

The following announcement is made by People's Food Holdings Limited pursuant to Rule 13.49(6) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") representing the interim results of the Company and its subsidiaries for the six months ended 30 June 2004.



PEOPLE'S FOOD HOLDINGS LIMITED

大众食品控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0708)

INTERIM RESULTS

For the six months period ended 30 June 2004

RESULTS

The Board of Directors ("Board") of People's Food Holdings Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the six months period ended 30 June 2004, together with the comparative figures for the previous corresponding period, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months period ended 30 June 2004

		2004	2003
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	RMB'000
Revenue	(2)	3,289,371	2,266,193
Cost of sales		<u>(2,686,404)</u>	<u>(1,828,399)</u>
Gross profit		602,967	437,794
Other revenue		7,025	5,737
Distribution costs		(71,952)	(58,719)
Administrative expenses		(87,343)	(85,104)
Other operating expenses		<u>(9,830)</u>	<u>(7,042)</u>
Profit from operating activities	(3)	440,867	292,666
Finance costs		<u>(6,569)</u>	<u>(6,369)</u>
Profit before tax		434,298	286,297
Tax	(4)	<u>(72,700)</u>	<u>(44,071)</u>

		2004	2003
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net profit from ordinary activities attributable to shareholders		<u>361,598</u>	<u>242,226</u>
DIVIDENDS	(5)	<u>108,799</u>	<u>72,533</u>
EARNINGS PER SHARE	(6)		
Basic		<u>RMB0.32</u>	<u>RMB0.21</u>
Diluted		<u>N/A</u>	<u>N/A</u>

Notes:

1. Principal accounting policies

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

2. Revenue and segmental information

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and after elimination of all significant intra-group transactions. The Group's turnover is principally derived in the People's Republic of China ("PRC").

A further analysis of the Group's revenue by products is set out in "Management Discussion and Analysis".

3. Profit from operating activities

Profit from operating activities is arrived at after charging/(crediting):

	Six months period ended 30 June 2004 (Unaudited) <i>RMB'000</i>	Six months period ended 30 June 2003 (Unaudited) <i>RMB'000</i>
Depreciation	77,168	62,663
Research and development costs	3,430	2,542
Provision for doubtful debts	<u>5,400</u>	<u>4,500</u>
Interest income	<u>(7,025)</u>	<u>(5,737)</u>

4. Tax

	Six months period ended 30 June 2004 (Unaudited) RMB'000	Six months period ended 30 June 2003 (Unaudited) RMB'000
PRC	<u>72,700</u>	<u>44,071</u>

Hong Kong profit tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the period ended 30 June 2004 (2003: Nil).

In accordance with the various approval documents issued by the State Tax Bureau and the Local Tax Bureau of the PRC, the Group's operating subsidiaries Linyi Xincheng Jinluo Meat Products Co., Ltd ("Linyi Xincheng"), Linyi Minsheng Food Development Co., Ltd ("Linyi Minsheng"), Tongliao Jinluo Food Co., Ltd ("Tongliao Jinluo"), Meishan Jinluo Food Co., Ltd ("Meishan Jinluo"), Daqing Jinluo Meat Products Co., Ltd ("Daqing Jinluo"), Qiqihaer Jinluo Meat Products Co., Ltd. ("Qiqihaer Jinluo") and Dezhou Jinluo Meat Products Co., Ltd. ("Dezhou Jinluo") are entitled to be exempted from the PRC state and local corporate income tax of the first two profitable financial years of their operations and thereafter to a 50% relief from the state corporate income tax of the PRC for the following three financial years ("Tax Holiday"). Xiangtan Jinluo Food Co., Ltd ("Xiangtan Jinluo"), is also entitled to be exempted from the PRC state and local corporate income tax for the first two profitable years of their operations and thereafter to a 50% relief from the state corporate income tax of the PRC for the following six financial years. With effect from 1 January 2001, Linyi Xincheng was subject to corporate income tax of 33% on its taxable profit upon expiry of the Tax Holiday on 31 December 2000. With effect from 1 January 2003, Linyi Minsheng was subject to corporate income tax of 18% on its taxable profit upon expiry of the first two years' tax exemption of the Tax Holiday on 31 December 2002. With effect from 1 January 2004, Daqing Jinluo was subject to corporate income tax of 18% on its taxable profit upon expiry of the first two years' exemption of the Tax Holiday on 31 December 2003. Tongliao Jinluo, Xiangtan Jinluo and Meishan Jinluo have commenced their first years' tax exemption period from the financial year ending 31 December 2003.

5. Dividends

	2004 RMB'000	2003 RMB'000
Proposed interim dividends		
— RMB0.096 per share (2003: RMB0.064 per share)	<u>108,799</u>	<u>72,533</u>

An interim dividend of RMB0.096 per ordinary share (2003: RMB0.064 per ordinary share), amounted to approximately RMB108,799,000 (2003: RMB72,533,000), has been declared by the Board, with the interim dividend payable on 30 September 2004 to shareholders on record as at 10 September 2004. Dividends are declared in RMB and will be converted into Singapore dollars or Hong Kong dollars before being paid to the shareholders (depending on where the shareholders' shares are traded). As such, this dividend has not been recognised as a liability as at 30 June 2004.

The amount of proposed interim dividend for the period is calculated based on 1,133,324,723 shares (2003: 1,133,324,723 shares) in issue as at the date of approval of these financial statements.

6. Earnings per share

	Six months period ended 30 June 2004	Six months period ended 30 June 2003
Basic	<u>RMB0.32</u>	<u>RMB0.21</u>
Diluted	<u>N/A</u>	<u>N/A</u>

Basic earnings per share for the six months period ended 30 June 2004 are calculated based on the Group's net profit attributable to shareholders of approximately RMB361,598,000 (1H 2003: approximately RMB242,226,000) divided by 1,133,324,723 ordinary shares of HK\$0.50 each (1H 2003: 1,133,324,723 ordinary shares of HK\$0.50 each) in issue during the period.

Diluted earnings per share for the six months period ended 30 June 2004 and 2003 have not been calculated as no diluting events existed during these periods.

INTERIM DIVIDEND

The Directors had resolved to declare an interim dividend of RMB0.096 per share for the six months period ended 30 June 2004 (2003: RMB0.064) to be payable to shareholders whose names appear on the registers of members of the Company on 10 September 2004. Dividends will be converted into Singapore dollars or Hong Kong dollars before being paid to shareholders (depending on where the shareholders' shares are traded).

BOOK CLOSURE

The registers of members will be closed on 10 September 2004. In order to qualify for the abovementioned interim dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Singapore Share Transfer Agent, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 not later than 5:00 p.m. on 9 September 2004 in Singapore OR the Company's Hong Kong Branch Share Registrar, Tengis 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 9 September 2004 in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

General

Founded in 1994, People's Food Holdings Limited (the "Company" or "People's Food") and its subsidiaries (collectively the "Group") is one of the leading producers of fresh and frozen meat and processed meat products in the PRC. The Group currently operates nine production bases, respectively in Linyi and Dezhou of Shandong Province, Meishan of Sichuan Province, Xiangtan of Hunan Province, Tongliao of Inner Mongolia Autonomous Region, Daqing and Qiqihaer of Heilongjiang Province, Shangqiu of Henan Province and Xinglong of Heilongjiang Province.

The Group's new production plants in Dezhou, Shandong Province and in Qiqihaer, Heilongjiang Province have commenced its commercial production respectively in June and April 2004. The newly established Dezhou plant has an annual pig slaughtering capacity of approximately 250,000

tonnes and an annual fresh pork processing capacity of approximately 100,000 tonnes. The production plant in Qiqihaer has an annual capacity to slaughter approximately 90,000 tonnes of chicken and 40,000 tonnes of pigs.

The Group's meat products are distributed primarily in the PRC and marketed under the "Jinluo" brand name and trade mark.

Review of operations

Set out below is a breakdown of the Group's revenue, profit before tax by products for the six months period ended 30 June 2004 and 2003:

	Six months period ended 30 June 2004 <i>RMB'000</i>	Share of total	Six months period ended 30 June 2003 <i>RMB'000</i>	Share of total	% Change
Revenue					
Frozen Pork	789,107	24.0%	567,950	25.1%	38.9%
Fresh Pork	450,738	13.7%	300,848	13.3%	49.8%
HTMP	939,912	28.6%	745,730	32.9%	26.0%
LTMP	244,395	7.4%	164,522	7.2%	48.5%
Pig By-Products	837,135	25.4%	431,980	19.1%	93.8%
Chicken	<u>28,084</u>	<u>0.9%</u>	<u>55,163</u>	<u>2.4%</u>	<u>(49.1%)</u>
	<u>3,289,371</u>	100.0%	<u>2,266,193</u>	100.0%	45.1%
Profit before tax					
Frozen Pork	72,020	16.6%	49,784	17.4%	44.7%
Fresh Pork	78,318	18.0%	59,826	20.9%	30.9%
HTMP	157,312	36.2%	105,957	37.0%	48.5%
LTMP	48,618	11.2%	37,295	13.0%	30.4%
Pig By-Products	77,168	17.8%	29,110	10.2%	165.1%
Chicken	<u>862</u>	<u>0.2%</u>	<u>4,325</u>	<u>1.5%</u>	<u>(80.1%)</u>
	<u>434,298</u>	100.0%	<u>286,297</u>	100.0%	51.7%

Revenue

The Group's revenue increased by 45.1% to RMB3.29 billion in the first half of 2004, from RMB2.27 billion in the first half of 2003. This increase was attributable to improved contribution from its existing plants as well as contribution from the newly established Dezhou and Qiqihaer plants. Moreover, the Group was hit by the outbreak of SARS in the first half of 2003, resulting in a lower revenue in that period.

High Temperature Meat Products ("HTMP")

Sales of HTMP increased by 26.0%, from RMB745.73 million in 1H 2003 to RMB939.91 million in 1H 2004 and was mainly attributable to higher market demand for the Group's HTMP.

Fresh Pork and Low Temperature Meat Products (“LTMP”)

Sales of Fresh Pork and LTMP continue to grow and recorded an increase of 49.8% and 48.5%, from 1H 2003 to 1H 2004 respectively. Sales of Fresh Pork in 1H 2004 was RMB450.74 million as compared to RMB300.85 million in the previous corresponding period, whilst sales of LTMP was RMB244.40 million in 1H 2004 as compared to RMB164.52 million a year ago.

Frozen Pork, Frozen Chicken and Pig By-Products

Sales of Frozen Pork increased by 38.9% in 1H 2004 as compared to 1H 2003 which was attributable mainly to the higher market demand for Frozen Pork as well as the higher production output in 1H 2004. The sales of Frozen Chicken saw a decline of 49.1% due to a corresponding decline in production volume of Frozen Chicken. On the other hand, revenue contribution from Pig By-Products increased by 93.8% and was due to the strong market demand for these products.

Gross Profit

Gross Profit reached RMB602.97 million in 1H 2004, an improvement of 37.7% as compared to RMB437.79 million in 1H 2003.

Expenses

Distribution costs increased by 22.5% from RMB58.72 million in 1H 2003 to RMB71.95 million in 1H 2004. Administrative expenses rose marginally by 2.6% to RMB87.34 million as compared to RMB85.10 million in 1H 2003. Depreciation expenses increased by approximately RMB14.50 million or 23.1% for the same period. Other operating expenses went up by 39.6% to RMB9.83 million due to an increase in research and development costs from RMB2.54 million in 1H 2003 to RMB3.43 million in 1H 2004.

Net Financial Income

Interest income increased by 22.5% to RMB7.03 million in 1H 2004, from RMB5.74 million in 1H 2003 due to the relatively higher bank balances maintained in 1H 2004. Interest expense increased slightly 3.1% to RMB6.57 million due to higher interest rates on the unchanged outstanding debt of RMB200 million as at 30 June 2004.

Tax

The effective income tax rate of the Group for 1H 2004 was approximately 16.7% as compared to 15.4% in 1H 2003.

Net Profit

The Group grew by 49.3% in its profit after tax for 1H 2004, from RMB242.23 million in 1H 2003 to RMB361.60 million in 1H 2004. This was equivalent to an earnings per share of RMB0.32, as compared to RMB0.21 in the first half of 2003.

Prospects

The Group's newly established production plants in Dezhou, Shandong Province and in Qiqihaer, Heilongjiang Province have commenced its commercial production in June 2004 and in April 2004 respectively. These new plants have increased the pig and chicken slaughtering capacity of the Group and the Management expects it to further contribute to the overall revenue for the Group in the second half of 2004.

The Management is pleased with the development of the expanded facilities in Tongliao and expects it to start contribution to the Group's overall revenue in FY2004. Management also expects higher utilisation rates in the Group's Shangqiu and Xinglong plant and will further contribute the overall revenue of the Group in the second half of FY2004.

On 20 July 2004, the Group entered into a conditional Subscription Agreement with Glorious Faith Corporation (“Glorious Faith”) and Glorious Faith’s ultimate beneficial owners who are independent third parties of the Group (collectively known as “the Warrantors”) to subscribe for 4,900 ordinary shares in the share capital of Glorious Faith (the “Subscription Shares”), representing 49.0% of the entire issued share capital of Glorious Faith on a fully diluted basis. The consideration payable is approximately US\$26.5 million payable in cash from its internal resources and was arrived at on arm’s length basis negotiations having regards to a price to earnings ratio of 7.5 times the Minimum Profit (being the combined net profit after extraordinary items and minority interests of Glorious Faith Group’s businesses and operations for the year ended 31 December 2003 which will not be less than RMB 60.00 million, and a condition to Completion). Glorious Faith is an investment holding company that holds a 100% interest in Rainbow Palace Inc., an investment holding company whose principal asset is the entire equity interest of Linyi Shansong Biological Products Co. Ltd. (“LSBP”). The principal business activities of LSBP is in the manufacture, development and sales of soy oil, soy meal, soy oligosaccharides, soy protein isolates and related products in the PRC.

The Management believes that the Subscription represents the progressive realisation of the commitment by the Group to expand and strengthen the competitiveness of the Group. The Subscription allows the Group to secure a long term supply of soy protein isolates, which is used in the Group’s products, whilst at the same time, the Group will be one step closer to achieving its objective of becoming a leading food conglomerate in the PRC. Completion of this agreement is expected to take place on 30 September 2004.

Although a rise in raw material costs is expected, as currently evidenced in the PRC, Management would continue to closely monitor the situation.

Purchase, sale or redemption of shares

There has been no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries during the year. The Company has issued a policy on dealing in the Company’s shares to employees of the Company pursuant to the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited. The policy sets out the implications of insider dealing in the shares, and includes guidance to employees on dealing in the Company’s shares, which is modelled after the Best Practices Guide with some modifications.

Net cash flow and liquidity

The Group had a net cash inflow of RMB182.63 million in the 1H of 2004 compared with a net cash inflow of RMB121.43 million in the 1H of 2003. The higher net cash inflow was primarily due to an increase in operating profits.

As at 30 June 2004, the Group had unsecured bank loan of RMB200.00 million (2003: RMB200.00 million) bearing interest ranging from 5% to 8% (2003: 5% to 8%) per annum and repayable within one year. Such borrowings were all denominated in Renminbi. As at 30 June 2004, the Group also did not use any financial instruments for hedging purposes (2003: Nil). As at 30 June 2004, the Group had cash and cash equivalents of RMB989.10 million (2003: RMB1.09 billion).

There has been no material exposure to fluctuation in exchanges rates.

Employees

As at 30 June 2004, the total number of employees of the Group was approximately 11,300 (30 June 2003: approximately 9,500) with total staff costs amounting to approximately RMB48.6 million (30 June 2003: approximately RMB40.3 million). The remuneration of the employees of the Group includes salaries, bonuses and other fringe benefits. The Group has different rate of remuneration for different employees to be determined based on their performance, experience, position and other factors in compliance with the relevant PRC laws and regulations.

In the 1H of 2004, the Group continued to provide its employees with opportunities to learn skills in relation to computer technologies and business administration and provide training on the latest developments in areas such as computer technologies, personal development, laws, regulations and economics.

Gearing ratio

As at 30 June 2004, the gearing ratio of the Group was 6.5% (30 June 2003: 7.8%), which was computed by dividing the total amount of bank loans, by the equity of the Group as at 30 June 2004.

Contingent liabilities

As at 30 June 2004, the Group had no (2003: Nil) material contingent liabilities.

Audit committee

The Group's financial statements for the six months period ended 30 June 2004 have been reviewed by the Audit Committee.

Compliance with the Code of Best Practice

In the opinion of the Directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("HKSE Listing Rules") for the six months period ended 30 June 2004, except that the independent non-executive directors of the Company are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement and re-election at the forthcoming annual general meeting in accordance with the Company's bye-laws.

Publication of interim report on the Exchange's website

The interim report of the Company, which will contain all information as required by Appendix 16 of the HKSE Listing Rules, will be subsequently published on the website of the HKSE (<http://www.hkex.com.hk>) in due course.

By order of the Board
People's Food Holdings Limited
Ming Kam Sing
Chairman

Hong Kong, 11 August 2004

* *For identification purpose only*

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The following announcement is a reproduction of the announcement made by People's Food Holdings Limited (the "Company") regarding the interim results of the Company and its subsidiaries for the six months ended 30 June 2004 pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited. In compliance with Rule 13.09(2) of the Listing Rules (which requires a listed issuer to ensure that if securities of the listed issuer are also listed on other stock exchanges, the Stock Exchange of Hong Kong Limited is simultaneously informed of any information released to any of such other stock exchanges and that such information is released to the market in Hong Kong at the same time as it is released to the other markets), the following announcement is announced by People's Food Holdings Limited simultaneously in Hong Kong and in Singapore on 11 August 2004.

The following announcement is a reproduction of the announcement made by People's Food Holdings Limited (the "Company") regarding the interim results of the Company and its subsidiaries for the six months ended 30 June 2004 pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited. In compliance with Rule 13.09(2) of the Listing Rules (which requires a listed issuer to ensure that if securities of the listed issuer are also listed on other stock exchanges, the Stock Exchange of Hong Kong Limited is simultaneously informed of any information released to any of such other stock exchanges and that such information is released to the market in Hong Kong at the same time as it is released to the other markets), the following announcement is announced by People's Food Holdings Limited simultaneously in Hong Kong and in Singapore on 11 August 2004.

PEOPLE'S FOOD HOLDINGS LIMITED

Second Quarter Financial Statement And Dividend Announcement

PART I — INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

		Group			
		Three months period ended 30 June 2004	Three months period ended 30 June 2003	Six months period ended 30 June 2004	Six months period ended 30 June 2003
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	(1)	1,690,556	858,674	3,289,371	2,266,193
Cost of sales		(1,422,460)	(754,813)	(2,686,404)	(1,828,399)
Gross profit		268,096	103,861	602,967	437,794
Other revenue		3,412	2,718	7,025	5,737
Distribution costs		(41,425)	(28,447)	(71,952)	(58,719)
Administrative expenses		(53,798)	(45,240)	(87,343)	(85,104)
Other operating expenses		(2,926)	(500)	(9,830)	(7,042)
Profit from operating activities	(2)	173,359	32,392	440,867	292,666
Finance costs		(3,571)	(3,307)	(6,569)	(6,369)
Profit before tax		169,788	29,085	434,298	286,297
Tax		(33,200)	(7,260)	(72,700)	(44,071)
Net profit from ordinary activities attributable to shareholders		136,588	21,825	361,598	242,226

Notes:

1. Revenue

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and after elimination of all significant intra-group transactions. The Group's revenue is principally derived in the People's Republic of China ("PRC").

A further analysis of the Group's revenue by products is set out in Item (13).

2. Profit from operating activities

Profit from operating activities is arrived at after charging/(crediting):

	Group			
	Three months period ended 30 June 2004 (Unaudited) RMB'000	Three months period ended 30 June 2003 (Unaudited) RMB'000	Six months period ended 30 June 2004 (Unaudited) RMB'000	Six months period ended 30 June 2003 (Unaudited) RMB'000
Depreciation	41,676	32,444	77,168	62,663
Research and development costs	2,226	500	3,430	2,542
Provision for doubtful debts	700	—	5,400	4,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Interest income	(3,412)	(2,718)	(7,025)	(5,737)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30.06.2004 (Unaudited) RMB'000	31.12.2003 (Audited) RMB'000	30.06.2004 (Unaudited) RMB'000	31.12.2003 (Audited) RMB'000
NON-CURRENT ASSETS				
Investments in subsidiaries	—	—	497,043	497,043
Fixed assets	1,539,558	1,370,811	—	—
Deposits	86,851	166,461	—	—
	<u>1,626,409</u>	<u>1,537,272</u>	<u>497,043</u>	<u>497,043</u>
CURRENT ASSETS				
Inventories	349,330	340,899	—	—
Trade debtors	497,264	507,938	—	—
Due from subsidiaries	—	—	676,656	665,602
Deposits, prepayments and other receivables	10,773	8,869	—	—
Cash and bank balances	989,098	807,858	51	51
	<u>1,846,465</u>	<u>1,665,564</u>	<u>676,707</u>	<u>665,653</u>
CURRENT LIABILITIES				
Trade creditors	89,069	74,985	—	—
Accruals and other creditors	86,161	99,717	912	625
Interest-bearing bank loans	200,000	200,000	—	—
Provision for tax	34,845	34,000	—	—
	<u>410,075</u>	<u>408,702</u>	<u>912</u>	<u>625</u>

	Group		Company	
	30.06.2004 (Unaudited) RMB'000	31.12.2003 (Audited) RMB'000	30.06.2004 (Unaudited) RMB'000	31.12.2003 (Audited) RMB'000
NET CURRENT ASSETS	<u>1,436,390</u>	<u>1,256,862</u>	<u>675,795</u>	<u>665,028</u>
	<u><u>3,062,799</u></u>	<u><u>2,794,134</u></u>	<u><u>1,172,838</u></u>	<u><u>1,162,071</u></u>
CAPITAL AND RESERVES				
Issued capital	603,343	603,343	603,343	603,343
Proposed dividend	108,799	92,933	108,799	92,933
Reserves	<u>2,350,657</u>	<u>2,097,858</u>	<u>460,696</u>	<u>465,795</u>
	<u><u>3,062,799</u></u>	<u><u>2,794,134</u></u>	<u><u>1,172,838</u></u>	<u><u>1,162,071</u></u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
Nil	RMB200,000,000	Nil	RMB200,000,000

Amount repayable after one year

As at 30/06/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Details of any collateral

Not applicable

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Three months period ended 30 June 2004 (Unaudited) RMB'000	Three months period ended 30 June 2003 (Unaudited) RMB'000	Six months period ended 30 June 2004 (Unaudited) RMB'000	Six months period ended 30 June 2003 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	169,788	29,085	434,298	286,297
Adjustments for:				
Depreciation	41,676	32,444	77,168	62,663
Provision for doubtful debts	700	—	5,400	4,500
Loss on disposal of fixed assets	4,905	191	8,406	2,162
Interest expenses	3,571	3,307	6,569	6,369
Interest income	(3,412)	(2,718)	(7,025)	(5,737)
Operating profit before working capital changes	217,228	62,309	524,816	356,254
Working capital adjustments:				
(Increase)/decrease in trade debtors	(48,397)	46,592	5,274	(13,236)
(Increase)/decrease in inventories	(58,692)	192,192	(8,431)	115,685
(Increase)/decrease in deposits, prepayments and other receivables	(602)	(276)	(1,903)	2,964
Increase/(Decrease) in trade creditors	17,880	(12,929)	14,084	(4,357)
(Decrease)/increase in accruals and other creditors	(18,124)	(5,829)	(13,557)	(10,932)
	109,293	282,059	520,283	446,378
Interest paid	(3,571)	(3,307)	(6,569)	(6,369)
Interest received	3,412	2,718	7,025	5,737
Tax paid	(40,155)	(36,811)	(71,855)	(58,853)
Net cash generated from operating activities	68,979	244,659	448,884	386,893
NET CASH USED IN INVESTING ACTIVITIES				
Purchases of fixed assets	(186,229)	(7,866)	(254,321)	(77,211)
Decrease/(increase) in deposits for acquisition of fixed assets	73,357	8,068	79,610	60,567

	Group			
	Three months period ended 30 June 2004 (Unaudited) RMB'000	Three months period ended 30 June 2003 (Unaudited) RMB'000	Six months period ended 30 June 2004 (Unaudited) RMB'000	Six months period ended 30 June 2003 (Unaudited) RMB'000
(Increase)/decrease in time deposits with original maturity of more than three months when acquired	<u>18,565</u>	<u>223,196</u>	<u>1,385</u>	<u>(33,484)</u>
	<u>(94,307)</u>	<u>223,398</u>	<u>(173,326)</u>	<u>(50,128)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of bank loans	20,000	20,000	23,000	23,000
Repayment of bank loans	(20,000)	(20,000)	(23,000)	(23,000)
Dividends paid	<u>(92,933)</u>	<u>(215,332)</u>	<u>(92,933)</u>	<u>(215,332)</u>
Net cash outflow from financing activities	<u>(92,933)</u>	<u>(215,332)</u>	<u>(92,933)</u>	<u>(215,332)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(118,261)	252,725	182,625	121,433
Cash and cash equivalents at beginning of period	<u>513,304</u>	<u>353,530</u>	<u>212,418</u>	<u>484,822</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>395,043</u></u>	<u><u>606,255</u></u>	<u><u>395,043</u></u>	<u><u>606,255</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	989,098	1,090,220	989,098	1,090,220
Time deposits with original maturity of more than three months when acquired	<u>(594,055)</u>	<u>(483,965)</u>	<u>(594,055)</u>	<u>(483,965)</u>
	<u><u>395,043</u></u>	<u><u>606,255</u></u>	<u><u>395,043</u></u>	<u><u>606,255</u></u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Note: Figures as disclosed in the below statements are unaudited.

Group

	Issued share capital	Share premium account	Statutory reserves	Retained profits	Proposed dividends	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Note 2)</i>	<i>(Note 1, 2)</i>	<i>(Note 2)</i>		
Balance at 1 April 2003	603,343	557,229	97,645	1,276,794	215,332	2,750,343
Dividend paid — 2002						
Final	—	—	—	—	(215,332)	(215,332)
Transfer to statutory						
reserves	—	—	880	(880)	—	—
Net profit for the period	—	—	—	21,825	—	21,825
Proposed dividend —						
2003 Interim	—	—	—	(72,533)	72,533	—
Balance at 30 June 2003	<u>603,343</u>	<u>557,229</u>	<u>98,525</u>	<u>1,225,206</u>	<u>72,533</u>	<u>2,556,836</u>
Balance at 1 January						
2003	603,343	557,229	85,045	1,068,993	215,332	2,529,942
Dividend paid — 2002						
Final	—	—	—	—	(215,332)	(215,332)
Transfer to statutory						
reserves	—	—	13,480	(13,480)	—	—
Net profit for the period	—	—	—	242,226	—	242,226
Proposed dividend —						
2003 Interim	—	—	—	(72,533)	72,533	—
Balance at 30 June 2003	<u>603,343</u>	<u>557,229</u>	<u>98,525</u>	<u>1,225,206</u>	<u>72,533</u>	<u>2,556,836</u>

Group

	Issued share capital <i>RMB'000</i>	Share premium account <i>RMB'000</i> <i>(Note 2)</i>	Statutory reserves <i>RMB'000</i> <i>(Note 1, 2)</i>	Retained profits <i>RMB'000</i> <i>(Note 2)</i>	Proposed dividends <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 April 2004	603,343	557,229	158,693	1,606,946	92,933	3,019,144
Dividend paid — 2003						
Final	—	—	—	—	(92,933)	(92,933)
Transfer to statutory reserves	—	—	10,953	(10,953)	—	—
Net profit for the period	—	—	—	136,588	—	136,588
Proposed dividend — 2004 Interim	—	—	—	(108,799)	108,799	—
Balance at 30 June 2004	<u>603,343</u>	<u>557,229</u>	<u>169,646</u>	<u>1,623,782</u>	<u>108,799</u>	<u>3,062,799</u>
Balance at 1 January 2004	603,343	557,229	141,069	1,399,560	92,933	2,794,134
Dividend paid — 2003						
Final	—	—	—	—	(92,933)	(92,933)
Transfer to statutory reserves	—	—	28,577	(28,577)	—	—
Net profit for the period	—	—	—	361,598	—	361,598
Proposed dividend — 2004 Interim	—	—	—	(108,799)	108,799	—
Balance at 30 June 2004	<u>603,343</u>	<u>557,229</u>	<u>169,646</u>	<u>1,623,782</u>	<u>108,799</u>	<u>3,062,799</u>

Company

	Issued share capital <i>RMB'000</i>	Share premium account <i>RMB'000</i> <i>(Note 2)</i>	Accumulated losses <i>RMB'000</i> <i>(Note 2)</i>	Proposed dividends <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 April 2003	603,343	557,229	(214,937)	215,332	1,160,967
Dividend paid — 2002 Final	—	—	—	(215,332)	(215,332)
Net profit for the period	—	—	212,586	—	212,586
Proposed dividend — 2003 Interim	—	—	(72,533)	72,533	—
Balance at 30 June 2003	<u>603,343</u>	<u>557,229</u>	<u>(74,884)</u>	<u>72,533</u>	<u>1,158,221</u>
Balance at 1 January 2003	603,343	557,229	(215,281)	215,332	1,160,623
Dividend paid — 2002 Final	—	—	—	(215,332)	(215,332)
Net profit for the period	—	—	212,930	—	212,930
Proposed dividend — 2003 Interim	—	—	(72,533)	72,533	—
Balance at 30 June 2003	<u>603,343</u>	<u>557,229</u>	<u>(74,884)</u>	<u>72,533</u>	<u>1,158,221</u>

Company

	Issued share capital <i>RMB'000</i>	Share premium account <i>RMB'000</i> <i>(Note 2)</i>	Accumulated losses <i>RMB'000</i> <i>(Note 2)</i>	Proposed dividends <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 April 2004	603,343	557,229	(85,264)	92,933	1,168,241
Dividend paid — 2003 Final	—	—	—	(92,933)	(92,933)
Net profit for the period	—	—	97,530	—	97,530
Proposed dividend — 2004 Interim	—	—	(108,799)	108,799	—
Balance at 30 June 2004	<u>603,343</u>	<u>557,229</u>	<u>(96,533)</u>	<u>108,799</u>	<u>1,172,838</u>
Balance at 1 January 2004	603,343	557,229	(91,434)	92,933	1,162,071
Dividend paid — 2003 Final	—	—	—	(92,933)	(92,933)
Net profit for the period	—	—	103,700	—	103,700
Proposed dividend — 2004 Interim	—	—	(108,799)	108,799	—
Balance at 30 June 2004	<u>603,343</u>	<u>557,229</u>	<u>(96,533)</u>	<u>108,799</u>	<u>1,172,838</u>

Notes:

1. In accordance with relevant PRC regulations, the Group's wholly owned subsidiaries: Linyi Xincheng Jinluo Meat Products Co., Ltd ("Linyi Xincheng"), Linyi Minsheng Food Development Co., Ltd ("Linyi Minsheng"), Tongliao Jinluo Food Co., Ltd ("Tongliao Jinluo"), Xiangtan Jinluo Food Co., Ltd ("Xiangtan Jinluo"), Meishan Jinluo Food Co., Ltd ("Meishan Jinluo"), Daqing Jinluo Meat Products Co., Ltd ("Daqing Jinluo"), Qiqihaer Jinluo Meat Products Co., Ltd. ("Qiqihaer Jinluo") and Dezhou Jinluo Meat Products Co., Ltd. ("Dezhou Jinluo"), being wholly foreign-owned enterprises established in the PRC, are required to appropriate not less than 10% of their profits after tax to the respective statutory reserves, until the respective balances of the fund reach 50% of the respective registered capitals. Subject to certain restrictions as set out in the relevant PRC regulations, their statutory reserves may be used to offset against their respective accumulated losses, if any.
2. As at 30 June 2004, these consolidated reserve accounts comprised the consolidated reserves of approximately RMB2,350,657,000 (31 December 2003: approximately RMB2,097,858,000) in the consolidated balance sheet. As at 30 June 2004, these reserve accounts of the Company comprised the Company's reserves of approximately RMB460,696,000 (31 December 2003: approximately RMB465,795,000) in the Company's balance sheet.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per share

	Three months period ended 30 June 2004 (Unaudited)	Three months period ended 30 June 2003 (Unaudited)	Six months period ended 30 June 2004 (Unaudited)	Six months period ended 30 June 2003 (Unaudited)
Basic	<u>RMB0.12</u>	<u>RMB0.02</u>	<u>RMB0.32</u>	<u>RMB0.21</u>
Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Basic earnings per share for the three months period ended 30 June 2004 are calculated based on the Group's net profit attributable to shareholders of approximately RMB136,588,000 (2Q 2003: approximately RMB21,825,000) divided by 1,133,324,723 ordinary shares of HK\$0.50 each (2Q 2003: 1,133,324,723 ordinary shares of HK\$0.50 each) in issue during the period.

Basic earnings per share for the six months period ended 30 June 2004 are calculated based on the Group's net profit attributable to shareholders of approximately RMB361,598,000 (1H 2003: approximately RMB242,226,000) divided by 1,133,324,723 ordinary shares of HK\$0.50 each (1H 2003: 1,133,324,723 ordinary shares of HK\$0.50 each) in issue during the period.

Diluted earnings per share for the three months and the six months period ended 30 June 2004 and 2003 have not been calculated as no diluting events existed during these periods.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	30.06.2004	31.12.2003	30.06.2004	31.12.2003
Net asset value backing per ordinary share	RMB2.70	RMB2.47	RMB1.03	RMB1.03
Net tangible asset backing per ordinary share	RMB2.70	RMB2.47	RMB1.03	RMB1.03

Net asset value and net tangible asset backing per ordinary share as at 30 June 2004 and 31 December 2003 were both based on issued share capital of 1,133,324,723 ordinary shares of HK\$0.50 each.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

General

Founded in 1994, People's Food Holdings Limited (the "Company" or "People's Food") and its subsidiaries (collectively the "Group") is one of the leading producers of fresh and frozen meat and processed meat products in the PRC. The Group currently operates nine production bases, respectively in Linyi and Dezhou of Shandong Province, Meishan of Sichuan Province, Xiangtan of Hunan Province, Tongliao of Inner Mongolia Autonomous Region, Daqing and Qiqihaer of Heilongjiang Province, Shangqiu of Henan Province and Xinglong of Heilongjiang Province.

The Group's new production plants in Dezhou, Shandong Province and in Qiqihaer, Heilongjiang Province have commenced its commercial production respectively in June and April 2004. The newly established Dezhou plant has an annual pig slaughtering capacity of approximately 250,000 tonnes and an annual fresh pork processing capacity of approximately 100,000 tonnes. The production plant in Qiqihaer has an annual capacity to slaughter approximately 90,000 tonnes of chicken and 40,000 tonnes of pigs.

The Group's meat products are distributed primarily in the PRC and marketed under the "Jinluo" brand name and trade mark.

Results of operations

The Group's business and operations have experienced healthy growth in the first half of FY2004, as evidenced by the increase in both revenue and profit.

Revenue

2Q 2004 compared to 2Q 2003

As compared to 2Q 2003, revenue for 2Q 2004 increased by 96.9% to approximately RMB 1.69 billion. This increase was attributable to improved contribution from its existing plants as well as contribution from the newly established Dezhou and Qiqihaer plants. Moreover, the Group was hit by the outbreak of SARS in the second quarter of 2003, resulting in a lower revenue in that period.

High Temperature Meat Products ("HTMP")

Sales of HTMP increased by 51.2%, from RMB307.48 million in 2Q 2003 to RMB464.99 million in 2Q 2004 and was mainly attributable to higher market demand for the Group's HTMP.

Fresh Pork and Low Temperature Meat Products ("LTMP")

Sales of Fresh Pork and LTMP continue to show strong demand, recorded an increase of 95.3% and 75.2% from 2Q 2003 to 2Q 2004 respectively. Fresh Pork's contribution to sales in 2Q 2004 was RMB239.28 million as compared to RMB122.54 million in the previous corresponding period, whilst LTMP's contribution to sales in 2Q 2004 was RMB123.50 million as compared to RMB70.48 million in 2Q 2003. The Group's premium products have been growing consistently due largely to the growing affluence of the economy, resulting in a demand for higher quality pork products, as well as the Group's concerted effort to increase its production capacities in producing these products.

Frozen Pork, Frozen Chicken and Pig By-Products

Sales of Frozen Pork's increased by 131.9% in 2Q 2004 to RMB431.55 million as compared to RMB186.12 million in 2Q 2003, which was due mainly to higher market demand for the Group's Frozen Pork products. The sales of Frozen Chicken saw a decline of 60.9% from RMB24.21 million in 2Q 2003 to RMB9.45 million in 2Q 2004 and was due to a corresponding decline in production volume of Frozen Chicken. On the other hand, revenue contribution from Pig By-Products increased by 185.3% to RMB421.78 million, exhibiting the strong market demand for these products

1H 2004 compared to 1H 2003

The Group's revenue increased by 45.1% to RMB3.29 billion in the first half of 2004, from RMB2.27 billion in the first half of 2003. This increase was attributable to improved contribution from its existing plants as well as contribution from the newly established Dezhou and Qiqihaer plants. Moreover, the Group was hit by the outbreak of SARS in the second quarter of 2003, resulting in a lower revenue in that period.

High Temperature Meat Products ("HTMP")

Sales of HTMP increased by 26.0%, from RMB745.73 million in 1H 2003 to RMB939.91 million in 1H 2004 and was mainly attributable to higher market demand for the Group's HTMP.

Fresh Pork and Low Temperature Meat Products ("LTMP")

Sales of Fresh Pork and LTMP continue to grow and recorded an increase of 49.8% and 48.5%, from 1H 2003 to 1H 2004 respectively. Sales of Fresh Pork in 1H 2004 was RMB450.74 million as compared to RMB300.85 million in the previous corresponding period, whilst sales of LTMP was RMB244.40 million in 1H 2004 as compared to RMB164.52 million a year ago.

Frozen Pork, Frozen Chicken and Pig By-Products

Sales of Frozen Pork increased by 38.9% in 1H 2004 as compared to 1H 2003 which was attributable mainly to the higher market demand for Frozen Pork as well as the higher production output in 1H 2004. The sales of Frozen Chicken saw a decline of 49.1% due to a corresponding decline in production volume of Frozen Chicken. On the other hand, revenue contribution from Pig By-Products increased by 93.8% and was due to the strong market demand for these products.

Gross Profit

2Q 2004 compared to 2Q 2003

Gross Profit improved by 158.1% to RMB268.10 million in 2Q 2004, as compared to RMB103.86 million in 2Q 2003.

1H 2004 compared to 1H 2003

Gross Profit reached RMB602.97 million in 1H 2004, an improvement of 37.7% as compared to RMB437.79 million in 1H 2003.

Expenses

2Q 2004 compared to 2Q 2003

Distribution costs increased by 45.6% from RMB28.45 million in the previous year to RMB41.43 million in 2Q 2004 which was led by the increase in sales of the Group. Administrative expenses rose by about 18.9% due mainly to an increase in staff strength brought about by the Group's production plants in Shangqiu, Xinglong, Dezhou and Qiqihaer plants. Depreciation expenses increased by approximately RMB9.23 million or 28.5% for the same period. Other operating expenses increased by RMB2.43 million due to the inclusion of provision for doubtful debts of RMB0.7 million, and an increase in research and development costs to RMB2.23 million in 2Q 2004 as compared to RMB0.5 million in 2Q 2003.

1H 2004 compared to 1H 2003

Distribution costs increased by 22.5% from RMB58.72 million in 1H 2003 to RMB71.95 million in 1H 2004. Administrative expenses rose marginally by 2.6% to RMB87.34 million as compared to RMB85.10 million in 1H 2003. Depreciation expenses increased by approximately RMB14.50 million

or 23.1% for the same period. Other operating expenses went up by 39.6% to RMB9.83 million due to an increase in research and development costs from RMB2.54 million in 1H 2003 to RMB3.43 million in 1H 2004.

Net Financial Income

2Q 2004 compared to 2Q 2003

Interest income increased by 25.5% to RMB3.41 million in 2Q 2004, from RMB2.72 million in 2Q 2003 due to the relatively higher bank balances maintained in 2Q 2004. Interest expense increased by 8.0% to RMB3.57 million due to higher interest rates on the unchanged outstanding debt of RMB200 million as at 30 June 2004.

1H 2004 compared to 1H 2003

Interest income increased by 22.5% to RMB7.03 million in 1H 2004, from RMB5.74 million in 1H 2003 due to the relatively higher bank balances maintained in 1H 2004. Interest expense increased slightly 3.1% to RMB6.57 million due to higher interest rates on the unchanged outstanding debt of RMB200 million as at 30 June 2004.

Tax

In accordance with the various approval documents issued by the State Tax Bureau and the Local Tax Bureau of the PRC, the Group's operating subsidiaries Linyi Xincheng, Linyi Minsheng, Daqing Jinluo, Tongliao Jinluo, Meishan Jinluo, Qiqihaer Jinluo and Dezhou Jinluo are entitled to be exempted from the PRC state and local corporate income tax of the first two profitable financial years of their operations and thereafter to a 50% relief from the state corporate income tax of the PRC for the following three financial years ("Tax Holiday"). Xiangtan Jinluo is also entitled to be exempted from the PRC state and local corporate income tax for the first two profitable years of their operations and thereafter to a 50% relief from the state corporate income tax of the PRC for the following six financial years. With effect from 1 January 2001, Linyi Xincheng was subject to corporate income tax of 33% on its taxable profit upon expiry of the Tax Holiday on 31 December 2000. With effect from 1 January 2003, Linyi Minsheng was subject to corporate income tax of 18% on its taxable profit upon expiry of the first two years' tax exemption of the Tax Holiday on 31 December 2002. With effect from 1 January 2004, Daqing Jinluo was subject to corporate income tax of 18% on its taxable profit upon expiry of the first two years' exemption of the Tax Holiday on 31 December 2003. Tongliao Jinluo, Xiangtan Jinluo and Meishan Jinluo have commenced their first year's tax exemption period in the financial year ended 31 December 2003.

The effective income tax rate of the Group for 2Q 2004 was approximately 19.6% as compared to 25.0% in 2Q 2003. The effective income tax rate of the Group for 1H 2004 was approximately 16.7% as compared to 15.4% in 1H 2003.

Net Profit

2Q 2004 compared to 2Q 2003

The Group recorded an increase of 525.8% in its profit after tax for 2Q 2004, from RMB21.83 million in 2Q 2003 to RMB136.59 million in 2Q 2004. This was equivalent to an earnings per share of RMB0.12, as compared to RMB0.02.

1H 2004 compared to 1H 2003

The Group grew by 49.3% in its profit after tax for 1H 2004, from RMB242.23 million in 1H 2003 to RMB361.60 million in 1H 2004. This was equivalent to an earnings per share of RMB0.32, as compared to RMB0.21 in the first half of 2003.

- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Not applicable

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results reported are in line with the statement made in the full year results announcement that Management expects to see growth in demand and turnover for 2004.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's newly established production plants in Dezhou, Shandong Province and in Qiqihaer, Heilongjiang Province have commenced its commercial production in June 2004 and in April 2004 respectively. These new plants have increased the pig and chicken slaughtering capacity of the Group and the Management expects it to further contribute to the overall revenue for the Group in the second half of 2004.

The Management is pleased with the development of the expanded facilities in Tongliao and expects it to start contribution to the Group's overall revenue in FY2004. Management also expects higher utilisation rates in the Group's Shangqiu and Xinglong plant and will further contribute to the overall revenue of the Group in the second half of FY2004.

On 20 July 2004, the Group entered into a conditional Subscription Agreement with Glorious Faith Corporation ("Glorious Faith") and Glorious Faith's ultimate beneficial owners who are independent third parties of the Group (collectively known as "the Warrantors") to subscribe for 4,900 ordinary shares in the share capital of Glorious Faith (the "Subscription Shares"), representing 49.0% of the entire issued share capital of Glorious Faith on a fully diluted basis. The consideration payable is approximately US\$26.5 million payable in cash from its internal resources and was arrived at on arm's length basis negotiations having regards to a price to earnings ratio of 7.5 times the Minimum Profit (being the combined net profit after extraordinary items and minority interests of Glorious Faith Group's businesses and operations for the year ended 31 December 2003 which will not be less than RMB60.00 million, and a condition to Completion). Glorious Faith is an investment holding company that holds a 100% interest in Rainbow Palace Inc., an investment holding company whose principal asset is the entire equity interest of Linyi Shansong Biological Products Co. Ltd. ("LSBP"). The principal business activities of LSBP is in the manufacture, development and sales of soy oil, soy meal, soy oligosaccharides, soy protein isolates and related products in the PRC.

The Management believes that the Subscription represents the progressive realisation of the commitment by the Group to expand and strengthen the competitiveness of the Group. The Subscription allows the Group to secure a long term supply of soy protein isolates, which is used in the Group's products, whilst at the same time, the Group will be one step closer to achieving its objective of becoming a leading food conglomerate in the PRC. Completion of this agreement is expected to take place on 30 September 2004.

Although a rise in raw material costs is expected, as currently evidenced in the PRC, Management would continue to closely monitor the situation.

11. Dividend

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on? YES

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Rate	RMB0.096 per ordinary share (tax not applicable)
Par value of shares	HK\$0.50
Tax Rate	Not applicable

(b) *Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year?
YES

Name of Dividend	Interim	Final
Dividend Type	Ordinary	Ordinary
Dividend Rate	RMB0.064 per ordinary share (tax not applicable)	RMB0.082 per ordinary share (tax not applicable)
Par value of shares	HK\$0.50	HK\$0.50
Tax Rate	Not applicable	Not applicable

(c) *Date payable*

The aforementioned interim dividend will be payable on 30 September 2004 to shareholders on record as at 10 September 2004. Dividends are declared in RMB and will be converted into Singapore dollars or Hong Kong dollars before being paid to the shareholders (depending on where the shareholders' shares are traded).

(d) *Books closure date*

The registers of members will be closed on 10 September 2004. In order to qualify for the abovementioned interim dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Singapore Share Transfer Agent, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 not later than 5:00 p.m. on 9 September 2004 in Singapore OR the Company's Hong Kong Branch Share Registrar, Tengis 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 9 September 2004 in Hong Kong.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable

PART II — ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

Please see below for the revenue and profit before tax by products.

	Three months period ended 30 Jun 2004 RMB'000	Share of total	Three months period ended 30 Jun 2003 RMB'000	Share of total	% Change
Frozen Pork	431,551	25.5%	186,121	21.7%	131.9%
Fresh Pork	239,281	14.2%	122,544	14.3%	95.3%
HTMP	464,988	27.5%	307,481	35.8%	51.2%
LTMP	123,500	7.3%	70,480	8.2%	75.2%
Pig By-Products	421,781	24.9%	147,838	17.2%	185.3%
Chicken	<u>9,455</u>	<u>0.6%</u>	<u>24,210</u>	2.8%	(60.9%)
	<u>1,690,556</u>	100.0%	<u>858,674</u>	100.0%	96.9%
Profit before tax					
Frozen Pork	29,060	17.1%	(5,173)	(17.8%)	(661.8%)
Fresh Pork	34,489	20.3%	14,696	50.5%	134.7%
HTMP	63,812	37.6%	14,655	50.4%	335.4%
LTMP	20,247	11.9%	11,380	39.1%	77.9%
Pig By-Products	22,029	13.0%	(6,715)	(23.0%)	(428.1%)
Chicken	<u>151</u>	<u>0.1%</u>	<u>242</u>	0.8%	(37.6%)
	<u>169,788</u>	100.0%	<u>29,085</u>	100.0%	483.8%

	Six months period ended 30 Jun 2004 RMB'000	Share of total	Six months period ended 30 Jun 2003 RMB'000	Share of total	% Change
Revenue					
Frozen Pork	789,107	24.0%	567,950	25.1%	38.9%
Fresh Pork	450,738	13.7%	300,848	13.3%	49.8%
HTMP	939,912	28.6%	745,730	32.9%	26.0%
LTMP	244,395	7.4%	164,522	7.2%	48.5%
Pig By-Products	837,135	25.4%	431,980	19.1%	93.8%
Chicken	<u>28,084</u>	<u>0.9%</u>	<u>55,163</u>	2.4%	(49.1%)
	<u><u>3,289,371</u></u>	<u>100.0%</u>	<u><u>2,266,193</u></u>	100.0%	45.1%
Profit before tax					
Frozen Pork	72,020	16.6%	49,784	17.4%	44.7%
Fresh Pork	78,318	18.0%	59,826	20.9%	30.9%
HTMP	157,312	36.2%	105,957	37.0%	48.5%
LTMP	48,618	11.2%	37,295	13.0%	30.4%
Pig By-Products	77,168	17.8%	29,110	10.2%	165.1%
Chicken	<u>862</u>	<u>0.2%</u>	<u>4,325</u>	1.5%	(80.1%)
	<u><u>434,298</u></u>	<u>100.0%</u>	<u><u>286,297</u></u>	100.0%	51.7%

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable

15. A breakdown of sales.

Not applicable

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (RMB'000)	Previous Full Year (RMB'000)
Ordinary	108,799	165,466
Preference	N/A	N/A
Total:	108,799	165,466

BY ORDER OF THE BOARD
PEOPLE'S FOOD HOLDINGS LIMITED
Ming Kam Sing
Chairman

Dated this 11 August 2004

As at the date of this announcement, the board of directors of the Company comprises of Mr. Ming Kam Sing, Mr. Zhou Lian Kui and Mr. Zhou Lian Liang being the executive directors, and Mr. Chng Hee Kok, Mr. Chan King Sang and Dr. Ow Chin Hock being the independent non-executive directors.

*Please also refer to the published version of this announcement in the (**China Daily**)*