



JADE DYNASTY FOOD CULTURE GROUP LIMITED
玉皇朝飲食文化集團有限公司

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)



INTERIM REPORT 2003





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MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 September 2003 (the "Period"), the unaudited consolidated results of Jade Dynasty Food Culture Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") recorded a loss of approximately HK\$8.1 million, as compared with a loss of approximately HK\$3.9 million for the last corresponding period. The turnover of the Group decreased slightly by 0.8% to approximately HK\$118.6 million as compared with HK\$119.6 million for the last corresponding period.

OPERATIONS REVIEW

The increases in loss was mainly attributable to the outbreak of Severe Acute Respiratory Syndrome ("SARS") and the closing down of 2 G. Sushi restaurants that had succumbed to the difficult operating environment during the Period.

G. Sushi

As at 30 September 2003, there were a total of 18 outlets under the sushi bar restaurant chain, which recorded an operating loss of HK\$3.1 million for the Period as compared with the operating profit of HK\$1.2 million for the last corresponding period. The decline in performance was mainly attributable to the closing of 2 restaurants as a result of the challenging business operations and weak consumer confidence during the outbreak of SARS.

Suishaya Japanese Restaurant

Turnover of this restaurant decreased by 28% due to the outbreak of SARS. In order to alleviate the adverse effect, various lunch and dinner sets and buffets were launched at competitive prices during the Period.

Forever Green Taiwanese Restaurant

During the Period, the management allocated much time and resources into marketing and promotions, as well as continued to introduce various new dishes to the menu and established the food delivery services to attract more customers.

Yuk Man Home Made Noodle Shop

In order to overcome the challenging environment and to satisfy the ever-changing customer tastes and needs in the restaurant operation business, the Group opened a new style noodle shop in Kowloon City in August 2003.



Comics Publication

The Group has expanded its business scope to diversify its restaurant operation business into the comics publication sector. In order to broaden its revenue base, the Group launched a new comics title series called "The Four Famous Detectives" (in Chinese "四大名捕"), by capitalizing on the experience and expertise of some of its Directors. Since its launch in March 2003, the bi-weekly comic title series have been well received by the market, with an average circulation of about 17,000 magazines per issue.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets and shareholders' deficit as at 30 September 2003 were approximately HK\$107.8 million and HK\$30.2 million respectively, which were financed by current liabilities and non-current liabilities of HK\$118.6 million and HK\$8.6 million respectively.

Since the end of the Period, the Board of Directors (the "Directors") have been taking active steps to improve the liquidity position of the Group. As explained in note 16(a) on page 16, net proceeds of approximately HK\$18.3 million were received from the placing of 61.5 million new shares to an independent third party. As explained in note 16(b) on page 16, the disposal of G. Sushi operations reduced the current external borrowings of the Group by approximately HK\$81.7 million. Following these subsequent events, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. In addition, as explained in note 16(c) on page 16, the Company has currently proposed a rights issue which will raise net proceeds of approximately HK\$45 million.

The Group has limited exposure to fluctuations in exchange rates and its borrowings, bank balances and cash are all denominated in Hong Kong dollars.

CAPITAL STRUCTURE

Subsequent to the Period end, 61.5 million new shares of HK\$0.002 each in the Company were issued at a price of HK\$0.31 per share by way of placement. The net proceeds amounted to approximately HK\$18.3 million.

Subsequent to the Period end, the Company proposed rights issue on the basis of one rights share for every three existing shares. The net proceeds will amount to approximately HK\$45 million.



REMUNERATION OF EMPLOYEES

As at 30 September 2003, the Group has 627 permanent employees and 211 part-time employees. Employees' costs (excluding directors' emoluments) amounted to approximately HK\$38 million for the Period. All permanent employees are remunerated under a fixed monthly salary with discretionary bonus.

There has been no change to the share option scheme adopted by the Company on 7 October 2002 since 1 April 2003. A total of 9.6 million share options have been granted to certain directors and consultants of the Company since its adoption.

CHARGES ON ASSETS

As at 30 September 2003, certain assets of the Group with an aggregate amount of HK\$29.6 million were pledged (including HK\$1 million in cash, HK\$0.3 million in equipment and HK\$28.3 million in properties) to secure general banking and credit facilities granted to the Group.

INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the Period (2002: Nil).

DISCLOSURE IN RELATION TO PRACTICE NOTE ("PN") 19

Owing to the occurrence of net liabilities and on the basis that trade receivables and non-trade receivables of the Group constitute relevant advances by the Group for the purpose of PN19, any amount of such receivables outstanding due from entities as at and new entities subsequent to the end of 30 September 2003 and all subsequent increases thereto technically became discloseable under paragraphs 3.2.1, 3.2.2 and 3.8 of PN19.

As explained in note 16(b) on page 16, the proforma net asset value position of the Group was restored to a positive level of approximately HK\$18.6 million since the disposal of its G. Sushi operations completed on 21 November 2003. Since then, the Company has incurred no general disclosure obligations pursuant to paragraph 2(1) of the Listing Agreement as supplemented by PN 19.



Details of the trade receivables and non-trade receivables are given below:

		30 September 2003 (unaudited) Principal amount HK\$'000	31 March 2003 (audited) Principal amount HK\$'000
	<i>Note</i>		
Trade Receivables			
Receivables from credit card companies	<i>i</i>	455	276
Receivables from publication distributors	<i>ii</i>	993	300
Receivables from other customers	<i>iii</i>	776	407
Receivables from directors and other senior management staff of the Group	<i>iv</i>	4	42
Sub-total:		2,228	1,025
Non-Trade Receivables			
Deposits with landlords	<i>v</i>	10,690	11,603
Deposits with utility companies	<i>vi</i>	2,179	2,285
Amounts due from insurance companies	<i>vii</i>	250	761
Deposits and repayments with suppliers	<i>viii</i>	–	304
Sundry deposits and prepayments	<i>ix</i>	2,681	1,591
Sub-total:		15,800	16,544
Total:		18,028	17,569



Notes:

- i. The Group accepts credit card purchases in its ordinary course of catering operations. The receivables were due from 7 (3/2003: 6) credit card companies and all of them are independent third parties.
- ii. The receivables were due from 4 (3/2003: 4) publication distributors in relations to the comics publication business of the Group and all of them are independent third parties.
- iii. The receivables were due from 16 (3/2003: 19) customers and arose from the bulk sales of prepared food by the Group to these customers on running account basis. All these customers are independent third parties.
- iv. Directors and senior management staff of the Group are allowed to settle their dining bills with the restaurant outlets of the Group on monthly basis. The receivables shown were aggregate amount outstanding as at the respective dates. The amounts due as at a month end are settled within the next following month.
- v. The receivables were due from 30 (3/2003: 31) landlords by way of rental deposit for shop outlets of the Group. Subject to compliance by the Group with the terms of tenancy agreements for the lettings, the rental deposits are refundable to the Group within the time provided in the relevant tenancy agreements. All the landlords are independent third parties.
- vi. The receivable were due from 5 (3/2003: 5) public utilities companies and an estate management company by way of utilities deposit and management fee deposit respectively. All these companies are independent third parties.
- vii. The receivables were due from 3 (3/2003: 3) insurance companies by way of claims proceeds and prepayments of insurance premia. All the insurance companies are independent third parties.
- viii. The Group purchases its supplies for the catering operations from suppliers on running account basis in its ordinary course of businesses. In this connection, the Group makes prepayments and maintains certain amount of credit balance in its accounts with the various suppliers. The receivables shown were the aggregate amount of such prepayments made by the Group. All the suppliers are independent third parties.
- ix. The receivables were due from sundry debtors by way of deposits and prepayments. All the sundry debtors are independent third parties.
- x. All the above receivables are interest free, unsecured and (save as stated in notes iv and v in respect of amounts due from directors and senior management staff of the Group and from landlords of the Group) without a fixed term for payment. No provision has been made for any of these receivables.



PROSPECTS

Following the change in control of the Company in July 2002, there was a change in the composition of the Directors in August 2002 and a detailed review of the Group's operations has been conducted since then. The Directors will continue to implement stringent cost control measures, and at the same time, they will strive to improve the product quality and service standards in terms of food variety, presentation and location of outlets in order to satisfy customer tastes and needs and to enhance competitiveness.

As a result of keen competition in the restaurant operation business and its strong connectivity to the economic environment in Hong Kong, the Directors decided that the Group should diversify into new business and investment opportunities in Hong Kong and the PRC, so as to enhance the shareholders' value of the Group. The first step of diversification is the comics publication business that capitalizes on the experience and expertise of some of the Directors. The new business venture has proved to be relevant to the interests of the Group and the Directors will further pursue this new line of business, as it demonstrates vast development potentials in the PRC.

As mentioned in the Company's Annual Report for the year ended 31 March 2003, the Directors noted with particular concern the net liabilities position. A net asset restoration plan has been formulated and is comprised of a number of procedures. First of all, the Group will dispose of or close down the Group's loss operations which are unlikely to turnaround in the near future. It will also explore fund raising venues in capital markets with the aim to improving the Company's capital base, as well as to seeking promising business opportunities in the existing restaurant operation business, the comics publication business and other viable business ventures.

To implement the net asset restoration plan, net proceeds of approximately HK\$18.3 million were raised pursuant to the placing of 61.5 million new shares in the Company effected in October 2003. The Group has successfully disposed of the G.Sushi operation in late November 2003. Subsequent to these, the Group has announced a proposed rights issue on the basis of one rights share for every three existing shares. Assuming the rights issue will complete as proposed, the Group will then be in a stronger financial position to develop and expand its current businesses in Hong Kong and the PRC.



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INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF JADE DYNASTY FOOD CULTURE GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 9 to 17.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards No. 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 September 2003.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 15 December 2003



CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

		Six months ended	
		30 September 2003 (unaudited) HK\$'000	30 September 2002 (unaudited) HK\$'000
	<i>Note</i>		
Turnover		118,629	119,584
Cost of goods sold		(37,830)	(35,382)
Direct operating expenses		(70,575)	(74,366)
		10,224	9,836
Other operating income		832	1,033
Selling and distribution costs		(4,070)	(2,712)
Administrative expenses		(10,740)	(10,585)
Surplus on revaluation of leasehold land and buildings		-	360
Loss on disposal of property, plant and equipment		(1,504)	(2)
Loss from operations		(5,258)	(2,070)
Finance costs		(1,210)	(1,839)
Loss before tax		(6,468)	(3,909)
Income tax	5	(348)	-
Loss before minority interests		(6,816)	(3,909)
Minority interests		(1,260)	-
Net loss for the Period		(8,076)	(3,909)
			(restated)
Loss per share – Basic	6	(2.3) cents	(1.1) cents



CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2003

	Note	30 September 2003 (unaudited) HK\$'000	31 March 2003 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	7	80,629	81,679
Intangible asset	8	283	200
Interest in an associate		–	–
		80,912	81,879
Current assets			
Inventories		5,271	5,450
Trade debtors	9	2,228	1,025
Other debtors		247	307
Deposits and prepayments		15,553	16,237
Pledged bank deposits		1,024	3,319
Bank balances and cash		2,579	1,538
		26,902	27,876
Current liabilities			
Trade creditors	10	16,149	10,380
Other creditors and accrued charges		15,916	13,488
Amount due to a related company	11	13	100
Taxation payable		388	40
Obligations under finance leases			
– amount due within one year		73	71
Bank borrowings			
– amount due within one year	12	6,640	46,015
Other loans	13	72,400	37,000
Loan from a related company	14	7,000	5,000
		118,579	112,094
Net current liabilities		(91,677)	(84,218)
Total assets less current liabilities		(10,765)	(2,339)
Capital and reserves			
Share capital		714	714
Share premium		176,480	176,480
Special reserve		(36,810)	(36,810)
Accumulated losses		(170,605)	(162,529)
		(30,221)	(22,145)
Minority interests		10,900	9,184
Non-current liabilities			
Obligations under finance leases			
– amount due after one year		154	191
Bank borrowings			
– amount due after one year		8,402	10,431
		8,556	10,622
		(10,765)	(2,339)



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2002	595	167,079	(36,810)	(138,182)	(7,318)
Issue of shares	119	9,401	-	-	9,520
Net loss for the period	-	-	-	(3,909)	(3,909)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2002	714	176,480	(36,810)	(142,091)	(1,707)
Net loss for the period	-	-	-	(20,438)	(20,438)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	714	176,480	(36,810)	(162,529)	(22,145)
Net loss for the Period	-	-	-	(8,076)	(8,076)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2003	714	176,480	(36,810)	(170,605)	(30,221)



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

	Six months ended	
	30 September 2003 (unaudited) HK\$'000	30 September 2002 (unaudited) HK\$'000
Net cash generated from operating activities	11,453	2,774
Net cash used in investing activities	(5,619)	(3,942)
Financing activities		
Repayment of bank loans	(41,404)	–
New bank loans raised	–	34,407
Other loans raised	35,400	37,000
Repayment of loan from a former shareholder	–	(73,131)
Others	4,282	10,488
Net cash (used in) generated from financing activities	(1,722)	8,764
Net increase in cash and cash equivalents	4,112	7,596
Cash and cash equivalents at beginning of the period	(4,164)	(5,417)
Cash and cash equivalents at end of the Period	(52)	2,179
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	2,579	2,186
Bank overdrafts	(2,631)	(7)
	(52)	2,179



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

1. BASIS OF PREPARATION

The condensed 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 Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

In preparing the interim financial statements, the directors have given careful consideration to the future liquidity of the Group in the light of its net current liabilities of approximately HK\$91,677,000 at 30 September 2003. Since the Period end, the directors have been taking active steps to improve the liquidity position of the Group. As explained in note 16(a), net proceeds of approximately HK\$18,300,000 were received from the placing of 61,500,000 new shares to an independent investor. As explained in note 16(b), the disposal reduced the current external borrowings of the Group by approximately HK\$81,700,000.

Following these subsequent events, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the interim financial statements have been prepared on a going concern basis.

In addition, as explained in note 16(c), the Company has currently proposed rights issue of net proceeds of approximately HK\$45,000,000.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2003, except as described below.

In the Period, the Group has adopted, for the first time, the revised Statement of Standard Accounting Practice No. 12 "Income Taxes" ("SSAP 12 (Revised)") issued by the Hong Kong Society of Accountants. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. The adoption of this SSAP has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. SEGMENT INFORMATION

The Group is principally engaged in the operation of restaurants in Hong Kong.

All of the activities of the Group are based in Hong Kong and all of the Group's turnover and operating loss are derived from Hong Kong.

4. DEPRECIATION AND AMORTISATION

During the Period, depreciation of property, plant and equipment of approximately HK\$7,365,000 (2002: HK\$9,055,000) and amortisation of intangible asset of approximately HK\$17,000 (2002: HK\$Nil) included as administrative expenses were charged to the income statement respectively.



5. INCOME TAX

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for the Period.

In March 2003, the Hong Kong Government of Special Administrative Region proposed that the rate for Hong Kong Profits Tax will be increased to 17.5% with effect from the year of assessment 2003/2004, which was passed by the Legislative Council on 25 June 2003. This increase is taken into account in the preparation of the Group's 2003 interim financial statements.

For the six months ended 30 September 2002, no provision for Hong Kong Profits Tax has been made in the interim financial statements as the Group had no assessable profits during that period.

6. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the Period of approximately HK\$8,076,000 (2002: HK\$3,909,000) and the weighted average number of 357,122,600 (2002: 354,846,645) shares in issue during the Period. Loss per share in prior period has been adjusted for the share subdivision of one share into five shares on 7 October 2002.

7. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment at cost of approximately HK\$7,823,000.

8. INTANGIBLE ASSET

During the Period, the Group acquired intangible asset at cost of HK\$100,000. The intangible asset represents an exclusive right to use the name of Mr. Wong Yuk Man, Raymond, an independent third party, in the operation of a restaurant. The cost will be amortised over three years.

9. TRADE DEBTORS

The Group does not define a fixed credit policy for debtors arise from credit card sales. The Group has a policy of allowing credit periods ranging from 30 days to 60 days for its comics publication business.

The following is an aged analysis of trade debtors at the reporting date:

	30 September 2003 (unaudited) HK\$'000	31 March 2003 (audited) HK\$'000
0-30 days	1,362	908
31-60 days	577	117
61-90 days	175	-
Over 90 days	114	-
	<hr/> 2,228 <hr/>	<hr/> 1,025 <hr/>



10. TRADE CREDITORS

The following is an aged analysis of trade creditors at the reporting date:

	30 September 2003 (unaudited) HK\$'000	31 March 2003 (audited) HK\$'000
0-30 days	7,398	5,023
31-60 days	8,329	4,640
61-90 days	235	717
Over 90 days	187	—
	16,149	10,380

11. AMOUNT DUE TO A RELATED COMPANY

The related company is a company in which the deemed substantial shareholder of the Company, Mr. Wong Chun Loong ("Mr. Wong"), has a beneficial interest.

The amount is unsecured, interest free and is repayable on demand.

12. BANK BORROWINGS

During the Period, the Group repaid bank loans in the amount of approximately HK\$41,404,000.

13. OTHER LOANS

During the Period, the Group obtained a new loan in the amount of HK\$35,000,000 from an independent third party. The loan is secured, bears interest at the best lending rate plus 1% per annum and is repayable on 12 February 2004. The proceed was used to finance the working capital of the Group. These loans were disposed of together with the disposal of a wholly-owned subsidiary as disclosed in note 16(b).

14. LOAN FROM A RELATED COMPANY

The related company is a company in which the deemed substantial shareholder of the Company, Mr. Wong, has a beneficial interest.

The loan is guaranteed by Mr. Wong, bears interest at the best lending rate plus 1.5% per annum and is repayable on 16 December 2003. On 7 November 2003, the loan was fully repaid.

15. DEFERRED TAXATION

At 30 September 2003, the Group has unused tax losses of HK\$192.6 million (31 March 2003: HK\$176.2 million) available for offset against future assessable profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.



16. POST BALANCE SHEET EVENTS

- (a) On 24 October 2003, the Company entered into a subscription agreement with an independent investor, pursuant to which Mr. Kei Kin Hung subscribed for 61,500,000 new shares of HK\$0.002 each in the Company at a price of HK\$0.31 per share. These new shares rank pari passu with the existing shares in all respects. The net proceeds amounted to approximately HK\$18,300,000 was used to provide general working capital of the Group.
- (b) On 20 November 2003, Precise Acme Limited ("Precise Acme"), a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement with Speedy Champion Investments Limited, a company which is beneficially and wholly-owned by Mr. Yeung Sau Shing, Albert ("Mr. Albert Yeung"), a former deemed substantial shareholder of the Company who has no shareholding interest in the Company since July 2002, pursuant to which Precise Acme has agreed to dispose of the entire G. Sushi operations through the disposal of the one issued share of Global Mission Holdings Limited ("Global Mission"), a wholly-owned subsidiary of the Company, together with all obligations, liabilities and debt owing or incurred by Global Mission to Precise Acme as at the completion date for a consideration of HK\$2. The disposal was completed on 21 November 2003. The gain arising from the disposal amounted to approximately HK\$22,600,000. As at the completion date, Global Mission and its subsidiaries have net external liabilities of approximately HK\$22,600,000, of which approximately HK\$81,700,000 was external borrowings due and repayable within one year. For the Period, the unaudited pro forma consolidated turnover contributed by Global Mission amounted to approximately HK\$107,147,000 and the unaudited pro forma consolidated loss before and after tax of Global Mission both amounted to approximately HK\$5,300,000. After the completion of the disposal and after taking into account of the net proceeds from the subscription of new shares as disclosed in (a) above, the net asset value position of the Group was restored to a positive level of approximately HK\$18,600,000.
- (c) On 4 December 2003, the Company proposed rights issue on the basis of one rights share for every three existing shares. The net proceeds of the rights issue will amount to approximately HK\$45,000,000 and will be used for general working capital, repayment of liabilities and for future investment opportunities in suitable business ventures of the Group.

17. RELATED PARTY TRANSACTIONS

During the Period, the Group had the following significant transactions with related parties:

- (a) During the period, amounts totalling HK\$2,000,000 (2002: HK\$Nil) were advanced by Jade Dynasty Publications Limited, a company in which Mr. Wong has a beneficial interest. The loan is guaranteed by Mr. Wong, bears interest at the best lending rate plus 1.5% per annum and is repayable on 16 December 2003. During the Period, an accrued interest of approximately HK\$157,000 was provided on the advance.
- (b) In prior period, amounts totalling HK\$74,349,000 were repaid to Forever Rich Profits Limited ("Forever Rich"), a former substantial shareholder of the Company. This loan was unsecured, bore interest at the best lending rate plus one percent per annum and had no fixed repayment term. During the prior period, an accrued interest of approximately HK\$1,082,000 was provided on the advance from Forever Rich.



- (c) The Group also had the following transactions with companies in which a former deemed substantial shareholder had beneficial interests:

Contracting party	Nature of transaction	Terms	Amount for the period ended 30 September 2003	Amount for the period ended 30 September 2002
			HK\$'000	HK\$'000
China-V (HK) Ltd. (notes 1 and 3)	Purchase of food products	N/A	–	201
Emperor Investment (Management) Limited (notes 2 and 3)	Management fees paid	N/A	–	130

Notes:

1. China-V (HK) Limited is an indirect wholly-owned subsidiary of Emperor Technology Venture Limited, a listed company of which Mr. Albert Yeung was deemed to be a substantial shareholder.
 2. Emperor Investment (Management) Limited is an indirect wholly-owned subsidiary of Emperor International Holdings Limited, a listed company of which Mr. Albert Yeung was deemed to be a substantial shareholder.
 3. Mr. Albert Yeung ceased to be a deemed substantial shareholder of the Company upon the completion of the sale of shares from Forever Rich to Super Empire Investments Limited on 2 July 2002.
- (d) In prior period, an amount due from an associate totalling HK\$1,217,000 was unsecured, non-interest bearing and was not repayable within next twelve months. During the Period, this associate has been deregistered and the amount due from this associate of HK\$1,217,000 was written off. After the deregistration of the associate, the Group has no further financial obligation in respect of the associate.



OTHER INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

At 30 September 2003, the interests or short position of the directors, chief executives and their respective associates in the share capital of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), 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:

Name of director	Capacity	Number of shares	Percentage of the issued share capital of the Company
Dr. Chan Kong Sang, Jackie ("Dr. Jackie Chan") – shares of the Company	Held by trust (note 1)	27,449,500	7.68%
Mr. Cheung Ting Kau, Vincent ("Mr. Vincent Cheung") – shares of the Company	Held by trust (note 2)	2,875,000	0.81%
Mr. Tong Kai Lap ("Mr. Tong") – shares of an associated corporation	Beneficial owner (note 3)	5	N/A

Notes:

- (1) The shares are beneficially owned by Pariain Enterprises Corp., a company controlled by the discretionary trust of Dr. Jackie Chan.
- (2) The shares are beneficially owned by Giant Profit Investments Inc., a company controlled by the discretionary trust of Mr. Vincent Cheung.
- (3) Mr. Tong is the registered shareholder of 5 shares of, which represent 5% interest in, Super Empire Investments Limited ("Super Empire"), the substantial shareholder and an associated corporation of the Company.

Other than as disclosed above, none of the directors, chief executives nor their respective associates had any interests or short positions in any shares of the Company or any of its associated corporations as at 30 September 2003.



SHARE OPTIONS

The following table discloses details of options outstanding under the Company's share option scheme and movement during the Period:

Name of director	Date of grant	Exercisable period	Exercise price <i>HK\$</i>	Outstanding at 1 April 2003 and 30 September 2003
Mr. Tong Kai Lap	27 March 2003	28 March 2003 to 27 March 2006	0.27	2,000,000
Mr. Wong Chun Keung	27 March 2003	28 March 2003 to 27 March 2006	0.27	2,000,000
Mr. Wan Siu Lun	27 March 2003	28 March 2003 to 27 March 2006	0.27	2,000,000
Mr. Ko Chi Keung	27 March 2003	28 March 2003 to 27 March 2006	0.27	1,200,000
				7,200,000

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2003, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests or short positions in the issued share capital of the Company:

Name of substantial shareholder	Number of shares	Shareholding percentage
Super Empire	232,381,325	65.07%
Mr. Wong Chun Loong ("Mr. Wong")	232,381,325	65.07%

The shares are registered in the name of and beneficially owned by Super Empire, a company controlled by Mr. Wong. Accordingly, Mr. Wong was deemed to be interested in the 232,381,325 shares held by Super Empire.

Other than the interests or short positions as disclosed above, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no persons as having a notifiable interest or short positions in the issued share capital as at 30 September 2003.



PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including a review of the unaudited consolidated interim results for the Period.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information that 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 of the Rules Governing the Listing of Securities on the Stock Exchange.

By Order of the Board
Chan Kong Sang, Jackie
Chairman

Hong Kong, 15 December 2003