

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2003, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or which were notified to the Company or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(a) Interests in Shares of the Company

	Number of shares held					Total Interests as % of the relevant issued share capital
	Personal Interests (held as beneficial owner)	Family Interests (Interests of spouse or child under 18)	Corporate Interests (Interests of controlled corporation)	Trust and Similar Interests	Other Interests	Total Interests
TAI Tak Fung, Stephen	-	-	53,095,177 (i)	30,914,000 (ii)	-	84,009,177
YIP Wai Keung	256,360	-	-	-	-	0.10%

Notes:

- (i) Out of the 53,095,177 shares, 187,927 shares, representing 0.076% of the Company's issued share capital, are beneficially owned by Four Seas Mercantile Holdings Limited ("FSMHL"). Special Access Limited ("SAL") and Careful Guide Limited ("CGL") in aggregate hold more than one-third of the issued share capital of FSMHL. SAL is wholly-owned by Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly; whereas CGL is owned by a discretionary trust, the Tai Family Trust, the eligible beneficiaries of which include members of the family of Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly. Accordingly, Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are deemed to have interests in those 187,927 shares of the Company's issued share capital held by FSMHL. The remaining 52,907,250 shares, representing 21.35% of the Company's issued share capital, are owned by SAL, and Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are therefore deemed to have interests therein.
- (ii) 30,914,000 shares, representing 12.47% of the Company's issued share capital, are owned by CGL whose shares are owned by a discretionary trust, the Tai Family Trust, the eligible beneficiaries of which include members of the family of Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly. Thus Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are deemed to have interests therein.

(b) Interests in Shares of the Associated Corporation

Directors' interests in the equity of FSMHL are as follows:

	Number of shares held					No. of share options held		Total Interests as % of the relevant issued share capital
	Personal Interests (held as beneficial owner)	Family Interests (Interests of spouse or child under 18)	Corporate Interests (Interests of controlled corporation)	Trust and Similar Interests	Other Interests	Personal/Family Interests	Total Interests	
TAI Tak Fung, Stephen	-	-	188,508,000 (i)	82,000,000 (ii)	-	600,000 (iv)	271,108,000	67.85%
YIP Wai Keung	680,000	-	-	-	-	300,000 (iii)	980,000	0.25%
MAN Wing Cheung, Ellis	-	-	-	-	-	300,000 (iii)	300,000	0.08%

Notes:

- (i) Of which, 81,250,000 shares, representing 20.33% of the issued share capital of FSMHL, are owned by SAL, which in turn is wholly owned by Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly. Another 107,258,000 shares, representing 26.84% of the issued share capital of FSMHL, are owned by Capital Season Investments Limited, a company wholly-owned by Advance Finance Investments Limited ("AFIL"). Since AFIL is wholly owned by the Company, which in turn is controlled by SAL and CGL, Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are deemed to have interests in 107,258,000 shares of FSMHL.
- (ii) The shares, which represent 20.52% of the issued share capital of FSMHL, are owned by CGL whose shares are owned by a discretionary trust, the Tai Family Trust, the eligible beneficiaries of which include members of the family of Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly.
- (iii) The above share options were granted to the directors on 11 February 2003, exercisable from 1 August 2003 to 31 January 2005 at an exercise price HK\$2.955. No share options were exercised by the directors during the period.
- (iv) Of which, 300,000 share options were granted to Dr. TAI Tak Fung, Stephen, JP. Another 300,000 share options were granted to his spouse Dr. WU Mei Yung, Quinly. Dr. TAI Tak Fung, Stephen, JP is therefore deemed to have interest therein. The above share options were granted on 11 February 2003, exercisable from 1 August 2003 to 31 January 2005 at an exercise price HK\$2.955.

All the interests stated above represent long positions. Save as disclosed above:

- (i) as at 30 September 2003, none of the directors or chief executives (including their spouses and children under 18 years of age) of the Company had any interest in, or had been granted, or exercised, any rights to subscribe for the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of the SFO).
- (ii) at no time during the period was the Company or its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 September 2003, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executives.

	Number of shares held					Total Interests as % of the relevant issued share capital
	Personal Interests (held as beneficial owner)	Family Interests (Interests of spouse or child under 18)	Corporate Interests (Interests of controlled corporation)	Trust and Similar Interests	Other Interests	Total Interests
Special Access Limited ("SAL")	52,907,250 (i)	-	-	-	-	52,907,250
Careful Guide Limited ("CGL")	-	-	-	30,914,000 (ii)	-	30,914,000
WU Mei Yung, Quinly	-	-	53,095,177 (iii)	30,914,000 (ii)	-	84,009,177
HSBC International Trustee Limited	-	-	-	30,914,000 (iv)	-	30,914,000

Notes:

- (i) SAL is wholly owned by Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly. This interest is also included as Corporate Interests of Dr. TAI Tak Fung, Stephen, JP in "Directors' Interests in Shares".
- (ii) CGL is owned by a discretionary trust, the Tai Family Trust, the eligible beneficiaries of which include members of the family of Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly. This interest is also included as Trust and Similar Interests of Dr. TAI Tak Fung, Stephen, JP in "Directors' Interests in Shares".

- (iii) Out of the 53,095,177 shares, 187,927 shares, representing 0.076% of the Company's issued share capital, are beneficially owned by FSMHL. SAL and CGL in aggregate hold more than one-third of the issued share capital of FSMHL. SAL is wholly-owned by Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly; whereas CGL is owned by a discretionary trust, the Tai Family Trust, the eligible beneficiaries of which include members of the family of Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly. Accordingly, Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are deemed to have interests in those 187,927 shares of the Company's issued share capital held by FSMHL. The remaining 52,907,250 shares, representing 21.35% of the Company's issued share capital, are owned by SAL, and Dr. TAI Tak Fung, Stephen, JP and his spouse Dr. WU Mei Yung, Quinly are therefore deemed to have interests therein. This interest is also included as Corporate Interests of Dr. TAI Tak Fung, Stephen, JP in "Directors' Interests in Shares".
- (iv) HSBC International Trustee Limited is the trustee of the discretionary trust, the Tai Family Trust, referred to in note (ii) above.

All the interests stated above represent long positions. Other than as disclosed above, the Company had not been notified of any persons who had interests or short positions in shares or underlying shares of the Company, which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Group did not have any outstanding option at the beginning and at the end of the period. During the period, no options have been granted under the new Share Option Scheme adopted by the Group on 2 September 2002.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's 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 2003 the Group held cash on hand and bank balances of approximately HK\$152 million whilst trade credit facilities were utilized to the extent of approximately HK\$141 million representing approximately 33% of the total banking facilities of HK\$431 million. The Group maintained a gearing ratio of 0.47 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 loans, which are repayable by installments up to 2006, were obtained to finance the construction of the Group's premises in Sai Kung. The other loans were obtained for working capital purpose.

PLEDGE OF ASSET

As at 30 September 2003, 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. At 30 September 2003, the Group employed a total of 70 full time employees.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2003, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, save that the non-executive directors are not appointed for specific term but are subject to retirement by rotation and re-election pursuant to the Articles of Association of the Company.

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 2003 with the directors.

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

Hong Kong, 18 December 2003