

INTERIM DIVIDEND

The Board has declared an interim dividend of HK 1 cent (2000: HK 1 cent) per share for the period ended 30 September 2001, payable to shareholders whose names appear in the register of members of the Company on 4 February 2002. The dividend will be payable on 8 February 2002.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 January 2002 to 4 February 2002 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer accompanied by the relevant share certificates must be lodged with the Company's share registrars, Abacus Share Registrars Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 28 January 2002.

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30 September 2001, the Group's consolidated turnover and profit attributable to shareholders were HK\$254.83 million (2000: HK\$289.00 million) and HK\$12.79 million (2000: HK\$69.49 million) respectively. Profit attributable to shareholders represented an increase of approximately 48%, if excluding from the corresponding period last year the gain of HK\$60.87 million arising from the disposal of subsidiaries.

During the period under review, the economic conditions of Hong Kong continued to be sluggish and unemployment rate continued to rise. As a result, consumers' spending sentiment was weak. Despite this, the Group's frozen meat sales and volume in Hong Kong market continued to increase, attributable to its well-established and leading position in the market as well as its extensive distribution network. However, the Group's conservative sales policy to China market has led to slight decrease in the Group's sales. Aiming to broaden its revenue stream and product ranges, the Group has introduced value-added frozen meat products to supermarket chains and Japanese department stores and the result was encouraging.

The Group has increased its investment in Four Seas Mercantile Holdings Limited ("FSML") to 25.76% as at 30 September 2001. Capitalizing on more than 30 years of experience and the market leader position in the food industry, excellent business relationship with major food manufacturers worldwide, distribution of many famous branded products and a comprehensive range of more than 4,000 items, FSML performed very well during the current period. For the six months ended 30 September 2001, FSML achieved an encouraging result of HK\$33.67 million in profit attributable to shareholders, representing an increase of approximately 21% over that of the corresponding period last year.

The Group is full of confidence in the businesses of FSML. On one hand, FSML's operations in Hong Kong have provided a steady stream of profits. On the other hand, FSML's operations in China have also begun to contribute profits. Benefiting from FSML's past years' dedicated marketing efforts in developing markets for products manufactured by the 13 factories established in China, these 13 factories were operating satisfactorily during the period. Among these manufacturing factories, sales of "Four Seas Seaweed", which is produced by Nico Four Seas (Shantou) Company Limited, continued to increase. "Four Seas Milk Candy", produced by Kanro Four Seas Foods (Shantou) Company Limited, continued to earn a good reputation in both China and Hong Kong, resulting in strong demand. "Four Seas Seaweed Corn Crisp", produced by Tohato Four Seas Confectionery (Shenzhen) Company Limited, continued to sell well. Sales of other items, such as "Meiji Ice-cream" products produced by Guangdong M&F-Yantang Dairy Products Company Limited, and "Pokka Four Seas" drinks, produced by Pokka Four Seas (Suzhou) Food Company Limited, were also encouraging. Besides, the snack food factory in Hong Kong, a joint venture with the largest snack manufacturer, Calbee Foods Co., Ltd. in Japan, is currently producing Calbee Potato Chips, Grilled Corn Sticks, Prawn Crackers and a series of Calbee food products. As its products are well received by consumers, together with their leading position in the market, this factory generated good profits during the period.

Pokka café and restaurant chain has 18 restaurants in China, Hong Kong and Macau. These restaurants provide delicious Japanese cuisine and are pleasantly decorated, creating a romantic ambience for the younger generation. As a result, Pokka café chain has gained popularity and has established an excellent reputation among younger generation customers. During the period, Pokka café chain maintained its leading position in the market.

Looking forward, the Group's two main businesses, namely frozen meat trading and investment in FSML, will be benefited from the recent qualification of China as one of the members of the WTO. The accession of China into WTO will provide vast potential investment opportunities for foreign entrepreneurs, which will improve the living standards and in turn stimulate strong demand for quality foods in China. Leveraging on its extensive experience in food marketing and aggressive strategy in expanding China market, FSML is well positioned to achieve better performance by capitalizing on its production base in China with 13 factories which are well managed and produce high quality food products. Coupled with the Group's frozen meat trading business, the management is optimistic and confident of its future.