan Chia Tai Feed Co., Ltd.	50%	3,108	2,734	374
Jilin Chia Tai Company Limited	45%	7,595	10,900	(3,305)
Jilin Chia Tai Enterprises Co., Ltd.	50%	15,420	4,828	10,592
Jilin Da He Feedmill Co., Ltd.	29%	967	654	313
Kaifeng Chia Tai Company Limited	50%	23,793	18,163	5,630
P.T. Centralpertiwi Bahari	16%	133,144	162,770	(29,626)
Total		<u>196,669</u>	<u>209,055</u>	<u>(12,386)</u>

- (iii) Loan agreements with covenants relating to special performance obligations of the Company's controlling shareholders:

Certain banking facilities of the Group imposed a requirement for a specified minimum shareholding level in the Company (being, in one of such facilities, 50%, and, in another two of such facilities, 51%) to be maintained by the Company's controlling shareholders, which hold approximately 49.4% interest in the issued share capital of the Company. As at 30th June, 2002, the outstanding amount owing by the Group under these facilities aggregated approximately US\$11.03 million.

As announced by the Company in 1998, the Company was unable to redeem certain of its floating rate notes upon their early redemption which, as a result of cross-default provisions, constituted an event of default under its other floating rate notes and the credit facilities provided by certain of its bank creditors. Such facilities include those referred to above with minimum shareholding covenants.

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period under review.