



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The unaudited condensed consolidated financial statements have been prepared in accordance with the accounting policies consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2003.



2. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that geographical segments are its primary reporting format.

(a) *Business segment*

The Group is principally engaged in the production and distribution of snack food and convenience frozen food products which constitute one single business segment throughout the periods.

(b) *Geographical segment*

The Group's operations and assets are located in Hong Kong and elsewhere in the People's Republic of China (the "PRC"). Geographical segment information is based on the location of its assets, and the location of its assets is not different from the location of its customers.

	For the six months ended 30 June 2004			
	Hong Kong	The PRC	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER				
External sales	46,070	43,137	–	89,207
Inter-segment sales	–	4,842	(4,842)	–
Total turnover	<u>46,070</u>	<u>47,979</u>	<u>(4,842)</u>	<u>89,207</u>
SEGMENT RESULTS	<u>3,248</u>	<u>10,047</u>	<u>–</u>	<u>13,295</u>
Unallocated corporate income				431
Finance costs				(4,762)
Taxation				(1,794)
Minority interests				<u>(400)</u>
Profit attributable to shareholders				<u>6,770</u>



For the six months ended 30 June 2003

	Hong Kong <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER				
External sales	40,572	48,020	–	88,592
Inter-segment sales	–	8,985	(8,985)	–
	<u>40,572</u>	<u>57,005</u>	<u>(8,985)</u>	<u>88,592</u>
SEGMENT RESULTS	<u>2,585</u>	<u>10,526</u>	<u>–</u>	13,111
Unallocated corporate income				152
Finance costs				(3,975)
Taxation				(1,939)
Minority interests				(599)
Profit attributable to shareholders				<u>6,750</u>

3. DEPRECIATION AND AMORTISATION

During the period, charged against profit from operations was depreciation and amortisation of approximately HK\$2,911,000 (2003: approximately HK\$3,309,000) in respect of the Group's property, plant and equipment.

4. TAXATION

	For the six months ended 30 June	
	2004	2003
	<i>HK'000</i>	<i>HK'000</i>
The charge comprises:		
Hong Kong profits tax	241	–
PRC income tax		
– current period	1,119	1,537
– under provision in prior year	278	402
	<u>1,638</u>	<u>1,939</u>
Deferred taxation	156	–
	<u>1,794</u>	<u>1,939</u>



Hong Kong profits tax is calculated at 17.5% (2003: 17.5%) of the estimated assessable profit during the period.

In accordance with the relevant tax laws and regulations of the PRC, certain of the Group's PRC subsidiaries are exempted from PRC enterprise income tax for two years starting from the first profit making year after utilisation of the carried forward tax losses and are eligible for a 50% relief of the PRC enterprise income tax for the following three years.

5. DIVIDENDS

	For the six months ended 30 June	
	2004 HK'000	2003 HK'000
2003 final dividend of HK2 cents (2002 final: Nil) per share	4,000	–
2004 interim dividend of Nil (2003 interim: HK1.5 cents) per share	–	3,000
	<u>4,000</u>	<u>3,000</u>

Notes:

- (a) The final dividends of the year ended 31 December 2003 and 31 December 2002 of HK\$4,000,000 and Nil respectively, were approved after the balance sheet date. Under the Group's accounting policy, they were charged in the periods in which they were proposed and approved.
- (b) The board of directors has resolved not to declare any interim dividend for the six months ended 30 June 2004 (2003 interim dividend: HK1.5 cents per share).



6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders for the period of approximately HK\$6,770,000 (2003: approximately HK\$6,750,000) and on the weighted average number of 200,000,000 Shares (2003: 141,988,950 Shares) in issue and issuable.

7. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment for an amount of approximately HK\$6,990,000 (2003: approximately HK\$9,908,000).

8. TRADE AND OTHER RECEIVABLES

The Group adopts a general policy of allowing average credit period ranging from 90 days to 180 days to its trade customers. However, for certain customers with established relationships and good past repayment histories, a longer credit period will be granted.

An aged analysis of the trade receivables (net of allowance for bad and doubtful debts) is as follows:

	As at 30 June 2004 HK\$'000	As at 31 December 2003 HK\$'000
Within 30 days	19,103	45,850
31 to 60 days	17,099	15,409
61 to 90 days	16,535	14,451
91 to 180 days	12,926	17,194
181 to 270 days	39,539	8,181
271 to 365 days	10,679	8,705
Over 365 days	–	21,516
Trade receivables	115,881	131,306
Other receivables	17,129	21,080
	<u>133,010</u>	<u>152,386</u>



9. TRADE AND OTHER PAYABLES

An aged analysis of the trade payables is as follows:

	As at 30 June 2004 HK\$'000	As at 31 December 2003 HK\$'000
Within 30 days	6,297	8,963
31 to 60 days	3,615	6,595
61 to 90 days	2,895	3,605
91 to 180 days	4,892	5,127
181 to 365 days	6,835	6,363
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Trade payables	24,534	30,653
Other payables	10,029	16,207
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	34,563	46,860
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10. SHARE CAPITAL

	Number of Ordinary shares	Amounts HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
As at 31 December 2003 and 30 June 2004	<u>4,000,000,000</u>	<u>40,000</u>
<i>Issued and fully paid:</i>		
As at 31 December 2003 and 30 June 2004	<u>200,000,000</u>	<u>2,000</u>

11. CAPITAL COMMITMENTS

	As at 30 June 2004 HK\$'000	As at 31 December 2003 HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	258	9,831
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