

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK1.0 cent (2001: HK1.0 cent) per share for the period ended 30 September 2002, payable to shareholders whose names appear in the register of members of the Company on 17 January 2003. The dividend will be payable on 23 January 2003.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 13 January 2003 to 17 January 2003 (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 10 January 2003.

## **BUSINESS REVIEW AND PROSPECTS**

For the six months ended 30 September 2002, the Group achieved a turnover of HK\$248,672,000 (2001: HK\$ 254,826,000). The Group's profit attributable to shareholders was HK\$14,721,000 (2001: HK\$12,786,000), representing an increase of 15% over the profit for the corresponding period of the previous year.

### **Frozen Meat Business**

Frozen meat trading continues to be the core business of the Group. During the period, the Group has been aggressive in developing the meat trading business. The meat products under its distribution continued to be popular among consumers of Hong Kong and Mainland China. Capitalizing on its extensive knowledge and experience in the meat trading business and the well-established supply network, the Group maintains the leading edge over its competitors in the market. During the period, the economy of Hong Kong continued to be sluggish, spending sentiment remained weak and deflation worsened. Despite these adverse conditions, the Group's sales volume continued to rise, largely due to the Group's commanding position in the meat trading market, extensive distribution network and superior products. Furthermore, the Group's prudent policies in purchasing and customers' credit led to a satisfactory growth in profit for the period.

## **BUSINESS REVIEW AND PROSPECTS** *(continued)*

### **Investment in Food Business**

The Group continued to increase its interest in Four Seas Mercantile Holdings Limited (“FSMHL”) in order to achieve a steady and promising return for the Group’s shareholders. As at 30 September 2002, the Group’s interest in FSMHL was 26.28%.

FSMHL is an excellent company with diversified food businesses. Building on over 30 years of experience in the market and an extensive distribution network, FSMHL’s business segments comprise trading of food materials, food manufacturing, food product distribution and cafe and restaurant chain.

Capitalizing on a team of competent management and good reputation in the food industry, FSMHL continues to receive recognition from various renowned international organizations. During the period, FSMHL received the award of “Superbrands Hong Kong 2002” and “Golden Asia Award for Excellence”. Meanwhile, the Calbee factory in Hong Kong established jointly by FSMHL and Calbee Foods Co. was also awarded the “2002 HKPC Productivity Award” and a bronze award of “Good House Keeping Plan” for its excellence in productivity enhancement and occupational safety respectively. Benefited from its solid knowledge and experience in food product distribution and well-received famous branded products, food product distribution business performed satisfactorily during the period. Furthermore, FSMHL has successfully built up an effective channel “Okashi Land”, a snack food specialty chain, to introduce many trendy Japanese snack food products to consumers in Hong Kong.

Leverage on its sixteen factories established in Hong Kong and Mainland China, FSMHL has been actively expanding its food manufacturing business. The production base of thirteen factories in Mainland China has allowed FSMHL to significantly boost sales in the local market, attributable to the superior quality of products manufactured to meet the demand of the local consumers for better quality. Among the products produced by these food factories, “Four Seas Seaweed” produced by Nico Four Seas (Shantou) Company Limited continues to grow strongly. “Four Seas Milk Candy” produced by Kanro Four Seas (Shantou) Company Limited gained favourable responses in the Mainland China and Hong Kong markets for its superior quality and extensive range of flavors. “Four Seas” branded instant noodles

## **BUSINESS REVIEW AND PROSPECTS** *(continued)*

produced by Li Fook (Qingdao) Foods Co., Ltd. recorded promising sales, with “Four Seas Seaweed Instant Noodle” being the most outstanding. The 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 also recorded satisfactory growth.

The Calbee factory that established two years ago jointly by FSMHL and Calbee Foods Co. in Tseung Kwan O has brought satisfactory return to FSMHL for the period. The Calbee products including Potato Chips, Grilled Corn Sticks, Prawn Crackers and a series of new taste snack products continue to lead the market and are well received by the consumers.

The ham factories located in Tuen Mun and Shenzhen produce high quality “Maid” branded ham and sausage products. “Maid” brand was awarded the “Year 2001 Hong Kong Top Ten Brandnames Awards” and has continued to capture additional market share in both Mainland China and Hong Kong during the period. As “Maid” branded ham and sausage products are at the top position in Hong Kong market, FSMHL intends to deploy more resources to exploit the vast opportunities in the Mainland China market.

The Pokka Café chain, established in 1991 and with restaurants in Mainland China, Hong Kong and Macau, has earned its high reputation among customers and continued to contribute profit to FSMHL during the period when the environment is adverse.

### **Prospects**

Looking ahead, in the short run, the economic conditions in Hong Kong will continue to be sluggish, unemployment rate will stay at a high level, consumer spending sentiment will remain weak and deflation will persist. Notwithstanding these adverse factors, the Group will be able to achieve growth in sales of frozen meat in volume, by leveraging on the Group’s leading position in the market, extensive distribution network and superior food products. The Group will continue to focus on developing frozen meat trading and making long-term investment in FSMHL and has full confidence in its future.