

In 2003, the Group adopted guidelines with emphasis on our team quality, innovative business mechanism, realignment of business integration and fostering profitable business so as to enhance our competitiveness. The Group focused on the development of tinplating as our core business by implementing our business plan to establish it as a professional and high quality operation and speeding up the clearance of non-core business. Not only did the Group dedicate its effort to search every market potential, add value on existing business, but also actively recovered the historical receivables. To upgrade our staff quality, rewarding and supervision mechanisms were established. All of the above measures had made a substantial progress. Despite the difficult market condition, the Group has achieved a comparatively good economic performance.

For the year ended 31 December 2003, the Group's consolidated turnover was HK\$1,525,807,000, which decreased by HK\$257,213,000 as compared with HK\$1,783,020,000 in 2002, representing a decrease of 14.4%. The decrease was principally due to the decision made by Guangnan Fresh and Live Foodstuffs Limited since January 2003 on the withdrawal from the pond-fish market which had been opened for one year leading to a decrease by HK\$185,427,000 in turnover. With the effects of bird flu and SARS epidemic, the turnover from live poultry business decreased by HK\$77,532,000. Facing the market changes, our management team adopted various measures in order to alleviate the adverse effects on our overall profit in 2003. During 2003, the Group's profit before tax was HK\$120,320,000, which slightly decreased by HK\$6,619,000 as compared with HK\$126,939,000 in 2002, representing a decrease of 5.2%. During 2003, profit attributable to shareholders was HK\$102,762,000, which decreased by HK\$12,747,000 as compared with 2002, representing a decrease of 11.0%. Basic earnings per share was HK1.14 cents. The Board of the Company resolved that no interim dividend would be distributed and no final dividend will be recommended for distribution.

2003 is our crucial year in refining our business strategies and re-establishing our core business. The Group succeeded in repurchasing the tinplating and property leasing businesses of Zhongshan Zhongyue Tinplate Industrial Co., Ltd. ("Zhongyue Tinplate") and Zhongshan Shan Hai Industrial Co., Ltd. ("Shan Hai"). Through the detailed analysis conducted by the Group on the operating conditions, profitability, competitiveness, prospects and development of various business segments during 2003, the Group decided to make a strategic adjustment on our business structure and established our business plan on the development of tinplating and related business as our core business. Apart from that, the Group will gradually withdraw from less profitable non-core livestock farming, production of feed and trading of foodstuffs businesses. The Group also accelerated the disposal of unhealthy assets and non-core business. Through public tender, 51% of equity interest in Dongguan Guangnan Stock Development Co. Ltd. ("Dongguan Guangnan") and current assets of pig farm owned by Dongguan Jinhuang Food Co., Ltd. ("Dongguan Jinhuang") were disposed. The profit of tinplating business represented approximately 80% of the Group's operating profit. The Group considered it as a potential business with promising market prospect. By the disposal of non-core and less profitable business, it is beneficial in building up the new business structure focusing on tinplating business.

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Looking ahead to 2004, hope and difficulties co-exist, there will be challenges and opportunities. Benefited from the continuous growth of tinplating market, the Group is given a good opportunity for development. However, the shortage of imported raw plate of tinplate and the increase of price bring about the difficulties in production. In 2004, with every endeavour put in the operation and development, the Group will be able to optimize its comparative advantage in the production of tin-free steel in China. To make use of our superior position in having abundant cash of exceeding HK\$200,000,000, the Group will apply a portion of it to set up a production line for tin-free steel. It is expected that the annual production capacity of Zhongyue Tinplate will be ranked the third in this industry in China after the launch of the production in the first half year of 2005. Through the new production line, speeding up technology renovation and maximizing our comparative advantage in tin-free steel products, the productivity, integrated capability and competitiveness of the Group will be enhanced paving our way towards the aim of establishing a professional corporate.

Liang Jiang

Chairman

Hong Kong, 8 April, 2004