



The mission of the Group is to create opportunities and share our success with our customers, therefore we are committed to provide them with 100% satisfying products

On behalf of the Board of Directors (“Directors”) of First Natural Foods Holdings Limited (the “Company”), I am pleased to present the annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2002.

For the year ended 31 December 2002, the Group recorded turnover of approximately RMB336,816,000 and profit attributable to shareholders of approximately RMB108,698,000, representing growth of approximately 23% and 25% respectively as compared to 2001, which were largely attributable to the high product quality and successful market strategies of the Group.

Since its public floatation, the Group has made best use of the proceeds raised upon listing to develop frozen marine food products. Together with the developments in the Group’s production capacity, the Group has received the support from different fields which enabled the Group to achieve an impressive result in last year. The Directors recommend payment of a final dividend of HK\$0.03 per share.

The Group’s frozen marine food products have always been well received by the market. Natural marine food products are known to be beneficial to human organs such as liver and kidney; however the customers consider it is inconvenient to consume fresh marine food products because the nature of those products are limited by time and location. The Group’s products not just serve an ideal alternative to fresh marine food products but cater for more. The Group has adopted internationally first-class technologies and state-of-the-art equipment to process its frozen marine food products in order to maintain the original nutrition as well as authentic taste and appearance of the food. The Group has a close connection with the local farming bases, which provide guaranteed quality of raw materials. This arrangement helps the Group constantly improving its product in terms of quality as well as variety. Given the above advantages, the Group’s marine food products achieved favourable responses and expanding market share both in the US and Japanese markets, and also strengthened the Group’s confidence in its market expansion.

In respect of investor’s relationship, the Group has regularly arranged meeting with investors and factory visits in order to keep them informed of the scale of production, efficiency of operation and capital utilization of the Group. Undoubtedly, these activities can increase the transparency of the Group’s operation and establish closer communication channels with investors which in turn boosting investors’ confidence in the Group.

The Group was accredited with the ISO9000 certificate and received the approval without reservation from the US Food and Drug Administration for its HACCP certificate renewal last year. Besides, the Group has also be designated by the Fujian Government as one of the Key National Enterprises (國家重點企業) which represents an authoritative proof of the Group’s high product quality.

Looking ahead, we are dedicated to develop new products and exploring new markets with a view to enhancing the market competitiveness of the Group. The Group has strong sensitive perception of market risks and in depth risks analysis which will help the management to adjust its future business development directions in response to the rapid change of market demand. Under this framework, the Group will continue its efforts in developing new frozen marine food products such as low-caloric shellfish food, canned shellfish, and low-temperature processed canned food.

Expanding into the European market is also one of the key strategies of the Group in the future. The Group co-operation with Panapesca Corporation has paved the road to success for the Group. In addition, the Group plans to penetrate into PRC affluent markets such as Beijing and Shanghai where consumption levels are higher.

The Group’s business development over the year was satisfactory. I am confident that the Group is set to strive for more remarkable results in the future with the united efforts of all staff members of the Group. On behalf of the Board I would like to express my appreciation to the shareholders of the Group for their trust and support, as well as my fellow staff for their hard work.

**Yeung Chung Lung**  
*Chairman*

Hong Kong  
23 April 2003