

NOTES TO CONDENSED FINANCIAL STATEMENTS

(1) Basis of Presentation And Accounting Policies

These interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 30 April 2001.

(2) Segmental Information

The Group’s turnover and contribution to profit after finance costs analyzed by principal activity and geographical area of operations, are as follows

	2001		2000	
	Group turnover six months ended 31 October <i>Unaudited</i> <i>HK\$’000</i>	Contribution to profit after finance costs <i>Unaudited</i> <i>HK\$’000</i>	Group turnover six months ended 31 October <i>Unaudited</i> <i>HK\$’000</i>	Contribution to profit after finance costs <i>Unaudited</i> <i>HK\$’000</i>
By principal activity:				
Manufacture and sale of processed eels	155,022	348	166,145	9,831
Manufacture and sale of eel feeds	18,401	3,219	45,495	12,889
	<u>173,423</u>	<u>3,567</u>	<u>211,640</u>	<u>22,720</u>
By geographical area:				
The People’s Republic of China (the “PRC”)	18,401	3,219	45,630	12,889
Japan	155,022	348	166,010	9,831
	<u>173,423</u>	<u>3,567</u>	<u>211,640</u>	<u>22,720</u>

(3) Profit From Operating Activities

The Group’s profit from operating activities is arrived at after charging:

	Six Months ended 31 October	
	2001 <i>Unaudited</i> <i>HK\$’000</i>	2000 <i>Unaudited</i> <i>HK\$’000</i>
Depreciation	<u>2,028</u>	<u>1,358</u>

(4) Tax

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the period (2000: 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:

	Six Months ended	
	31 October	
	2001	2000
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
The People's Republic of China, other than Hong Kong	<u>47</u>	<u>1,403</u>

(5) Earnings/(Loss) Per Share

The calculation of loss per share is based on the net loss attributable to shareholders for the period of HK\$263,000 (2000: net profit of HK\$25,932,000) and the 1,400,002,000 (2000: 1,400,000,000) ordinary shares in issue during the period. No diluted loss per share is presented for both current and last period as there are no dilutive potential ordinary shares.

(6) Accounts and Bills Receivable

The aged analysis of the Group's accounts and bills receivable is as follows:

	31 October 2001	30 April 2001
	<i>Unaudited</i>	<i>Audited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to three months	9,303	10,897
Four to six months	6,420	6,966
Over six months	<u>2,215</u>	<u>1,785</u>
	<u>17,938</u>	<u>19,648</u>

The Group has a defined credit policy. The general credit terms granted by the Group to customers are normally less than 90 days.

(7) Accounts Payable

All the Group's accounts payable were aged within three months as at the current period end and prior year end.

(8) Short Term Bank Loans

A bank loan of JPY87,000,000, equivalent to approximately HK\$5,469,000 (30 April 2001: JPY87,000,000, equivalent to approximately HK\$5,469,000), was secured by the Group's leasehold land and buildings in PRC. A bank loan of RMB 8,000,000, equivalent to approximately HK\$7,528,000 (30 April 2001: RMB 8,000,000, equivalent to approximately HK\$7,528,000) was secured by the leasehold land and buildings of an associate. The remaining bank loans of HK\$45,544,000 (30 April 2001: HK\$45,544,000) were secured by guarantees executed by a related company.

(9) Reserves

	Statutory reserve	Asset Revaluation reserve	Exchange Fluctuation reserve	Capital reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 May 2001	229	4,387	(2,659)	34	(20,092)	(18,101)
Net loss for the period	—	—	—	—	(263)	(263)
At 31 October 2001	<u>229</u>	<u>4,387</u>	<u>(2,659)</u>	<u>34</u>	<u>(20,355)</u>	<u>(18,364)</u>

(10) Related Party And Connected Transactions

The Group had the following significant related party transactions during the period:

Name of related party	Nature of transaction	Notes	Six Months ended 31 October	
			2001 Unaudited HK\$'000	2000 Unaudited HK\$'000
Fu Qing Sanhua Forage Co., Ltd.	Purchases of raw materials and finished goods	(i)	—	17,455
	Royalty income received	(ii)	<u>2,331</u>	<u>3,304</u>

Notes:

- (i) Fu Qing Sanhua Forage Co., Ltd. ("Fu Qing Sanhua") is an associate of the Company (within the meaning of SSAPs). The directors consider that the purchases were made at cost to the suppliers.
- (ii) According to an agreement between Fu Qing Sanhua and a subsidiary of the Company, the royalty fee relates to the use of the Group's eel feed formulae by Fu Qing Sanhua and is based on 10% of the gross sales amount of Fu Qing Sanhua attributable to the use of eel feed formulae, except those related to sales to companies of the Group.

Additionally, during the last period, Fuqing Qixiang Food Co., Ltd. ("Fuqing Qixiang"), a 70% owned subsidiary, sold finished goods amounting to HK\$146,750,000 to Qixiang Food Limited, a wholly owned subsidiary, at prices which were based on 90% of the selling prices charged by Qixiang Food Limited to other customers.

The transactions between the Group and Fu Qing Sanhua, and between Fuqing Qixiang and Qixiang Food Limited were connected transactions under the Listing Rules.