

Quality Food International Limited

NOTES TO CONDENSED FINANCIAL STATEMENTS

Notes:

(1) Principal Accounting Policies and Basis of Preparation

Advantage has been taken of the exemption provided by paragraph 37.3 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited from the requirement to include comparative figures for the first cash flow statement included in interim financial statements relating to accounting periods ending in or after 1 July 2000.

Save as disclosed above, these unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25, “Interim Financial Reporting,” issued by the Hong Kong Society of Accountants. The accounting policies and basis of preparation of these interim financial statements are consistent with those used in the annual financial statements for the year ended 30 April 2000.

The comparative figures of the condensed consolidated profit and loss account have been restated to conform with the requirements of SSAP 1 (Revised) “Presentation of financial statements”.

(2) Segmental Information

The Group’s turnover and contribution to profit from operation analysed by principal activity and geographical market, are as follows

	2000		1999	
	Group Turnover	Contribution to Profit after	Group Turnover	Contribution to Profit after
	Six months Ended	Finance costs	Six months Ended	Finance costs
	31 October	31 October	31 October	31 October
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
By principal activity				
Manufacture and sale of processed eels	166,145	9,831	142,330	11,717
Manufacture and sale of eel feeds	45,495	12,889	48,435	13,473
	<u>211,640</u>	<u>22,720</u>	<u>190,765</u>	<u>25,190</u>
By geographical area:				
The People’s Republic of China (the “PRC”)	45,630	12,889	48,435	13,473
Japan	166,010	9,831	142,330	11,717
	<u>211,640</u>	<u>22,720</u>	<u>190,765</u>	<u>25,190</u>

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(3) TAXATION

Hong Kong profits tax has not been provided for as the Group had no assessable profits arising in Hong Kong during the period (1999: Nil). Provisions for tax of profits of subsidiaries operating in the People's Republic of China (the "PRC") have been calculated at the rates applicable, based on existing legislation, interpretations and practices, during the period.

Group:

	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
The People's Republic of China, other than Hong Kong	1,403	769

(4) Dividends

The Board of Directors has resolved not to declare an interim dividend for the six months ended 31 October, 2000 (1999: Nil) with a view to re-investing the resources for future business growth.

(5) Earnings per share

The calculation of earnings per share is based on the net profit attributable to shareholders for the period ended 31 October 2000 of HK\$25,932,000 (1999: HK\$24,880,000) and on the 1,400,000,000 (1999: 1,050,000,000) ordinary shares in issue during the period. The basic earnings per share for both periods have been adjusted to reflect the bonus issue of shares on the basis of eight shares for every two shares held to shareholders whose names appear on the register of members on 30 October 2000. There is no diluted earnings per share shown for both periods as there were no dilutive potential ordinary shares during the periods.

(6) Depreciation

During the period, depreciation of HK\$1,358,000 (1999: HK\$1,482,000) was charged to the profit and loss account in respect of the Group's fixed assets.

(7) Accounts and Bills Receivables

	31 OCT 2000	30 APR 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
With aging analysis as follows:		
Current to three months	22,723	16,785
Over three months	267	75
	<u>22,990</u>	<u>16,860</u>

The Group has a defined credit policy. The general credit terms ranged from 30 days to 90 days.

(8) Accounts Payable

All trade accounts payable amounted to HK\$13,222,000 (1999:HK\$20,536,000) and aged within one month.

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(9) Bank Borrowings - Due Within One Year

	31 OCT 2000	30 APR 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans	<u>49,919</u>	<u>50,946</u>

A bank loan of JPY587,000,000, equivalent to approximately HK\$42,381,000, (30 April 2000: JPY87,000,000, equivalent to approximately HK\$6,281,000) was secured by the Group's leasehold land and buildings in the PRC. The remaining bank loans of HK\$7,538,000 (30 April 2000: HK\$44,665,000) were secured by guarantees executed by a related company.

(10) Reserves

	Share Premium	Contri- bution surplus	Statutory reserve	Asset Revaluation reserve	Exchange Fluctuation reserve	Capital reserve	Retained profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 May 200	25,754	19,084	229	2,223	(2,659)	34	64,316	108,981
Net profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,932</u>	<u>25,932</u>
At 31 October 2000	<u>25,754</u>	<u>19,084</u>	<u>229</u>	<u>2,223</u>	<u>(2,659)</u>	<u>34</u>	<u>90,248</u>	<u>134,913</u>