

## CHAIRMAN'S STATEMENT

TAI Tak Fung, Stephen, *Chairman*

## RESULTS

On behalf of the Board, I am pleased to announce that the Group's audited consolidated profit attributable to the shareholders for the financial year ended 31 March 2004 was HK\$48,333,000 (2003 Restated: HK\$32,538,000), representing an increase of 49% over that of last year. The Group's earnings per share was HK19.50 cents (2003 Restated: HK13.13 cents).

## DIVIDENDS

The board of directors has recommended the payment of a final dividend of HK3.0 cents per ordinary share (2003: HK3.0 cents) in respect of the financial year ended 31 March 2004. Subject to the shareholders' approval at the annual general meeting to be held on 2 September 2004, the final dividend will be payable on 15 September 2004. Together with the interim dividend of HK1.0 cent per ordinary share, the total dividends distribution for the year ended 31 March 2004 will be HK4.0 cents per ordinary share (2003: HK4.0 cents).

## BUSINESS REVIEW

During the year, the Group's business continued to grow amidst a sluggish economic environment and high unemployment rate. Leveraging its extensive distribution network, excellent customer services, and the wealth of expertise in meat trading, the Group achieved a very satisfactory growth for its meat trading business, with an operating profit before tax of HK\$38,422,000 (2003: HK\$19,343,000), an increase of 99% compared to that of last year.

In addition, through the equity interests in Four Seas Mercantile Holdings Limited ("FSMHL"), the Group has been able to participate in other food businesses, diversify its

## CHAIRMAN'S STATEMENT

customer base and expand its sales efforts. For the year under review, the Group's share of the profit before tax from FSMHL was HK\$20,877,000 (2003 Restated: HK\$20,759,000), providing a stable return for the investment.

### Frozen Meat Business

Frozen meat trading is still the core business of the Group and all the products are well received by the customers in Hong Kong, Macau and the People's Republic of China ("PRC") markets. During the year, benefiting from the Group's extensive distribution network, close relationship with customers, and prudent purchase and sales policies, the Group enjoyed a stable sales growth in the Hong Kong market despite the economic downturn, fierce competition and poor spending sentiment in Hong Kong. In the PRC market, capitalising on the continuous economic growth and thus increasing demand for high quality frozen meat products, the Group has achieved a steady growth in sales during the year.



Frozen Meat Products

### Investment in Food Business

FSMHL is one of the largest and distinct food enterprises in Hong Kong. Over 30 years of development, FSMHL has built up a business portfolio, covering food distribution, manufacturing, "Four Seas" brand products development and catering. Through the equity investments in FSMHL, it does not only add growth momentum but also extends the business coverage of the Group. As at 31 March 2004, the Group had approximately 26.91% equity interests in FSMHL.

## CHAIRMAN'S STATEMENT

In November 2003, the Group successfully hosted the "Four Seas International Food Expo" at The Hong Kong Convention and Exhibition Centre on its own. It was the first individual company to organise such a large scale food event in Hong Kong and therefore has greatly enhanced the Group's image among the peers in the food industry, both locally and internationally.



*Active participation in food exhibition*



*Many honourable guests officiate at the opening ceremony of Four Seas International Food Expo*

### Food Distribution

Food distribution is still the major business of FSMHL, operating under a broad customer base including department stores, supermarket chains, convenience stores, fast food chains, wholesalers, retailers, hotels and airlines. Capitalising on FSMHL's excellent relationship with international food makers, it now distributes many famous brands of high quality food products. In line with its

aggressive selling strategies and devoted effort in promotional campaigns, FSMHL has been continuously introducing various kinds of high quality food products throughout the year to further enhance its leadership in the market.



*Biscuit Stick made by Ezaki Glico, Japan*



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

## CHAIRMAN'S STATEMENT

Okashi Land chain stores persistently introduces many varieties of new and trendy Japanese snacks to the young consumers and has been the most favorite shopping place. During the year, Okashi Land was awarded "Superbrands Hong Kong 2004" to recognise its popularity in the marketplace.

### Food Manufacturing

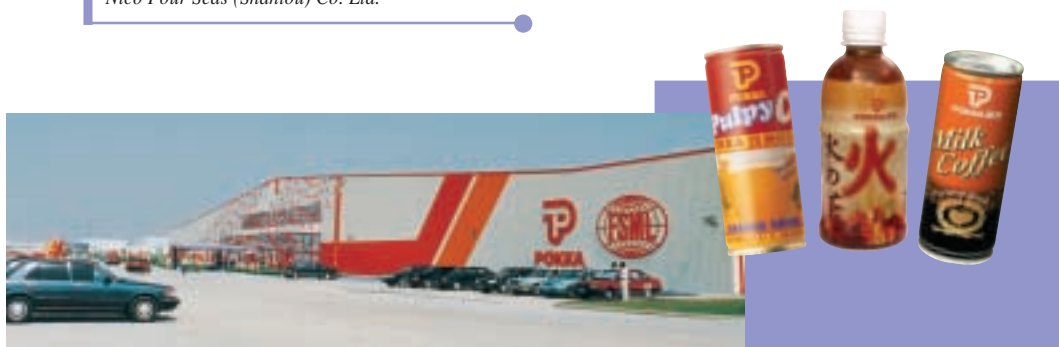
By now, FSMHL owns a total of 17 food manufacturing factories, of which 14 factories are in the PRC and 3 factories are in Hong Kong, to produce various kinds of high quality food products. These products continue to be widely



*Guangdong M & F-Yantang Dairy Products Co. Ltd.*



*Nico Four Seas (Shantou) Co. Ltd.*



*Pokka Four Seas (Suzhou) Food Co. Ltd.*



## CHAIRMAN'S STATEMENT



*The Calbee Four Seas Factory in Tseung Kwan O*

received by the consumers and have won various awards for its excellent quality, including “Creditable-Quality Food Products in Nation”, “Creditable-Quality Enterprise” and “Q Mark for more than Ten Years Award”. In response to the increasing demand for its products, FSMHL has made investment plans for the

setting up of additional production lines in the factories of the PRC to satisfy the market demands.



*Li Fook (Qingdao) Foods Co., Ltd.*



*Kanro Four Seas Foods (Shantou) Co., Ltd.*



## CHAIRMAN'S STATEMENT

### Four Seas Brand Products

With FSMHL's dedicated commitment to manufacture high quality Four Seas brand products and allocate larger resources for the launching of promotional and marketing campaigns, Four Seas Brand has won various prestige awards, including "Superbrands Hong Kong 2002", "the Golden Asia Award for Excellence", "2002 Hong Kong Top Ten Brandnames Awards", "2002 HK 10 Supermarkets Favorite Brand" and "No. 1 Brand". Currently Four Seas brand products span across lines of Seaweed, Candy, Corn Crisp, Instant Noodle, Drinks, Biscuits and Cakes. During the year, the launching of "Four Seas Seaweed Hot & Spicy Instant Noodle" has been well received by the consumers.



*Four Seas brand products*



*Pokka Café*

### Restaurant Chain

Pokka Café restaurant chain, in Hong Kong, Macau and the PRC, continued to gain popularity from the young generation customers and produced satisfactory results for the year.

The comfortable environment, delicious Shanghai vegetarian cuisine and excellent customer service have enabled Kung Tak Lam Shanghai Vegetarian Cuisine Limited to become the most popular vegetarian restaurant for the health conscious young customers.



*Kung Tak Lam Shanghai Vegetarian Cuisine*

## CHAIRMAN'S STATEMENT

The business of Yutaka Japanese Dining Bar, “Yutaka”, established during the year, has been operating satisfactorily. Featuring an elegant environment and the superior quality of traditional Japanese cuisine, Yutaka has been gaining popularity of the customers and receives favorable recognition from the peers of the Japanese restaurant industry.



*Yutaka Japanese Dining Bar*

## PROSPECTS

Looking forward, the Group is optimistic about the economic outlook of Hong Kong which will benefit the Group's future business development. Building on a team of competent management, the Group will continue to introduce new varieties of superior quality food products and explore new markets to extend its customer base. Capitalising on its extensive trading experience, well established distribution network and dedicated commitment to the food business development, the Group will be able to maintain its leading position in the frozen meat trading business.

Following the rapid economic growth and continual improvement of living standards in the PRC, there has been an increasing demand for higher quality food products by the consumers. The Group will strive to develop its food trading business to reach the next milestone, by leveraging its leading advantages to actively develop the trading business in the Hong Kong and PRC markets.

## APPRECIATION

I would like to take this opportunity to express my gratitude to the 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.

By order of the Board

**Dr. TAI Tak Fung, Stephen, JP**  
*Chairman*

Hong Kong, 20 July 2004