

Business Review

The business environment in the first six months ended 30 September 2000 remained a challenging period for the Group. During the period under review, high interest rates prevailed, the purchasing power of EU customers declined with the weak Euro, the increase of oil prices and the prices of the Group's major processed whitefish, especially Alaskan pollock fillets reached its historical low. Despite all these, the Directors are pleased to announce that encouraging interim results have been achieved.

The Group's turnover increased by 7% over the same period last year to HK\$1,107 million. Profit attributable to shareholders was HK\$30 million, a substantial increase of 132% compared to the corresponding period in 1999.

The success of the Group's business strategies, namely focusing on higher return markets and shifting its sales mix to higher profit margin products, and the marketing strategies including its Just-In-Time inventory programs for customers, have resulted in a better utilization of assets and enabled the Group to overcome the unfavorable business environment during the period under review.

Sales by Product Category

Sales of processed whitefish products increased 18% to HK\$459 million for the period under review. It accounted for 41% of the Group's total turnover for the first half of the year, as compared with 37% of total turnover in the corresponding period last year. Sales of unprocessed whitefish remained the largest portion of the Group's sales mix. For the period under review, it achieved a total sale of HK\$522 million representing 47% of the Group's total turnover.

Sales by Geographical Market

Geographically, the PRC remains a major market, accounting for about 43% of the Group sales mix. The Group nevertheless has expanded its marketing efforts to those markets with higher returns such as North America, Western Europe and Japan.

For the six months ended 30 September 2000, sales to Japan soared 74% to about HK\$140 million and has increased its share of the Group's sales mix from 8% in the same period in 1999 to 13%.

Sales to Western Europe increased about 58% over the same period last year to HK\$221 million and contributed 20% of the Group's total turnover. The management's decision of focusing on this higher return market during the period under review has resulted in the drop of sales to North America. For the period under review, sales to North America decreased 23% to HK\$251 million.