



Notes:

## 1. Accounting policies

In the current period, the financial statements have been prepared in accordance with Statements of Standard Accounting Practice (“SSAPs”) which are effective for the accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised):	Presentation of financial statements
SSAP 2 (revised):	Net profit or loss for the period, fundamental errors and changes in accounting policies
SSAP 11 (revised):	Foreign exchange translation
SSAP 15 (revised):	Cash flow statements
SSAP 33:	Discontinued operations
SSAP 34:	Employee benefits
SSAP 35:	Accounting for government grants and disclosure of government assistance

The effect of adopting these new/revised SSAPs is insignificant for the current or past results. Disclosure in the financial statements complies with the requirements of the above SSAPs. Certain comparative figures have been re-classified to conform with the current presentation.

Except for the above changes, the accounting policies and methods of computation used in the preparation of the first quarterly financial statements are consistent with those used in the annual accounts for the year ended 31st December 2001.

## 2. Turnover and segment information

Turnover represents sales of goods at invoiced value to customers, net of returns, discounts and Value Added Tax (“VAT”). The Group operates mainly in the PRC. The turnover and contribution to the Group’s profit are mainly from the PRC.

An analysis of the Group’s turnover by major products is as follows:

	For the three months ended 31st March			
	2002		2001	
	(Unaudited)		(Unaudited)	
	US\$’000	%	US\$’000	%
Instant noodles	162,987	64	156,110	74
Bakery	22,056	9	19,722	9
Beverages	60,665	24	30,897	15
Others	8,412	3	4,081	2
Total	254,120	100	210,810	100

An analysis of the Group’s segment result by major products is as follows:

	For the three months ended 31st March	
	2002	2001
	(Unaudited)	(Unaudited)
	US\$’000	US\$’000
Instant noodles	23,728	22,251
Beverages	6,980	(1,405)
Bakery	(19)	664
Others	2,303	1,642
Total	32,992	23,152



**3. Profit from operations**

Profit from operations is stated after charging/crediting the following:

**For the three months ended 31st March**

	<b>2002</b>	<b>2001</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>US\$'000</i>	<i>US\$'000</i>

Depreciation and Amortization	15,905	15,801
Reversal of provision for impairment loss from associates included in other net income	(1,010)	—
	<u>          </u>	<u>          </u>

**4. Finance costs**

**For the three months ended 31st March**

	<b>2002</b>	<b>2001</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>US\$'000</i>	<i>US\$'000</i>

Interest expenses:		
Bank and other loans wholly repayable within five years	6,115	6,012
	<u>          </u>	<u>          </u>

**5. Taxation**

The Cayman Islands levies no tax on the income of the Group.

No provision for Hong Kong profits tax has been made as there was no assessable profit in Hong Kong for the period.

Subsidiaries in the PRC are subject to tax laws applicable to foreign investment enterprises in the PRC and are fully exempt from PRC enterprise income tax of 15% for two years starting from the first profit making year followed by a 50% reduction for the next three years.

Deferred taxation has not been provided as the effect of timing differences is insignificant at the balance sheet date.

**6. Earnings per share**

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the period and on the weighted average of ordinary shares in issue during the period.

**For the three months ended 31st March**

	<b>2002</b>	<b>2001</b>
	<b>Number of shares</b>	<b>Number of shares</b>
	<i>(Million)</i>	<i>(Million)</i>

Issued weighted average of ordinary shares	5,589	5,589
	<u>          </u>	<u>          </u>

Diluted earnings per share has not been shown as the convertible bonds outstanding during these periods are anti-dilutive.

**7. Dividend**

The Board of Directors resolves that no dividend be paid for the three months ended 31st March 2002 (2001: nil).



**8. Trade receivables**

Most of the Group's sales are based on cash before delivery policy, the credit period for the rest of sales is from 30 days to 90 days.

The ageing analysis of the trade receivables as at the balance sheet date is as follows:

	<b>As at 31st March 2002 (Unaudited) US\$'000</b>	<b>As at 31st December 2001 (Audited) US\$'000</b>
Within 90 days	36,143	33,827
Over 90 days	3,680	3,461
	<u>39,823</u>	<u>37,288</u>

**9. Trade payables**

The ageing analysis of the trade payables as at the balance sheet date is as follows:

	<b>As at 31st March 2002 (Unaudited) US\$'000</b>	<b>As at 31st December 2001 (Audited) US\$'000</b>
Within 90 days	100,961	86,146
Over 90 days	9,194	6,358
	<u>110,155</u>	<u>92,504</u>

**10. Property, plant and equipment**

At 31st March 2002, the Group has pledged property, plant and equipment with aggregate net book values of approximately US\$163,207,000 (31st December 2001: US\$157,218,000) to secure general banking facilities granted to the Group.





## 11. Interest-bearing borrowings

	As at 31st March 2002 (Unaudited) US\$'000	As at 31st December 2001 (Audited) US\$'000
Bank loans wholly repayable within five years:		
Secured	99,714	99,159
Unsecured	208,035	193,780
Convertible bonds	95,721	95,721
	<u>403,470</u>	<u>388,660</u>
Portion classified as current liabilities	(238,417)	(211,807)
	<u>165,053</u>	<u>176,853</u>

The maturity profile of the interest-bearing borrowings is as follows:

## Bank loans:

Within one year	142,696	116,086
In the second year	147,500	143,596
In the third to fifth years, inclusive	17,553	33,257
	<u>307,749</u>	<u>292,939</u>

## Other loans:

Within one year	95,721	95,721
	<u>403,470</u>	<u>388,660</u>

## 12. Issued capital

	Ordinary shares of US\$0.005 each No. of shares	US\$'000
Authorised:		
At 31st December 2001 and 31st March 2002	<u>7,000,000,000</u>	<u>35,000</u>
Issued and fully paid:		
At 31st December 2001 and 31st March 2002	<u>5,588,705,360</u>	<u>27,943</u>





## 13. Reserves

	Capital redemption reserve <i>US\$'000</i>	Share premium <i>US\$'000</i>	Exchange translation reserve <i>US\$'000</i>	General reserve <i>US\$'000</i>	Capital reserve <i>US\$'000</i>	Retained profits <i>US\$'000</i>	Total <i>US\$'000</i>
At 31st December 2001	36	332,478	391	53,836	308	126,625	513,674
Exchange translation differences	—	—	2	—	—	—	2
Transfer to general reserve	—	—	—	(125)	—	125	—
Profit for the period	—	—	—	—	—	22,254	22,254
At 31st March 2002	<u>36</u>	<u>332,478</u>	<u>393</u>	<u>53,711</u>	<u>308</u>	<u>149,004</u>	<u>535,930</u>
Representing:							
2001 final dividend proposed							45,268
Other							490,662
							<u>535,930</u>

## 14. Commitments

	As at 31st March 2002 (Unaudited) <i>US\$'000</i>	As at 31st December 2001 (Audited) <i>US\$'000</i>
(a) Capital commitments		
Contracted but not provided for	<u>14,939</u>	<u>58,106</u>

## (b) Lease commitments

At the balance sheet date, lease payments under non-cancellable operating leases of the Group payable are as follows:

Within one year	750	889
In the second to fifth years, inclusive	<u>329</u>	<u>363</u>
	<u>1,079</u>	<u>1,252</u>





15. **Related party transactions**

**Transactions**

The following is a summary of significant related party transactions, in addition to those disclosed elsewhere in the financial statements, which were carried out in the ordinary course of the Group’s business.

	<b>For the three months ended 31st March</b>	
	<b>2002</b>	<b>2001</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>US\$'000</i>	<i>US\$'000</i>
(a) Sales of goods to:		
An associate	8,186	5,843
(b) Purchases of goods from:		
A company which has directors common to those of the Company	1,063	2,911
A company in which a director has beneficial interest	2,672	3,138
An associate	9,633	6,764
	13,368	12,813

The prices of the said transactions were based on normal commercial terms.

**Guarantee**

At the balance sheet date, the Group had bank loans of US\$40,000,000 (2001: US\$40,000,000) which are guaranteed by major shareholders.

