

Chairman's Statement



The Calbee Four Seas Factory in Tseung Kwan O

During the year, the Group acquired 51% equity interest in a food factory located in Qingdao, namely, Li Fook (Qingdao) Foods Co., Ltd., which

specialises in producing superior quality instant noodles. The factory has already started to produce instant noodles under the “Four Seas” brand. Taking this noodle factory into account, the Group has invested in a total of thirteen factories in Mainland China.

The Group's joint venture factory in Tseung Kwan O with Calbee Foods Co., Ltd., the largest snack manufacturer in Japan, produces Potato Chips, Grilled Corn Sticks, Prawn Crackers and a series of Calbee food products. These products are well-received, hold leading position and enjoy high level of appreciation in the market. During the year, these products continued to contribute an encouraging profit to the Group. In order to meet the fast-growing demand of Calbee products in Mainland China, the Group has already started to build a factory in Shantou and is expected to commence production by early 2003.

The ham factories in Tuen Mun and Shenzhen are principally engaged in producing high quality Maid brand ham and sausage products. The Maid brand products continued to be widely received by the customers and grow steadily in demand and sales in both Mainland China and Hong Kong. The market share has been further expanded. Further to receiving the “Q Mark” award, Maid brand was again elected and



Maid Brand was awarded the “2001 Hong Kong Top Ten Brandnames Awards”.



Chairman's Statement

awarded the “Year 2001 Hong Kong Top Ten Brandnames Awards” by The Chinese Manufacturers’ Association of Hong Kong. This honored award fully reflects the highest level of popularity among consumers and the leading position in the market of Maid brand ham and sausages products.

FOUR SEAS BRAND

The Group continued to focus on developing the Four Seas brand products. Through organising large-scale marketing and promotional campaigns in Mainland China and Hong Kong, Four Seas brand products have gained further popularity. During the year, one of the best selling items,

“Four Seas Seaweed”, was awarded “2002 HK 10 Supermarket Favorite Brand”. The Group continued to devote significant resources to expand the spectrum of Four Seas



Four Seas Seaweed was awarded "2002 HK 10 Supermarket Favorite Brand".

the response of “Four Seas Seaweed Instant Noodle” is encouraging. “Four Seas Seaweed Instant Noodle” and “Four Seas Jintan Capsule Gummy” are poised to be well-accepted by the consumers and will become another successful series among Four Seas brand products. By now, Four



Four Seas brand products

brand products by selecting high quality food products and has recently developed and launched a series of Four Seas Instant Noodles, particularly, “Four Seas Seaweed Instant Noodle”. Due to its unique and special taste together with the large-scale marketing and promotional activities and TV advertisements,



Actively participating in food exhibition

Chairman's Statement

Seas brand products include Four Seas Seaweed, Four Seas Seaweed Instant Noodle, Seaweed Corn Crisp, Green Tea Candy, Camanbel Cheese Tara, Biscuit Stick, Soya Milk, Pokka Four Seas Pulpy C Orange, Pokka Four Seas Milk Coffee, Cola Candy, Fruit Jam Pie, Bubble Gum, Cake, Prawn Cracker, San Rap Ton, Sky Tablet, Plum Wine, Choco and Coffee Biscuit, Ice Mint, Fruity Bix Bar, Provita Biscuits, Daifuku Marshmallow, Assorted Biscuits, Fish Sausage, Milk Candy, Mini Cup Noodle, Bowl Noodle, Big Bowl Noodle, Fried Noodle and Japanese Udon, Four Seas Jintan Salacia Diet, Four Seas Jintan Bifidus, Four Seas Jintan DHA/EPA, Four Seas Jintan Capsule Gummy. Capitalising on the advantages of own factories in Mainland China which produce quality Four Seas brand products with competitive price strategy, which will further enhance the position of these products in the market.

POKKA CAFE

The Pokka Cafe chain was established by the Group with Pokka Corporation of Japan in 1991. The chain comprises Pokka Cafe restaurant, Tonkichi Japanese restaurant and XYZ Grill & Sushi Bar which are located in Mainland China, Hong Kong and Macau. Despite the weak



Pokka Café



XYZ New York Grill & Sushi Bar

economy and sluggish spending sentiment, Pokka Cafe chain continued to maintain its leading position in the market and contribute profit to the Group during the year. This is largely attributable to its fine cuisine of Japanese style, ambience environment, superior management and established excellent reputation among the patronage of the young generation.

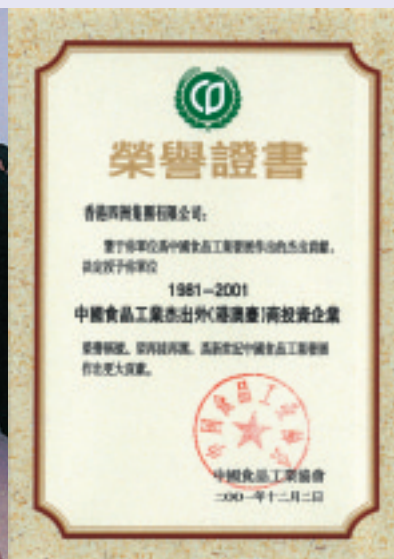
Chairman's Statement

COMMUNITY INVOLVEMENT AND STAFF DEVELOPMENT

The Group has been actively participating in the activities of and making contributions to the local community. During the year, the Group sponsored a number of charity and community activities, such as Walk for the Million, Sai Kung District Dragon Boat Racing and other community celebration activities. In addition, the Group also provides training programs to the employees to enhance their knowledge and skills to improve



Four Seas Group was awarded "The 27th International Award for the Best Trade Name".



Mr. Tian Ji Yun, Vice-chairman of Standing Committee of National People's Congress of the PRC, Mr. Wang Wen Zhe, President of China National Food Industry Association and Dr. Stephen Tai entering the People's Great Hall to attend the ceremony.

operational efficiencies. Among those training programs, the Group had sponsored ten executives to study a part-time master's degree in business administration, who completed their study and received their degrees during the year.

PROSPECTS

The Group has grown from a food distribution business to one of the powerful food enterprises in Hong Kong, encompassing operations in food distribution, manufacturing, coffee shop and restaurant chain and food materials supply. During the year, the Group was honored to

Chairman's Statement

receive the “1981 - 2001 China National Food Industry Outstanding Foreign Investment Enterprise Award” from China National Food Industry Association. In addition, the Group was also elected as “The 27th International Award for the Best Trade Name” for year 2002 in Europe. These awards have provided the greatest encouragement to all employees of the Group.



Dr. Stephen Tai was invited to be the consultant of China National Food Industry Association

Following the fast growing economy in Mainland China, the disposable income level of its people is rising and the demand for high quality food products is increasing rapidly. The Group is committed to aggressively develop this market by capitalising on its well established production base of thirteen factories located in Shenzhen, Guangzhou, Huizhou, Shantou, Suzhou and Qingdao. Leveraging on its extensive knowledge and experience in marketing food products, the Group will be in an advantageous position in the development of the Mainland China market.

The Group does not only distribute hundreds of famous high quality products from many countries around the world but also produces and sells food products manufactured by its own factories. The Group will continue to explore further opportunities in the Mainland China and Hong Kong markets. As a unique food company listed on the Stock Exchange of Hong Kong with an extensive portfolio in food businesses, the management is optimistic about and has full confidence in the Group's future development.

APPRECIATION

I would like to take this opportunity to express my gratitude to shareholders for their full support in the past year. Equally, I wish to thank the management and all the staff for their dedication and diligence to the Group in the past year.

Dr. TAI Tak Fung, Stephen

Chairman

Hong Kong, 24 July 2002