

TAI Tak Fung, Stephen, *Chairman*

RESULTS

On behalf of the board, I am very pleased to announce that the Group's audited consolidated profit attributable to shareholders for the financial year ended 31 March 2002 was HK\$28.0 million (2001: HK\$57.0 million). This represents an increase of 36% over that of last year, if excluding from last year's results the gain of HK\$47.9 million arising from the disposal of subsidiaries and the provision of HK\$11.5 million impairment loss of a property (the "Non-recurring Items"). The Group's earnings per share was HK11.29 cents (2001: HK23.04 cents).

DIVIDENDS

The board of directors recommended a payment of final dividend of HK2.0 cents per share (2001: HK1.0 cent) to shareholders on the register at the close of business on 2 September 2002. Together with the interim dividend of HK1.0 cent, the total dividends distribution for the year ended 31 March 2002 will be HK3.0 cents per share. Subject to the shareholders' approval at the annual general meeting, the final dividend will be payable on 12 September 2002.

BUSINESS REVIEW

Amid the economic downturn, high unemployment rate and weak consumer spending sentiment, the Group's frozen meat trading performed satisfactorily and achieved a profit of HK\$8.9 million (2001: HK\$6.2 million, if excluding Non-recurring Items), a significant increase of 44% compared to that of previous year. This is mainly attributable to the Group's

commanding position in the market and its extensive distribution network.

The Group's equity interest in Four Seas Mercantile Holdings Limited ("FSMHL") generated a considerable profit before tax of HK\$24.4 million (2001: HK\$17.9 million) to the Group this year, representing a strong growth of 36% over that of last year. The Directors also believe that through its interest in FSMHL, the Group has been able to indirectly participate in different lines of food businesses and it will continue to provide contribution to the Group.



Participation in Food Fair

Frozen Meat Business

Trading of frozen meat is the core business of the Group. The Brazilian branded products under the Group's sole distribution, such as frozen chicken and pork meats, continued to be well-received by customers in Mainland China, Hong Kong and Macau. Despite the sluggish economic conditions, severe price competition and weak consumer spending sentiment in Hong Kong, the Group's sales in this market remained stable during the year, attributable to its well established foundation and extensive distribution network. Due to the Group's prudent credit policy to Mainland China, sales to this market showed a decline. However, benefited by its policies on cost efficiency control and strong commitment in trading of frozen meats, the Group was able to achieve a healthy growth in both gross margin and operating profit during the year.



Frozen meat products

Meanwhile, the Group newly introduced during the year a series of processed and packed frozen food products to the supermarket chains and department stores, including spicy pork chop slice, spicy chicken breast, spicy chicken steak, chicken nuggets and others. With the active launching of various promotional campaigns, the responses were encouraging.

Investment in Food Business

Demonstrating with outstanding performance of FSMHL, the Group has increased its interest holding in FSMHL during the year to 26.23% as at 31 March 2002. FSMHL is a unique food company listed on the Stock Exchange of Hong Kong, with over 30 years of history and operations encompassing food distribution, manufacturing, brand building of "Four Seas" branded products and café and restaurant operation.



Headquarter – Fours Seas eFood Centre

Food Distribution

FSMHL has an extensive distribution network covering supermarket chains, convenient stores, department stores, fast food chains, wholesalers, hotels and airlines. Also, FSMHL has established long-term relationship with producers across many countries, spanning Japan, Taiwan, Korea, Singapore, Thailand, Australia, Sri Lanka, the United States of America, the United Kingdom, Canada, South Africa, the Netherlands, Italy and other countries. Most of the 4,000 food products under distribution are very popular among consumers and enjoy good sales, including milk, milk powder, confectioneries, biscuits, snacks, chocolates, beverages, cakes, ice-cream, instant noodles, soy sauce, seasonings, wine, ham and sausage products.



Gummy
Candy and
Meltykiss
Chocolate
from Meiji
Seika,
Japan



Harvest Biscuits
made by Tohato,
Japan



Biscuit Stick made
by Ezaki Glico,
Japan