

NOTES TO THE CONDENSED ACCOUNTS

1. Basis of preparation and accounting policies

These unaudited consolidated condensed accounts are prepared in accordance with SSAP 25 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

These condensed accounts should be read in conjunction with the 2004 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 2004.

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 revenue and results for the period by geographical segment is as follows:

	Unaudited		
	Six months ended 30 September 2004		
	Hong Kong and Macau <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	<u>235,755</u>	<u>54,688</u>	<u>290,443</u>
Segment results	<u>11,330</u>	<u>677</u>	<u>12,007</u>
Unallocated costs			<u>(382)</u>
Operating profit before finance costs			<u>11,625</u>
Finance costs			<u>(968)</u>
Operating profit			<u>10,657</u>
Share of profits of associated companies			<u>12,962</u>
Profit before taxation			<u>23,619</u>
Taxation			<u>(3,939)</u>
Profit attributable to shareholders			<u>19,680</u>

2. Turnover, revenue and segment information (Continued)

	Unaudited		
	Six months ended 30 September 2003		
	Hong Kong and Macau <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	179,968	73,972	253,940
Segment results	10,314	10,955	21,269
Unallocated costs			(1,919)
Operating profit before finance costs			19,350
Finance costs			(1,381)
Operating profit			17,969
Share of profits of associated companies			11,937
Profit before taxation			29,906
Taxation			(5,816)
Profit attributable to shareholders			24,090

3. Other revenues

An analysis of other revenues is as follows:

	Unaudited	
	Six months ended	
	30 September	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Dividends income	23	—
Net (loss)/income from currency-link deposits	(5,202)	2,597
Rental income from leasehold land and building	545	534
	(4,634)	3,131

4. Operating profit before finance costs

Operating profit before finance costs is stated after crediting and charging the following:

	Unaudited	
	Six months ended	
	30 September	
	2004	2003
	HK\$'000	HK\$'000
Crediting :		
Reversal of write-down of inventories	8,000	–
Charging :		
Depreciation of fixed assets	1,852	1,500
Operating leases of land and buildings	7,422	5,808
	<u> </u>	<u> </u>

5. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profit for the period.

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

	Unaudited	
	Six months ended	
	30 September	
	2004	2003
	HK\$'000	HK\$'000
Current taxation:		
– Hong Kong profits tax	2,153	3,377
Deferred taxation relating to the origination and reversal of temporary difference	(21)	233
Deferred taxation resulting from an increase in tax rate	–	3
	<u> </u>	<u> </u>
	2,132	3,613
Share of taxation attributable to associated companies	1,807	2,203
	<u> </u>	<u> </u>
Taxation charge	<u>3,939</u>	<u>5,816</u>

6. Interim dividends

	Unaudited Six months ended 30 September	
	2004	2003
	HK\$'000	HK\$'000
Proposed interim dividend of HK1.0 cent per ordinary share (2003: HK1.0 cent per ordinary share)	<div style="margin: 0 auto; width: 100px; text-align: center;"> 2,572 </div>	<div style="margin: 0 auto; width: 100px; text-align: center;"> 2,478 </div>

Notes:

- (a) At a meeting held on 20 July 2004 the directors proposed a final dividend of HK3.0 cents per ordinary share for the year ended 31 March 2004, which was paid on 15 September 2004 and has been reflected as an appropriation of retained earnings for the six months ended 30 September 2004.
- (b) At a meeting held on 16 December 2004 the directors declared an interim dividend of HK 1.0 cent per ordinary share for the year ending 31 March 2005. 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 2005.

7. Earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to shareholders of HK\$19,680,000 (2003: HK\$24,090,000).

The basic earnings per share is based on the weighted average number of 251,764,896 (2003: 247,820,000) ordinary shares in issue during the period. The diluted earnings per share is based on 254,153,467 ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 2,388,571 ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised (2003: Diluted earnings per share amount for the period ended 30 September 2003 was not disclosed as there were no dilutive events during the period).

8. Trade receivables

Details of the ageing analysis of the trade receivables are as follows:

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2004	2004
	HK\$'000	HK\$'000
0 – 30 days	51,916	41,358
31 – 60 days	14,234	9,040
Over 60 days	7,464	5,842
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	73,614	56,240
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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 ageing analysis of the trade and bills payables are as follows:

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2004	2004
	HK\$'000	HK\$'000
0 – 30 days	51	14,256
31 – 60 days	–	4
Over 60 days	–	1,178
	<hr/>	<hr/>
	51	15,438
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10. Bank loans – secured

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2004	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans		
– Wholly repayable within five years	26,354	21,210
Less: current portion of bank loans	(23,712)	(15,712)
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	2,642	5,498
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At 30 September 2004, the Group's bank loans were repayable as follows:

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2004	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	23,712	15,712
In the second year	2,642	5,498
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	26,354	21,210
	<hr/> <hr/>	<hr/> <hr/>

11. Share capital

	<i>No. of shares</i>	<i>HK\$'000</i>
Authorised		
At 1 April 2004 and 30 September 2004, ordinary shares of HK\$0.10 each	400,000,000	40,000
Issued and fully paid		
At 1 April 2004, ordinary shares of HK\$0.10 each	247,820,000	24,782
Exercise of share options (<i>note (a)</i>)	12,880,000	1,288
Repurchase and cancellation of shares (<i>note (b)</i>)	(3,514,000)	(351)
At 30 September 2004, ordinary shares of HK\$0.10 each	257,186,000	25,719

Notes:

- (a) Details of share options granted by the Company pursuant to the Share Option Scheme and the share options outstanding at 30 September 2004 are as follows:

Date of grant	Exercise price HK\$	Exercisable period	Number of share options			
			As at 1 April 2004	Exercised during the period	Lapsed during the period	As at 30 September 2004
11 November 2003	0.93	1 May 2004 to 31 October 2005	22,200,000	(12,880,000)	(200,000)	9,120,000

- (b) During the period, 3,514,000 ordinary shares of HK\$0.10 each were repurchased and cancelled.

12. Contingent liabilities

At 30 September 2004, the Group had irrevocable letters of credit issued to suppliers and shipping guarantees were given to bankers for purchase of goods amounting to HK\$293,000 (2003: HK\$1,571,000).

13. Related party transactions

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

	Unaudited	
	Six months ended	
	30 September	
	2004	2003
	HK\$'000	HK\$'000
Rental and building management fee received from related companies	<div style="margin: 0 auto; width: 100px; text-align: center;"> 96 </div>	<div style="margin: 0 auto; width: 100px; text-align: center;"> 168 </div>

Tenancy agreement was entered into with a related party to lease office for a period of 2 years. Terms of the agreement were entered into in accordance with recommendations provided by a firm of professional valuers.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.0 cent (2003: HK1.0 cent) per ordinary share for the period ended 30 September 2004, payable to shareholders whose names appear in the register of members of the Company on 20 January 2005. The dividend will be payable on 28 January 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 January 2005 to 20 January 2005 (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 13 January 2005.