

PRACTICE NOTE 19

As at 30th June, 2003, the financial assistance and guarantees given to and for affiliated companies in aggregate amounted to approximately 24.6% of the audited consolidated net tangible assets of the Company as at 31st December, 2002, after adjusting for the net loss of US\$31.11 million for the six months ended 30th June, 2003. 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, 2003 of the affiliated companies which the Company has provided financial assistance:

Name of Affiliated Companies	Equity	Total	Total	Net Asset
	Interest			
	Owned by	Assets	Liabilities	(Asset
	the Group	US\$'000	US\$'000	Deficiency)
				US\$'000
Beijing Chia Tai Feedmill Limited	33%	14,867	10,179	4,688
Hunan Chia Tai Animal Husbandry Co., Ltd.	50%	2,940	133	2,807
Jilin Chia Tai Enterprises Co., Ltd.	50%	15,767	5,480	10,287
Kaifeng Chia Tai Company Limited	50%	33,997	30,597	3,400
Nantong River Mouth Bio-tech Co., Ltd.	33%	7,644	5,842	1,802
Tangshan Chia Tai Feedmill Co., Ltd.	38%	2,817	4,177	(1,360)
Total		<u>78,032</u>	<u>56,408</u>	<u>21,624</u>



PRACTICE NOTE 19 (continued)

- (ii) Information extracted from the balance sheets as at 30th June, 2003 of the affiliated companies which the Company has provided guarantees for facilities/loans offered to them:

Name of Affiliated Companies	Equity	Net Asset		
	Interest Owned by the Group	Total Assets	Total Liabilities	Value/ (Asset Deficiency)
		US\$'000	US\$'000	US\$'000
Beijing Chia Tai Feedmill Limited	33%	14,867	10,179	4,688
Han Dan Chia Tai Feed Co., Ltd.	50%	3,058	2,617	441
Jilin Chia Tai Company Limited	45%	7,497	10,885	(3,388)
Jilin Da He Feedmill Co., Ltd.	29%	761	491	270
Kaifeng Chia Tai Company Limited	50%	33,997	30,597	3,400
P.T. Centralpertiwi Bahari	16%	<u>173,557</u>	<u>176,298</u>	<u>(2,741)</u>
Total		<u>233,737</u>	<u>231,067</u>	<u>2,670</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, 2003, the outstanding amount owing by the Group under these facilities aggregated approximately US\$7.76 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.

