



Flour



Outlook

We expect the conditions of the markets that we are in will continue to improve with the gradual recovery of the economy and the imminence of China's entry to the World Trade Organization. The Group will continue to expand its core brands, distribution networks and development in information technologies to support its growth strategies in the food business.

Flour Division

The Division continues to show double-digit volume growth in the China market. Its production facility at Shekou (next to Shenzhen City) is undergoing an expansion plan, which will increase the current daily capacity from 800 metric tons to 1,000 metric tons. It is expected to be completed by March 2001.

During the year 2000, the Division also managed to maintain its profit growth despite of price competition. It was accomplished through significant improvement in operating productivity in the areas of procurement, production and distribution.

Edible Oil Division

The Division has registered a volume growth of approximately 11% in 2000. Our "Knife" Brand continued to be the market leader in Hong Kong with major recognition as The Hong Kong Top Ten Brands and Asia Super Brand. In addition to the successful launch of "Knife" Garlic Flavor Oil, the Division also took the leadership to launch "Knife" High Oleic Corn Oil and Peanut Oil as a new category for consumers who are looking for higher value in their living style.

In China, our margin was affected as a result of a price war in the market. However, we are committed to continue our core activities in brand building to sustain our long-term opportunity.

Detergent Division

"AXE", the flagship brand of the Division, is the top selling brand in dishwashing detergent market in Hong Kong. In year 2000, it is also recognized as The Hong Kong Top Ten Brands being awarded by The Chinese Manufacturers' Association of Hong Kong.

The Division recorded a 2-year consecutive double-digit volume growth. During the year 2000, it has successfully launched three new products in the category of anti-bacterial, including dishwashing, laundry powder and floor cleaner.



Packaging



ISO 9002 Certification awarded to:

1. 2 manufacturing plants in Taiwan.
2. Zhuhai Packaging plant.
3. HK Evergreen Oil Plant.
4. Shekou Flour Mills.
5. Shekou Oil Refinery.



Packaging Division

During the year, the Division's performance was affected by margin reduction due to the unexpected fluctuation of aluminum prices. It also recorded a loss of approximately HK\$14 million for provision against an account receivable from a major customer who suffered from liquidity problem. However, the division continues to improve operating efficiency and reduce operating costs in order to maintain its competitiveness.

Bakery & Frozen Food Division

The Division continued to reduce its operating costs and significantly improved its productivity in 2000. During the year, it managed to maintain its sales revenue under a very competitive market condition. The Division is planning to make strategic changes in order to provide higher quality products and services to the food retailers in Hong Kong.

AUDIT COMMITTEE

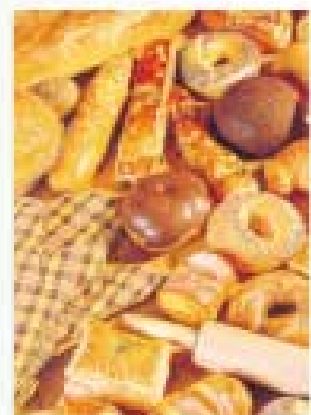
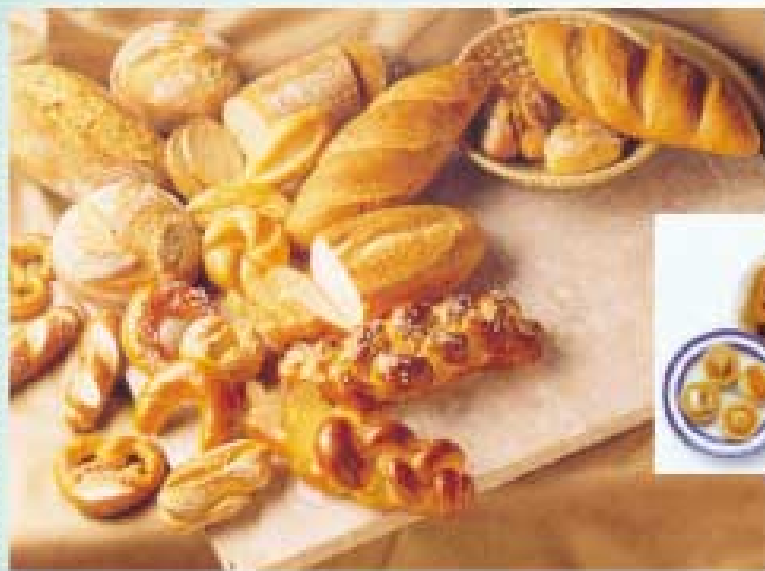
The Company has set up an Audit Committee to assist the Board in providing an independent review on the completeness, accuracy and fairness of the financial statements of the Company, as well as the efficiency and effectiveness of the Company's operations and internal controls. They also provide a channel of communication and a forum for issues of concern for both management and external auditors.

APPRECIATION

The Board would like to express its sincere appreciation to the bankers, suppliers, customers and shareholders for their continued support to the Group. The Board also wishes to thank the Group's management and staff for delivering major progresses in various core businesses.

By order of the Board
Whang Tar Choung
Chairman

Hong Kong, 30th January, 2001



Bakery and Frozen Food

