
INTERIM DIVIDEND

The Board has declared an interim dividend of HK2.0 cents (2004: HK2.0 cents) per share for the period ended 30 September 2005, payable to shareholders whose names appear in the register of members of the Company on Thursday, 12 January 2006. The dividend will be payable on Friday, 20 January 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 6 January 2006 to Thursday, 12 January 2006 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 5 January 2006.

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30 September 2005, the Group's turnover grew by 10% to HK\$825,219,000 (2004: HK\$751,426,000) as compared with same period last year. The net profit attributable to equity holders of the parent had a 20% increase to HK\$49,587,000 (2004: HK\$41,439,000).

As a leading food enterprise in the market, the Group performed better than the peers during the period under review. Turnover in the Hong Kong and Mainland China markets continued to grow. In Hong Kong, the Group captured the continual improvement in the market condition and consumption sentiment and thus increased its turnover to HK\$551,418,000 which further enhance the Group's commanding position. Besides, the demand for the Group's products has been persistently increasing in the Mainland China market. This was attributable to the increasing affluence of the people, the stronger demand in high quality food products, the increasing market awareness of Four Seas brand and the aggressive marketing and promotional activities of the Group. Hence, turnover in Mainland China maintained a steady growth to HK\$273,801,000.

BUSINESS REVIEW AND PROSPECTS (*continued*)

Food products distribution continues to be the core business of the Group. Leveraging on its commanding position in the food industry in Hong Kong, aggressive but prudent marketing strategies and an extensive and comprehensive distribution network, the Group continued to introduce various kinds of high quality food products to the consumers. Coupled with the economic recovery in Hong Kong which stimulated local sales, the Group's food products distribution business in this market performed satisfactorily and continues to grow persistently. In addition, Okashi Land continues to introduce new and trendy Japanese snack foods and Four Seas brand products to the consumers and remains the most famous and popular shopping place for the latest and trendy snack foods. In Mainland China, the increasing demand for high quality food products accelerated the Group's development of food distribution in this market. Benefiting from the high recognition of Four Seas brand in the market, the Group's products are well received by the consumers. Thus, sales in Mainland China continuously increased and the market share was further enhanced.

The Group now owns a total of seventeen food manufacturing plants in Mainland China and Hong Kong under its food manufacturing business. This has been facilitating the Group to implement its "integrated business model", starting from food materials supply, to manufacturing, to wholesaling and retailing. This model has laid down a solid foundation for the Group's future business development. Under the Group's competent and modernised management, all the factories adopt stringent quality control to ensure the production of high quality products. Moreover, the Group continues to develop new and high quality food products, with attractive packaging design, to further strengthen the confidence and enhance the popularity of our products to the consumers which led to a continual increase in sales in both Mainland China and Hong Kong. Capturing the competitive advantages of manufacturing in Mainland China, the Group continued to expand its production capacities there to cope with the growing demand of its products.

The renowned Four Seas brand has always been a very popular brand name in both the Hong Kong and Mainland China markets under the dedicated development by the Group. Known for their superior quality and value for money, Four Seas brand products are well received in the market and have won numerous prestigious awards. Following the Four Seas Seaweed, Four Seas brand crackers, launched in the market less than one year, has been awarded "Top Ten Favourite Brands 2005" by one of the major supermarket chains in Hong Kong due to its popularity over other competitors. Encouraged by the high recognition of Four Seas brand, the Group are now focusing on expanding other Four Seas brand products. Selecting from Hebei the best quality chestnut with unique fragrance, sweetness and glutinous texture, the consumer-packed "Four Seas Chestnut", launched very recently, has received excellent response. It is believed that "Four Seas Chestnut" will become another successful story of Four Seas brand products. The rapidly increasing awareness and popularity of Four Seas brand provide an enormous potential for the Group to develop Four Seas brand products and maintain a sustainable growth in sales and contribution.

BUSINESS REVIEW AND PROSPECTS (*continued*)

During the period, the Group conducted solely with great success the “Four Seas International Food Expo 2005” in the Hong Kong Convention and Exhibition Centre. Displayed with more than three thousand well-known brands of food products, the response was overwhelmingly successful and attracted tens of thousands of visitors. As such a large scale food exhibition solely conducted is never seen in the market, the Group believes that this exhibition would not only present the Group’s financial strength and commanding position in the market, but would also greatly enhance the prestigious image of Four Seas brand in the markets.

Regarding the café and restaurant business, the Pokka Café Chain jointly developed with Pokka Corporation of Japan performed satisfactorily during the period. Besides, the restaurants solely invested by the Group, namely, Kung Tak Lam Shanghai Vegetarian Cuisine Restaurant, which specialises in Shanghai vegetarian cuisine; and Restaurant Shiki and Yutaka Japanese Dining Bar, which specialise in traditional Japanese cuisine, provide delicious and quality cuisine with high standard of services, elegant and comfortable environment and continue to be well received by the customers. During the period, the Group completed an acquisition of the entire shares of New Kondo Trading Company Limited (“New Kondo”). New Kondo is the market leader and has been supplying Japanese catering food materials to Japanese restaurants in Hong Kong for more than thirty-five years. The Board believes that this acquisition will bring synergy to the Group’s catering business and provide another channel for the Group’s return.

Looking ahead, apart from expanding food distribution business, the Group will continue to focus on developing Four Seas brand products and reinforce Four Seas brand building through the launching of a series of aggressive marketing and promotional activities so as to further increase its brand recognition and be a super brand in the market. The persistent growth of the economy in Mainland China will provide vast business opportunities for the Group. Leveraging on the high reputation of Four Seas brand, the fourteen well-established and modernised manufacturing plants and the marketing and distribution efficiency provided by the Four Seas Group Guangdong Province Headquarter, the Group is committed to further increase its market share and enhance its leading position in this market via the competitive advantages from its “integrated business model”. It is expected that the continual improvement in the economy of Hong Kong will stimulate local consumption which will provide a favourable business environment for the Group. Capitalising on its wealth of experience in the food business, excellent financial strength and solid commitment to provide high quality of services to consumers, the Group will further strengthen its market leading position in Hong Kong. The Group has already gained various prestigious recognitions for its excellent management and outstanding business achievements in the food industry. This year, the Group has been chosen again as one of the “Hong Kong Outstanding Enterprises 2005” by Economic Digest. Also, the Group has gained appreciation from one of the major convenience store chains for “Outstanding Contribution Award”. The management is optimistic and has full confidence in the Group’s future development.