

NOTES TO THE CONDENSED ACCOUNTS

1. Basis of preparation and accounting policies

These unaudited consolidated condensed 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 accounts should be read in conjunction with the 2003 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31 March 2003 except that the Group has changed certain of its accounting policies following its adoption of SSAP 12 “Income Taxes” issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2003.

The changes to the Group’s accounting policies and the effect of adopting these new policies are set out below:

Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the new SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in the Condensed Consolidated Statement of Changes in Equity, opening retained earnings at 1 April 2002 and 2003 have been increased by HK\$503,000 and HK\$211,000 respectively, and share of other reserves of an associated company at 1 April 2002 and 2003 have been decreased by HK\$10,000 and HK\$19,000 respectively. These represent the unprovided net deferred tax liabilities and changes in share of profit and other reserves of an associated company. This change has resulted in a decrease in deferred tax liabilities at 31 March 2003 by HK\$309,000. The profit for the six months ended 30 September 2002 have been increased by HK\$153,000.

2. Turnover, revenue and segment information

The Group has only one single business segment in the trading of frozen meat. Accordingly, no business segmental information is shown.

An analysis of the Group's turnover and contribution to the operating profit by geographical segments is as follows:

	Hong Kong and Macau HK\$'000	2003 Mainland China HK\$'000	Total HK\$'000
Turnover	<u>179,968</u>	<u>73,972</u>	<u>253,940</u>
Segment results	<u>10,314</u>	<u>10,955</u>	21,269
Unallocated costs			<u>(1,919)</u>
Operating profit before finance costs			19,350
Finance costs			<u>(1,381)</u>
Operating profit			17,969
Share of profit of associated companies			<u>11,937</u>
Profit before taxation			29,906
Taxation			<u>(5,816)</u>
Profit attributable to shareholders			<u>24,090</u>

	Hong Kong and Macau	2002 Mainland China	Total (Restated) HK\$'000
	HK\$'000	HK\$'000	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 associated companies			<u>11,029</u>
Profit before taxation			17,841
Taxation			<u>(2,967)</u>
Profit attributable to shareholders			<u>14,874</u>

3. Other revenues

An analysis of other revenues is as follows:

	Six months ended 30 September	
	2003 HK\$'000	2002 HK\$'000
Interest income	2,597	905
Rental income from leasehold land and building	<u>534</u>	<u>285</u>
	<u>3,131</u>	<u>1,190</u>

4. Operating profit before finance costs

Operating profit is arrived at after charging:

	Six months ended 30 September	
	2003	2002
	HK\$'000	HK\$'000
Depreciation of fixed assets	1,500	1,481
Operating leases of land and buildings	<u>5,808</u>	<u>5,654</u>

5. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 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	
	2003	2002
	HK\$'000	(Restated) HK\$'000
Current taxation:		
– Hong Kong profits tax	3,377	1,337
Deferred tax	236	(222)
Share of taxation attributable to:		
Associated companies	<u>2,203</u>	<u>1,852</u>
Taxation charge	<u>5,816</u>	<u>2,967</u>

6. Interim dividends

	Six months ended 30 September	
	2003	2002
	HK\$'000	HK\$'000
Proposed interim dividend of HK1 cent per share (2002: HK1 cent per share)	<u>2,478</u>	<u>2,478</u>

Notes:

- (a) At a meeting held on 23 July 2003 the directors proposed a final dividend of HK3.0 cents per ordinary share for the year ended 31 March 2003, which was paid on 15 September 2003 and has been reflected as an appropriation of retained earnings for the six months ended 30 September 2003.
- (b) At a meeting held on 18 December 2003 the directors declared an interim dividend of HK1.0 cents per ordinary share for the year ending 31 March 2004. 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 2004.

7. Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to shareholders of HK\$24,090,000 (2002 restated: HK\$14,874,000) and the weighted average number of 247,820,000 (2002: 247,820,000) ordinary shares in issue during the period.

A diluted earnings per share amount for the period ended 30 September 2003 was not disclosed as there was no diluting events during the period.

8. Trade receivables

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

	30 September 2003 HK\$'000	31 March 2003 HK\$'000
Current	29,825	29,274
1 to 2 months	10,449	10,138
over 3 months	<u>1,622</u>	<u>4,806</u>
	<u>41,896</u>	<u>44,218</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 2003 HK\$'000	31 March 2003 HK\$'000
Current	6,122	7,228
1 to 2 months	46	28
Over 3 months	<u>1,182</u>	<u>1,159</u>
	<u>7,350</u>	<u>8,415</u>

10. Bank loan – secured

	30 September 2003 HK\$'000	31 March 2003 HK\$'000
Bank loan		
Wholly repayable within five years	22,066	24,922
Less: current portion of bank loan	<u>(13,712)</u>	<u>(13,712)</u>
	<u>8,354</u>	<u>11,210</u>

The Group's bank loan was repayable as follows:

	30 September 2003 HK\$'000	31 March 2003 HK\$'000
Within first year	13,712	13,712
In the second year	5,712	5,712
In the third to fifth year	<u>2,642</u>	<u>5,498</u>
	<u>22,066</u>	<u>24,922</u>

11. Share capital

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

12. Contingent liabilities

At 30 September 2003, the Group had irrevocable letters of credit issued to suppliers and shipping guarantees were given to bankers for purchase of goods amounting to HK\$1,571,000 (2003: HK\$380,000).

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	
	2003	2002
	HK\$'000	HK\$'000
Rental and building management fee received from: Related companies	<u>168</u>	<u>168</u>

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

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1 cent (2002: HK1 cent) per share for the period ended 30 September 2003, payable to shareholders whose names appear in the register of members of the Company on 20 January 2004. The dividend will be payable on 30 January 2004.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 January 2004 to 20 January 2004 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer accompanied by the relevant share certificates must be lodged with the Company's share registrars, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on 14 January 2004.