

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2005 (2004: HK0.5 cent) per ordinary share.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the Period, the Group has sustained continuous growth in turnover and continuous refinement to its business model. The retail and consumer markets in the PRC continued to be the major market place where the Group secured its business and growth. The strong demand driven forces in the PRC consumer market has enabled the Group to realise its growth momentum through its well-established global sourcing network, extensive sales network and management experience and expertise.

Turnover for the Period was approximately HK\$526.8 million, representing an increase of approximately 21.2% compared to HK\$434.5 million in the same period last year. The increase in turnover was mainly attributable to the increased sales quantity achieved through clientele expansion, product enrichment and product diversification.

Gross profit margin increased from 16.2% to 17.1% when compared with the same period last year. Such increase in the overall profit margin was mainly attributable to the Group's continual refinement of product mix. Nourishing and branded products, frozen meat and seafood and fresh fruit with higher profit margins had been successfully launched to or reinforced in the consumer markets in accordance with our management plans to implement product enrichment and diversification during the Period under review.

Selling and distribution expenses recorded approximately 54.3% increase or increased from approximately 4.0% to 5.1% of the turnover when compared with the same period last year. Such increase was mainly attributable to the increase in marketing and promotion campaigns, headcounts for sales force and miscellaneous selling expenses with extra outlay for strengthening market awareness of nourishing, branded and cold chain products and the geographical presence for PRC sales network with establishment of liaison offices in Dalian, Harbin, Mudanjiang and Chengdu in the PRC during the Period under review.