

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group borrowings are primarily denominated in Hong Kong and US dollars. The Group has no significant exposure to foreign exchange fluctuations.

PURCHASE, SALE OR REDEMPTION OF SHARES

The company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased, sold any of the Company's listed shares during the period.

LIQUIDITY AND FINANCIAL RESOURCES

Operating revenue was the Group's major source of funds during the financial period. As at 30 September 2002 the Group held cash on hand and bank balances of approximately HK\$113 million whilst trade credit facilities were utilized to the extent of approximately HK\$129 million representing approximately 31% of the total banking facilities of HK\$411 million. The Group maintained a gearing ratio of 0.56 as at the balance sheet date. Gearing is expressed as total bank borrowings to shareholders' fund.

Bank borrowings of the Group mainly comprised trust receipt loans and bank loans which were denominated in either Hong Kong dollars or US dollars. The trust receipt loans were obtained to finance the purchase of meat products from overseas. The bank loan which is repayable by installments up to 2006, were obtained to finance the construction of the Group's premise in Sai Kung. The other loans were obtained for working capital purpose.

PLEDGE OF ASSET

As at 30 September 2002, the assets (including land and building) and the issued shares of a subsidiary were pledged as securities for a bank loan of the Group.

STAFF EMPLOYMENT

Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Share options were granted to senior executives in reward for their outstanding management and operation performance.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by this report, except that the independent non-executive directors of the Company are not appointed for specific term. However, they are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with Article 105(A) of the Company's Articles of Association.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed accounts for the six months ended 30 September 2002 with the directors.

On behalf of the Board
Dr. TAI Tak Fung, Stephen
Chairman

Hong Kong, 18 December 2002