

## CHAIRMAN'S STATEMENT

In 2002, the Group adopted a new corporate core culture with emphasis on management efficiency and performance. Through intensive management efforts, the Group took a firm hold at building the management team of companies at all levels, strengthening corporate management from the foundation to the top, integration of business resources, exploration of new business opportunities, fully exploiting our business potential and added values, reinforcing investment project monitoring and financial management and control, the Group has achieved satisfactory economic results.

For the year ended 31 December 2002, the Group's consolidated turnover was HK\$1,783,020,000, which was HK\$36,330,000 less than the 2001 turnover of HK\$1,819,350,000, representing a decrease of 2.0%. Main reasons for the reduction were that the Group completely closed its supermarket business as from June 2001, and that its live and fresh foodstuffs distribution operation was reduced as a result of the State's deregulation of pond-fish quota management and reduction of live poultry agency quota. For 2002, the Group's profit before tax was HK\$126,939,000, which was HK\$114,504,000 more than that of 2001, representing an increase of 920.8%. Profit attributable to shareholders was HK\$115,509,000, which was HK\$63,991,000 more than that of 2001, representing an increase of 124.2%. Basic earnings per share was HK1.28 cents for 2002 and HK0.61 cents for 2001.

In 2001, the Group had ceased the supermarket business, and eliminated the loss-making part of the Group's business, and achieved a successful reacquisition of the Zhongshan Zhongyue Tinplate Industrial Co., Ltd. and Zhongshan Shan Hai Industrial Co., Ltd.. Based on this foundation, we adjusted our business plan, business focus and operation strategy in 2002, and we concentrated our attention on developing industrial projects and businesses with better future profit prospect and competitiveness. Accordingly, the tinsplating and property leasing business became the new profit growth area and the major contributor of the profit of the Group, and replaced the live and fresh foodstuffs operation as the Group's core business. As the above industrial operating profits more than compensated for the reduction in profit from the live and fresh foodstuffs operation, the Group made significant improvement in 2002 over 2001 in most economic indicators except a slight decrease in turnover compared to the same period last year. This is achieved because the Group restructured its operating businesses and development strategy at the proper time, and improved corporate competitiveness, profit-generating and risk management capabilities through business synergy, altering product mix, developing new products and new business, enhancing corporate quality and profit margin. As a result, the Group restored sound asset and financial position and saw a much improved operating performance with the best operating results since the Restructuring. The present asset position of the Group is healthy; financial resources are sufficient and cost effectiveness is in a comparatively satisfactory situation.

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Looking ahead in 2003, the Group's operation environment is still exceptionally challenging. The live and fresh foodstuffs distribution operation is gradually losing its policy advantages as China enters the World Trade Organization, and the livestock farming is dwindling due to changes in the market situation. However, opportunities exist where there is challenge. The Board and the management believes that if we can carry out the objective of "enhancing the quality of the management team and innovative operating systems, integrating business structures to create synergy, developing flagship businesses to increase our competitiveness", we shall nurture and develop our leading business, expedite the improvement of tinplating technology in order to boost productivity and market competitiveness, accelerate business structure reform at the same time we seek improvement in our present enterprises and businesses, and aggressively identify investment opportunities and acquire projects with potential at the proper time. The Board firmly believes that adhering to the above policies would offer a basis for increasing the Group's overall economic strength, profitability and competitiveness, and maximizing the return for our shareholders.

By Order of the Board

**Liang Jiang**

*Chairman*

Hong Kong, 11 April, 2003