



TAI Tak Fung, Stephen, **Chairman**

RESULTS

On behalf of the Board, I am pleased to announce that the Group's turnover was HK\$539,837,000 (2004: 532,679,000) for the year ended 31 March 2005, a slight increase over last year. Profit attributable to shareholders decreased by approximately 21% to HK\$38,346,000 (2004: HK\$48,333,000), while earnings per share were HK15.05 cents (2004: HK19.50 cents).

DIVIDENDS

The board of directors has recommended the payment of a final dividend of HK3.0 cents per ordinary share (2004: HK3.0 cents) in respect of the financial year ended 31 March 2005. Subject to the shareholders' approval at the annual general meeting to be held on 1 September 2005, the final dividend will be payable on 15 September 2005. Together with the interim dividend of HK1.0 cent per ordinary share, the total dividends distribution for the year ended 31 March 2005 will be HK4.0 cents per ordinary share (2004: HK4.0 cents).

BUSINESS REVIEW

During the year, the performance of the frozen meat market was sluggish as it was affected by fierce price competition. Benefiting from the Group's extensive distribution network, close relationship with customers as well as prudent sales and purchase policies, the Group was able to maintain its sales. However, being affected by the persistently high levels of global purchase costs throughout the year, the profit margin of frozen meat trading was eroded which led to a decrease in operating profit by approximately 56% to HK\$17,014,000 (2004: HK\$38,422,000).



Chairman's Statement

In addition to its core business in frozen meat trading, the Group has also been diversifying its business through increasing equity interests in Four Seas Mercantile Holdings Limited ("FSMHL"). This has enabled the Group to enjoy a complementary business portfolio with a stable and long-term return to shareholders. For the year ended 31 March 2005, the Group's share of the profit before tax from FSMHL increased to HK\$25,524,000 (2004: HK\$20,877,000) which represented a satisfactory growth of approximately 22%.

Frozen Meat Business

Trading in frozen meat remains as the core business of the Group. Although Hong Kong economic conditions have gradually recovered with an improvement in consumers' spending sentiments, the supply and demand of frozen meats in the Southeast Asia region was adversely affected by the continuous bird flu calamities in this region in the year. The shortage of supply has driven the global purchase costs of frozen meats at persistently high levels, however, the high global purchase costs could only be partially passed onto the customers and this has adversely affected the Group's profit margin.

The Group has always been striving to improve its value-added services to the customers through an extensive distribution network and careful selection of high quality frozen meat products. Benefiting from the above, the Group was able to maintain stable sales in frozen meat during the year.



Frozen Meat Products

Investment in Food Business

FSMHL is one of the largest and distinct food enterprises, with business segments encompassing food distribution, food manufacturing, Four Seas brand products development



Okashi Land has been awarded "Superbrands"

and catering. Through the equity investment in FSMHL, the Group is able to share the profits so as to stabilise the Group's earnings. As at 31 March 2005, the Group increased its equity interests in FSMHL to 27.16%.

Food Distribution

FSMHL distributes various kinds of famous high quality food products from many countries

and has gained a good reputation in the market. Through its extensive distribution network of department stores, supermarket chains, convenience stores, fast food chains, wholesalers, retailers, hotels and airlines, FSMHL continuously introduces high quality food products to its customers. This has reinforced FSMHL's leading position in the market and led to sustainable sales growth.



Biscuit Stick made by Ezaki Glico, Japan



Gummy Candy and Meltykiss chocolate from Meiji Seika, Japan

Meanwhile, Okashi Land continues to introduce many varieties of trendy Japanese snacks and was awarded with "Superbrands Hong Kong 2004" for its speciality in trendy snacks and popular shopping place.



Chairman's Statement



Nico Four Seas (Shantou) Co. Ltd.



Food Manufacturing

FSMHL owns a total of 17 food manufacturing factories in Hong Kong and Mainland China to produce a vast spectrum of high quality food products, including seaweed, high quality candies, snacks, potato chips, peanuts, instant noodles, ice-cream, beverages, ham



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

and sausages, biscuits, cake and bread. Under a system of stringent quality control and sophisticated packaging design, products manufactured by these factories have won many awards, including “Creditable Quality Food Products in Nation”, “Creditable-Quality



Pokka Four Seas (Suzhou) Food Co. Ltd.

Enterprises” and “Certified for the Q-Mark Scheme for over Ten Years”.

During the year, one of the factories also received “Fresh Check Food Safety Certificate Grade A Award”



The Calbee Four Seas Factory in Tseung Kwan O

which further enforces the consumers' confidence in and the popularity of products manufactured by those factories. To cope with an increasing demand, additional production lines were set up in the factories producing the Four Seas brand instant noodles and the Four Seas brand crackers respectively.



Li Fook (Qingdao) Foods Co., Ltd.



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



Chairman's Statement

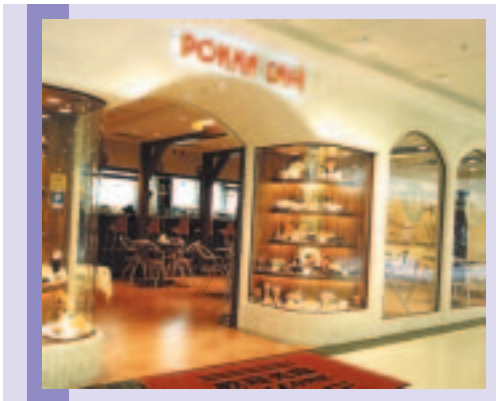
Four Seas Brand Products

Four Seas brand products are well received by consumers for the superior quality and value for money and have won many prestigious awards, including “2004 Shanghai Ten Most Favorites Snacks”, “the Golden Asia Award for Excellence”, “2002 Hong Kong Top Ten Brandnames Awards”, “2002 HK 10 Supermarkets Favorite Brand” and “No. 1 Brand”.



Four Seas brand products

The recent launches of Four Seas brand cracker series and instant noodle series have again successfully won the popularity among consumers and earned a strategic position among other famous food brands of Hong Kong and Mainland China. It is believed that there is an enormous potential growth opportunity for Four Seas brand products through new products development to meet the consumers' needs of trendy foods.



Pokka Café

Restaurant Chain

The Pokka Café chain jointly developed by FSMHL with Pokka Corporation has continued to be well received by the customers and performed satisfactorily during the year.

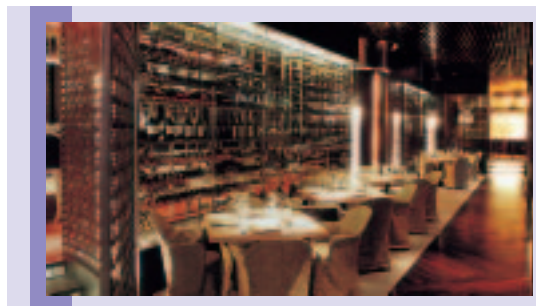
Through the introduction of a series of health-conscious menus and advertising programs, Kung Tak Lam Shanghai Vegetarian Cuisine Limited has continuously gained popularity from the health conscious customers and attracted the younger generation. Meanwhile, the Yutaka Japanese Dining Bar has also been a popular place for the patrons, attributable to its creative and wide variety of Japanese cuisine and an elegant and spacious environment.

FSMHL has completed an acquisition of the entire shares of New Kondo Trading Company Limited (“New Kondo”) in May this year. New Kondo has over 35 years of history and is a market leader in the industry. This company engages in supplying



Kung Tak Lam Shanghai Vegetarian Cuisine

Japanese catering food materials to all Japanese restaurants in Hong Kong. It is believed that New Kondo will provide synergy for FSMHL in developing catering business and enhance future contribution to FSMHL.



Yutaka Japanese Dining Bar

PROSPECTS

Leveraging on the competitive advantages of a solid foundation established in the frozen meat business, high quality products and purchase management, the Group will aggressively and continuously diversify its frozen meat products to meet the customers' needs. Moreover, the Group will also expand its core customer base to explore other business opportunities for its future business development.

Looking forward, with rapid economic growth in both Mainland China and Hong Kong, consumers' spending sentiment will further be improved which will benefit the Group's business development in frozen meat trading. The Group will also continually strengthen its purchase management and management team to reduce any adverse factors under the turbulent trading environment and is cautiously optimistic about its long-term prospects.

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 diligence and dedication to the Group in the past year.

By order of the Board

Dr. TAI Tak Fung, Stephen, JP
Chairman

Hong Kong, 20 July 2005