

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30 September 2006 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim financial reporting’. This condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2006.

2. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2006, as described in the annual financial statements for the year ended 31 March 2006.

The following new standards, amendments to standards and interpretations are mandatory for the financial year ending 31 March 2007.

- Amendment to HKAS 19, “Actuarial gains and losses, group plans and disclosures”;
- Amendment to HKAS 21, Amendment “Net investment in a foreign operation”;
- Amendment to HKAS 39, Amendment “The fair value option”;
- Amendment to HKAS 39, Amendment “Cash flow hedge accounting of forecast intragroup transactions”;
- Amendment to HKAS 39 and HKFRS 4, Amendment “Financial guarantee contracts”;
- HKFRS 6, “Exploration for and evaluation of mineral resources”;
- HK(IFRIC)-Int 4, “Determining whether an arrangement contains a lease”;
- HK(IFRIC)-Int 5, “Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds”;
- HK(IFRIC)-Int 6, “Liabilities arising from participating in a specific market – waste electrical and electronic equipment”; and
- HK(IFRIC)-Int 7, “Applying the Restatement Approach under HKFRS 29”.

The adoption of the above new standards, amendments to standards and interpretations have no material impact to the condensed consolidated financial information of the Group.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year ending 31 March 2007 and have not been early adopted:

- Amendment to HKAS 1, Amendment “Capital Disclosures”;
- HKFRS 7, “Financial instruments: Disclosures”;
- HK(IFRIC)-Int 8, “Scope of HKFRS 2”; and
- HK(IFRIC)-Int 9, “Reassessment of Embedded Derivatives”.

The management is currently assessing the impact of these new standards, amendments to standards and interpretations on the Group’s operations.

3. Turnover 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 2006		
	Hong Kong and Macau HK\$'000	Mainland China HK\$'000	Total HK\$'000
Turnover	192,483	82,541	275,024
Segment results	451	4,991	5,442
Unallocated costs			(488)
Operating profit before finance costs			4,954
Finance costs			(2,289)
Share of profits of associated companies			14,543
Profit before tax			17,208
Income tax expense			(338)
Profit attributable to equity holders of the Company			16,870

	Unaudited		
	Six months ended 30 September 2005		
	Hong Kong and Macau HK\$'000	Mainland China HK\$'000	Total HK\$'000
Turnover	218,393	55,878	274,271
Segment results	465	108	573
Unallocated costs			(432)
Operating profit before finance costs			141
Finance costs			(3,491)
Share of profits of associated companies			13,549
Profit before tax			10,199
Income tax expense			(68)
Profit attributable to equity holders of the Company			10,131

Unallocated costs represent corporate expenses.

4. Other gains

	Unaudited Six months ended 30 September	
	2006 HK\$'000	2005 HK\$'000
Interest income	1,985	5,364
Gross rental income	231	361
Dividend income from other financial assets at fair value through profit or loss	111	25
Fair value loss on other financial assets at fair value through profit or loss	(78)	(447)
Exchange gain	963	482
Gain on disposals of property, plant and equipment	20	—
	<u>3,232</u>	<u>5,785</u>

5. Expenses by nature

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are presented by nature as follows:

	Unaudited Six months ended 30 September	
	2006 HK\$'000	2005 HK\$'000
Depreciation of property, plant and equipment	1,673	1,713
Amortisation of leasehold land	285	285
Operating leases of leasehold land and buildings	<u>9,788</u>	<u>7,555</u>

6. Finance costs

	Unaudited Six months ended 30 September	
	2006 HK\$'000	2005 HK\$'000
Interest expense on bank loans and trust receipt loans	<u>2,289</u>	<u>3,491</u>

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period.

The amount of income tax expense charged to the condensed consolidated income statement represents:

	Unaudited	
	Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
Deferred taxation relating to the origination and reversal of temporary difference	<u>338</u>	<u>68</u>

Share of associated companies' income tax for the six months ended 30 September 2006 of HK\$3,127,000 (30 September 2005: HK\$2,490,000) are included in the condensed consolidated income statement as share of profits of associated companies.

8. Dividend

	Unaudited	
	Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
Proposed interim dividend of HK1.0 cent per ordinary share (2005: HK1.0 cent per ordinary share)	<u>2,596</u>	<u>2,587</u>

Notes:

- (a) At a meeting held on 19 July 2006 the directors proposed a final dividend of HK3.0 cents per ordinary share for the year ended 31 March 2006, which was paid on 14 September 2006 and has been reflected as an appropriation of retained earnings for the six months ended 30 September 2006.
- (b) At a meeting held on 21 December 2006 the directors declared an interim dividend of HK1.0 cent per ordinary share for the year ending 31 March 2007. This proposed dividend is not reflected as a dividend payable in this condensed consolidated financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2007.

9. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 September	
	2006	2005
Profit attributable to equity holders of the Company (HK\$)	16,870,000	10,131,000
Weighted average number of ordinary shares in issue	259,586,000	258,377,803
Basic earnings per share (HK cent per share)	6.50	3.92

(b) Diluted

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had only one category of dilutive potential ordinary share: share options. For the share options a calculation was done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options.

	Unaudited Six months ended 30 September 2005
Profit attributable to equity holders of the Company (HK\$)	10,131,000
Weighted average number of ordinary shares in issue	258,377,803
Adjustment for share options	1,177,636
Weighted average number of ordinary shares for diluted earnings per share	259,555,439
Diluted earnings per share (HK cent per share)	3.90

Diluted earnings per share for the six months ended 30 September 2006 is the same as the basic earnings per share since the Company has no dilutive potential ordinary share.

10. Capital expenditure

	Unaudited	
	Property, plant and equipment	Leasehold land
	<i>HK\$'000</i>	<i>HK\$'000</i>
Opening net book amount as at 1 April 2006	57,417	32,340
Additions	2,068	–
Disposals	(612)	–
Depreciation/amortisation charge (<i>Note 5</i>)	(1,673)	(285)
Closing net book amount as at 30 September 2006	<u>57,200</u>	<u>32,055</u>
Opening net book amount as at 1 April 2005	59,714	32,910
Additions	854	–
Depreciation/amortisation charge (<i>Note 5</i>)	(1,713)	(285)
Closing net book amount as at 30 September 2005	58,855	32,625
Additions	74	–
Disposals	(16)	–
Depreciation/amortisation charge	(1,496)	(285)
Closing net book amount as at 31 March 2006	<u>57,417</u>	<u>32,340</u>

11. Trade receivables

The Group has a credit policy with general credit terms ranging from 30 days to 90 days. As at 30 September 2006 and 31 March 2006, the ageing analysis of the trade receivables were as follows:

	Unaudited As at 30 September 2006 <i>HK\$'000</i>	Audited As at 31 March 2006 <i>HK\$'000</i>
0-30 days	49,509	43,904
31-60 days	12,119	7,108
Over 60 days	1,347	1,330
	<u>62,975</u>	<u>52,342</u>

12. Other financial assets at fair value through profit or loss

	Unaudited As at 30 September 2006 HK\$'000	Audited As at 31 March 2006 HK\$'000
Equity securities listed in Hong Kong at market value	16,706	8,656

13. Share capital

	Unaudited As at 30 September 2006 HK\$'000	Audited As at 31 March 2006 HK\$'000
Authorised 400,000,000 (31 March 2006: 400,000,000) ordinary shares of HK\$0.10 each	40,000	40,000
Issued and fully paid 259,586,000 (31 March 2006: 259,586,000) ordinary shares of HK\$0.10 each	25,959	25,959

14. Trade and bills payables

As at 30 September 2006 and 31 March 2006, the ageing analysis of the trade and bills payables were as follows:

	Unaudited As at 30 September 2006 HK\$'000	Audited As at 31 March 2006 HK\$'000
0-30 days	13	2,522
31-60 days	4	116
Over 60 days	57	25
	74	2,663

15. Borrowings

	Unaudited As at 30 September 2006 HK\$'000	Audited As at 31 March 2006 HK\$'000
Amounts due within 12 months:		
Trust receipt loans, secured	76,597	76,714
Short-term bank loans, secured	13,000	–
	<u>89,597</u>	<u>76,714</u>

The trust receipt loans and short-term bank loans of the Group are secured by corporate guarantees of the Company.

The effective interest rates of borrowings at the respective balance sheet dates are as follows:

	Unaudited As at 30 September 2006	Audited As at 31 March 2006
Trust receipt loans, secured	4.90%	4.84%
Short-term bank loans, secured	4.65%	–

The carrying amount of borrowings approximates their fair value.

The Group's borrowings were all denominated in Hong Kong dollar.

16. Contingent liabilities

At 30 September 2006, the Group did not have any material contingent liabilities.

17. Related party transactions

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

(a) Transactions with related party

	Unaudited Six months ended 30 September 2006 HK\$'000	2005 HK\$'000
Rental and building management fee received from a related company	<u>101</u>	<u>96</u>

Tenancy agreement was entered into with a related party to lease office for a period of 2 years. The lease was entered into a mutually agreed terms.

17. Related party transactions (Continued)**(b) Key management compensation**

	Unaudited	
	Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	2,868	3,088
Pension costs – defined contribution plan	206	220
Termination benefits	–	–
Other long-term benefits	–	–
Share-based payments	–	–
	<u>3,074</u>	<u>3,308</u>

18. Seasonality of interim operations

The effect of seasonal fluctuation on the Group's interim operations was immaterial.