



## CHAIRMAN'S STATEMENT



*Mr. Kwok Man Yu, Chairman*

On behalf of the Board of Directors, I am pleased to present the audited consolidated results of Corasia Group Limited (“the Company”) and its subsidiaries (“the Group”) for the year ended 31 December 2000.

### **Business review**

For the year ended 31 December 2000, the Group’s turnover was approximately HK\$285 million (1999: HK\$257 million) and the net profit attributable to shareholders amounted to approximately HK\$42 million (1999: HK\$57 million). Basic earnings per share is HK4.05 cents (1999: HK9.24 cents).

The Group’s eel feeds business has already established a solid foundation and a stable relationship with the eel farms in Mainland China. Eel feeds sold under the Group’s brand name “*Juhua*” has provided the Group with a steady source of income. The directors of the Company are of the opinion that the Group has substantially reduced its reliance on distributors and the credit risk relating thereto as a result of the success of Group’s direct sales marketing strategy, which primarily targets for end-users of the Group’s eel feeds.

The start of production of the Group’s shrimp feeds factory in Hainan Island, the PRC (the “Hainan Factory”) represents an important step for the Group to diversify its business. The Directors believe that the Hainan Factory, having an annual capacity of about 11,000 tonnes, is one of the major shrimp feeds suppliers in Hainan Island, the PRC. In the coming year, the Group will introduce “Ha Bing Xiao” which is an immunological additive added to agricultural feeds for shrimps so as to improve the disease resistance strengths and increase the survival rate of shrimps. With the “Ha Bing Xiao”, the shrimp farmers can directly increase their farming efficiency. The Directors believe that the shrimp feeds business of the Group will have a substantial development in the near future. As Hainan Island is one of the major shrimp farmlands in China, the demand for shrimp feeds is particularly high as compared with other regions in the PRC. The Hainan Factory can capitalise the high demand for shrimp feeds in Hainan Island to further develop its business. The Directors believe that the Group will become one of the largest shrimp feeds manufacturers and suppliers in Hainan Island primarily due to the high quality and reasonable price of the Group’s shrimp feeds and the Group’s strong after sales service team.

### **Liquidity, capital structure and financial resources**

The Group’s daily operating activities were mainly financed by profits generated, internal resource and banking facilities such as trust receipt loans and overdraft.



As at balance sheet date, the Group's shareholders' equity was HK\$278 million (1999: HK\$216 million). Current ratio was 4.54 (1999: 6.32) Gearing ratio, calculated as a percentage of long term debt to equity, was 1.4% (1999: 2.8%).

### Bank borrowings and charge on group assets

As at 31 December 2000, the bank borrowings bore interest at rates ranging from 8.5% to 14.5% per annum and were secured by the following:

- (a) a legal charge on the leasehold land and building of the Group with an aggregate net book value of HK\$4,320,000 as at 31 December 2000;
- (b) corporate guarantee executed by the Company to the extent of HK\$95,208,000 which were utilised to the extent of HK\$27,494,000; and
- (c) pledged bank deposits of the Group in the amount of HK\$2,845,000.

### Acquisition of an associate

During the year, the Group acquired a total of 49% equity interests in Fishtail Investments Limited at a consideration of HK\$70,560,000 from companies in which Mr. Kwok Man Yu is also a controlling shareholder and a director.

### Employees

More than 300 staff and workers are currently employed in our factory and the Hong Kong office.

The directors are actively reviewing staffing levels and remuneration package with a view to maintaining a cost-effective management structure.

### Acknowledgements

On behalf of the Board of Directors, I would like to express my sincere gratitude to our customers for their trust and support in our "Juhua" products. May I also take this opportunity to express my heartfelt thanks to our shareholders of their continued support and to our staff for their hard work. We will continue dedicating our efforts towards the Group's long-term development.

By order of the Board

*Chairman*

**Kwok Man Yu**

Hong Kong, 10 May 2001