

Chairman's Statement



TAI Tak Fung, Stephen, *Chairman*

RESULTS

I, on behalf of the board of directors, have pleasure to announce that turnover for the financial year ended 31 March 2002 was HK\$1,176,128,000 (2001: HK\$1,124,833,000) and net profit attributable to the shareholders was HK\$80,157,000 (2001: HK\$67,490,000), representing an increase of 19% compared with the last financial year.

DIVIDENDS

The board of directors has recommended a payment of a final dividend of HK4.6 cents per share (2001: HK3.0 cents) in respect of the financial year ended 31 March 2002. Subject to shareholders' approval at the annual general meeting to be held on 2 September 2002, the final dividend will be payable on 12 September 2002. Together with the interim dividend of HK2.0 cents per share, the total distribution for the financial year ended 31 March 2002 will be HK6.6 cents per share.

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BUSINESS REVIEW

Since its establishment in 1971, the Group has been actively building up its business portfolio and has already established a strong and extensive distribution network in the market over the past thirty years. The Group has also forged long and trusted relationships with many food manufacturers around the world and carries many food products from famous international brands as well as Four Seas brand products, which are well-received by the consumers. Despite weak economic conditions, high unemployment rate and sluggish spending sentiment in Hong Kong, the Group continued to achieve encouraging results in both turnover and profits. This is largely attributable to the Group's leading position in the Hong Kong food market and the carrying of a full spectrum of food products.

Under the dedicated support of the Group, the thirteen factories in Mainland China have been operating smoothly with continued improvement in productivity. Together with active marketing and promotional activities, products of these factories continued to be popular in the market. While the name of Four Seas is very famous in Hong Kong, the Four Seas brand is also becoming well-known in Mainland China which is an advantage for the Group in its development of the Mainland China market in future.



*Bo Bo Tea – Jackie Chan,
famous international movie star*



*Four Seas Seaweed – Lillian Ho,
Hong Kong famous upcoming
singer*



*Four Seas Ice Mint – Mark Lui,
Hong Kong upcoming idol singer*



*Pokka Four Seas Milk Coffee –
Nicholas Tse, Hong Kong upcoming
idol singer and movie star*



*Four Seas Seaweed Instant Noodles -
Jessica Hester Hsuan, Hong Kong
famous TV & movie star*



*Four Seas Milk Candy – Joey Yung,
Hong Kong famous upcoming singer*



*Four Seas My Mint – Stephen Fung,
Hong Kong upcoming idol singer*

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FOOD DISTRIBUTION

Food distribution remains the core business among the business segments of the Group. Over the past thirty years of the management's strong commitment in actively developing its distribution business, the Group has established a high reputation and a strong and extensive distribution network which are invaluable assets of the Group. The distribution network includes department stores, supermarket chains, convenience stores, fast food



*Gummy Candy and Meltykiss
chocolate from Meiji Seika,
Japan*

chains, wholesalers, retailers, restaurants, hotels and airlines. The Group has also built up long and trusted relationships with many famous international food manufacturers across the world and continues to introduce new varieties of superior quality food products to consumers. At present, the Group carries about four thousand kinds of food products, including milk, milk power, confectioneries, biscuits, snacks, chocolates, toy candies, beverages, cakes, ice-cream, instant noodles, soy sauce, seasonings, wine,

ham, sausages and health food products. All of these products are imported from Japan, Taiwan, Korea, Australia, Singapore, Thailand, Malaysia, Sri Lanka, the United States of America, Britain, Canada, South Africa, the Netherlands and Italy. In addition, the Group has built up an effective channel through its snack food specialty chain stores, "Okashi Land", for the introduction of new and trendy Japanese snack to the market. This is well-received by the customers, particularly among the young generation.



*Harvest Biscuits
made by Tohato,
Japan*



*Biscuit Stick made
by Ezaki Glico,
Japan*

Targeting the trend of increasing popularity of health food products in the market, the Group has launched the health food products jointly with Morishita Jintan Co., Ltd. of Japan, a company with over one hundred years of history. These products include Four Seas Jintan Salacia Diet, Four Seas Jintan Bifidus and Four Seas Jintan DHA/EPA. During

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the year, the Group launched another series of health food products, namely, Four Seas Jintan Capsule Gummy. Each capsule gummy is coated with 350 small capsules which contain different kinds of health food extracts. Included in this series is the F & J Capsule Gummy - Lemon Tea, which is good for weight-watchers, the F & J Capsule Gummy - Blueberry, which is good for eye-sight and the F & J Capsule Gummy - Grape Fruit, which is good for the skin. Market response is encouraging. It is expected that these products will have a strong potential in the market for future development. The Group is going to strengthen the development of the health food product market with a view to increasing the recognition of the Group in this market and at the same time enhancing the profit of the Group.



*Health foods produced by
Morishita Jintan, Japan*

*Four Seas Jintan
Capsule Gummy*

FOOD MANUFACTURING

The Group's factories in Mainland China and Hong Kong continued to operate efficiently during the year. Benefiting from active marketing and promotional activities, products from these factories continued to be well-received by the consumers. Under the Group's dedicated support in both management and financial resources, these factories performed satisfactorily and began to enjoy profits. It is expected that these factories will continue to contribute satisfactory profits to the Group.



Nico Four Seas (Shantou) Company Limited

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Kanro Four Seas Foods (Shantou) Company Limited

Among these factories, Nico Four Seas (Shantou) Co., Ltd. had the most outstanding performance. Sales of Four Seas Seaweed produced by this factory continued to increase and is well-received by the consumers. Four Seas Milk Candy produced by Kanro Four Seas Foods (Shantou) Company Limited, continued to gain high reputation in Mainland China and Hong Kong. The sales of other items, such as snack products produced by Tohato Four Seas Confectionery (Shenzhen) Company Limited, 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.



Guangdong M & F-Yantang Dairy Products Company Limited



Pokka Four Seas (Suzhou) Food Company Limited

