

## **LIQUIDITY AND FINANCIAL RESOURCES**

Operating revenue was the Group's major source of funds during the financial period. As at 30 September 2004, the Group held cash on hand and bank balances of approximately HK\$159 million (2003: HK\$152 million) whilst trade credit facilities were utilised to the extent of approximately HK\$153 million (2003: HK\$141 million) representing approximately 34% (2003: 33%) of the total banking facilities of HK\$446 million (2003: 431 million).

The Group has a gearing ratio of 0.45 (2003: 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. Risk in exchange rate fluctuations will not be material. 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, was obtained to finance the construction of the Group's premises at Sai Kung. The other bank loans were obtained for working capital purpose.

## **PLEDGE OF ASSET**

As at 30 September 2004, the assets (including land and buildings) and the issued shares of a subsidiary were pledged as securities for a bank loan granted to 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 2004, the Group employed a total of 64 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 2004, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules, save that the independent 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.

## COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

For the six months ended 30 September 2004, the Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions (the "Code"). Having made specific enquiry of all directors of the Company, the directors of the Company have complied with the required standard as set out in the Code for the period.

## AUDIT COMMITTEE

On 30 September 2004, Mr. LUI Shing Ming, Brian was appointed as an independent non-executive director and a member of the Audit Committee of the Company. As at the date of this report, the Audit Committee comprises Mr. CHAN Kay Cheung, Mr. LAN Yee Fong, Steve John and Mr. LUI Shing Ming, Brian, all of whom are independent non-executive directors of the Company.

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 2004 with the directors.

## CHANGE OF COMPANY NAME

In order to enhance the corporate image of the Company, pursuant to a special resolution passed on 2 September 2004, the name of the Company has been changed from Four Seas eFood Holdings Limited (四洲食品網匯控股有限公司) to Four Seas Food Investment Holdings Limited (四洲食品投資控股有限公司) effective from 4 October 2004.

## THE BOARD

As at the date of this report, the Board of the Company comprises Dr. TAI Tak Fung, Stephen, Mr. Takeshi NOMAGUCHI, Mr. MAN Wing Cheung, Ellis, Mr. YIP Wai Keung, Mr. TSE Siu Wan, Mr. LAI Yuk Chuen, Philip and Mr. TAI Chun Leung as executive directors, Mr. CHAN Kay Cheung, Mr. LAN Yee Fong, Steve John and Mr. LUI Shing Ming, Brian as independent non-executive directors.

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

Hong Kong, 16 December 2004