

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and principal accounting policies

These unaudited consolidated condensed interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants ("HKSA").

These condensed interim accounts should be read in conjunction with the 2002 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31 March 2002 except that the Group has adopted the following SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised)	: Presentation of financial statements
SSAP 11 (revised)	: Foreign currency translation
SSAP 15 (revised)	: Cash flow statements
SSAP 25 (revised)	: Interim financial reporting
SSAP 34	: Employee benefits

In accordance with SSAP 15 (revised), the cash flow equivalents are presented by means of cash flow statement which classifies cash flows during the period according to operating, investing and financing activities. Condensed consolidated cash flow statement for the six months ended 30 September 2001 have been restated to accord with the current period's presentation.

The adoption of the above new and revised SSAPs has no material effect on the Group's results and net asset value other than presentational changes. Certain comparative figures have been reclassified to conform with the current period's presentation.

2. Turnover, revenue and segment information

Primary reporting format – geographical segments

	2002		
	Hong Kong and Macau HK\$'000	Mainland China HK\$'000	Total HK\$'000
Turnover	<u>187,214</u>	<u>61,458</u>	<u>248,672</u>
Segment results	<u>6,501</u>	<u>3,108</u>	9,609
Unallocated costs			<u>(463)</u>
Operating profit before finance costs			9,146
Finance costs			<u>(2,334)</u>
Operating profit			6,812
Share of profit of an associated company			<u>11,029</u>
Profit before taxation			17,841
Taxation			<u>(3,120)</u>
Profit attributable to shareholders			<u>14,721</u>

	2001		
	Hong Kong and Macau HK\$'000	Mainland China HK\$'000	Total HK\$'000
Turnover	<u>204,101</u>	<u>50,725</u>	<u>254,826</u>
Segment results	<u>7,357</u>	<u>2,242</u>	9,599
Unallocated costs			<u>(393)</u>
Operating profit before finance costs			9,206
Finance costs			<u>(3,846)</u>
Operating profit			5,360
Share of profit of an associated company			<u>10,367</u>
Profit before taxation			15,727
Taxation			<u>(2,941)</u>
Profit attributable to shareholders			<u>12,786</u>

2. Turnover, revenue and segment information (continued)

Secondary reporting format – business segments

	2002		2001	
	Turnover HK\$'000	Segment results HK\$'000	Turnover HK\$'000	Segment results HK\$'000
Food trading	248,672	9,609	254,826	9,599
Unallocated costs		(463)		(393)
Operating profit		<u>9,146</u>		<u>9,206</u>

3. Other revenue

An analysis of other revenue is as follows:

	Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Interest income	905	983
Rental income from leasehold land and building	<u>285</u>	<u>354</u>
	<u>1,190</u>	<u>1,337</u>

4. Operating profit before finance costs

Operating profit is arrived at after charging:

	Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Depreciation of fixed assets	1,481	1,549
Operating leases of land and buildings	<u>5,654</u>	<u>7,738</u>

5. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit for the period.

The amount of taxation charged to the consolidated profit and loss account represents:

	Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
Hong Kong profits tax	1,337	1,247
Share of taxation attributable to an associated company	1,783	1,694
	<u>3,120</u>	<u>2,941</u>

6. Dividends

	Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
Proposed interim dividend of HK1.0 cent per share (2001: HK1.0 cent per share)	<u>2,478</u>	<u>2,478</u>

Notes:

- (a) At a meeting held on 24 July 2002 the directors proposed a final dividend of HK2.0 cents per ordinary share for the year ended 31 March 2002, which was paid on 12 September 2002 and has been reflected as an appropriation of retained earnings for the six months ended 30 September 2002.
- (b) At a meeting held on 18 December 2002 the directors declared an interim dividend of HK1.0 cents per ordinary share for the year ending 31 March 2003. This proposed dividend is not reflected as a dividend payable in these condensed accounts, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2003.

7. Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to shareholders of HK\$14,721,000 (2001: HK\$12,786,000) and the weighted average number of 247,820,000 (2001: 247,820,000) ordinary shares in issue during the year.

Fully diluted earnings per share is not presented as there is no dilution effect had all the outstanding share options been exercised in full.

8. Trade receivables

Details of the aging of the trade receivables are as follows:

	30 September 2002 HK\$'000	31 March 2002 HK\$'000
Current	35,922	46,258
1 to 2 months	13,190	11,216
Over 3 months	<u>4,584</u>	<u>4,561</u>
	<u>53,696</u>	<u>62,035</u>

The Group has a defined credit policy with general credit terms ranging from 30 days to 90 days.

9. Trade and bills payables

Details of the aging trade and bills payables are as follows:

	30 September 2002 HK\$'000	31 March 2002 HK\$'000
Current	807	5,228
1 to 2 months	1,140	169
Over 3 months	<u>1,163</u>	<u>165</u>
	<u>3,110</u>	<u>5,562</u>

10. Bank loan – secured

	30 September 2002 HK\$'000	31 March 2002 HK\$'000
Bank loan		
Wholly repayable within five years	38,280	40,674
Less: Current portion of bank loan	<u>(24,214)</u>	<u>(23,752)</u>
	<u>14,066</u>	<u>16,922</u>

The Group's bank loan was repayable as follows:

	30 September 2002 HK\$'000	31 March 2002 HK\$'000
Within first year	24,214	23,752
In the second year	5,712	5,712
In the third to fifth year	<u>8,354</u>	<u>11,210</u>
	<u>38,280</u>	<u>40,674</u>

11. Share capital

There were no movements in the share capital of the Company since the last balance date to the current reporting date.

Under a share option scheme approved by the shareholders of the Company previously, the directors may at their discretion, invite executive directors and key employees of the Group, to take up option to subscribe for shares in the Company subject to terms and conditions stipulated therein.

During the period, 300,000 (2002: 780,000) options were cancelled and no other options were granted.

As at 30 September 2002, there was a total of 4,470,000 (at 31 March 2002: 4,770,000) share options exercisable between 8 October 1998 and 26 November 2002 at HK\$0.62 per share, remaining outstanding.

12. Contingent liabilities

	30 September 2002 HK\$'000	31 March 2002 HK\$'000
Guarantees for banking facilities to subsidiaries (a)	323,700	273,700
Issued irrevocable letters of credit/ shipping guarantees (b)	<u>673</u>	<u>1,614</u>

- (a) Corporate guarantees were provided by the Company to its subsidiaries for obtaining general banking facilities.
- (b) Irrevocable letters of credit issued to suppliers and shipping guarantees were given to bankers for purchases of goods.

13. Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business, are as follows:

	Six months ended 30 September 2002 HK\$'000	2001 HK\$'000
Rental and building management fee received from: Related companies	<u>168</u>	<u>156</u>

The leases were entered into on normal commercial terms according to the advice of a firm of professional surveyors.