

Statement from the Chairman and Chief Executive Officer



Dear Shareholders,

We are pleased to enclose our 2004 annual report for your review. The financial year 2004 was an extremely demanding year for the Group as it enters the year in recovery mode from the impact of the outbreak of the Severe Acute Respiratory Syndrome ("SARS") in the PRC in 2003. In addition, the Group seized the opportunity to embark on the further expansion of its production capacity, whilst maintaining a healthy balance sheet and cash flow. All the expansion plans announced in late 2003 were successfully executed in 2004.

At our headquarter in Linyi, we expanded the LTMP processing capacity to reach 40,000 tonnes in the first quarter of 2004. The new production plant in Tongliao commenced production in the fourth quarter of 2004 and added a live pig slaughtering capacity of 250,000 tonnes and processing capacities of 100,000 tonnes for chilled fresh pork, 30,000 tonnes for HTMP and 30,000 tonnes for LTMP to the Group.

The newly constructed plant in Dezhou with an annual live pig slaughtering capacity of 250,000 tonnes and an annual fresh pork processing capacity of 100,000 tonnes commenced production in June 2004 and is running at satisfactory levels. The production plant in Qiqihaer, which commenced production in April 2004, is also operating smoothly and in line with our expansion plans.

Turnover for the year increased 33.3% to RMB6.5 billion due to higher demand for the Group's products and higher contributions from our production bases. Net profit attributable to shareholders recorded an increase of 11.6% to reach RMB616.2 million in 2004, as compared to RMB552.1 million in 2003. The Group announced the completion of the acquisition of Glorious Faith Corporation ("Glorious Faith"), an associate of the Group, in October 2004 and profit contribution from Glorious Faith came in the last quarter of 2004, amounting to RMB21.8 million. Management expects a full year contribution to the Group's profit in 2005 from Glorious Faith.



The Group has also expanded its distribution network during the year and in particular, our network of Jinluo specialty stores. At the end of 2004, we have more than 2000 stores distributing our chilled fresh pork and LTMP. There has been apparent increase in sales of these two premium products, recording annual growth of 76.2% and 33.3% respectively. Management has identified these two premium products as the prime growth drivers for the Group moving forward and will continue to dedicate resources to expand our specialty stores network and increase production output to match the increase in demand for these products.

As we enter into the new year, our Management team and our staff will continue to be committed to propel the growth and development of the Group.

We would like to extend our deepest gratitude to all shareholders and investors for their continual faith and support in us and we will strive to attain greater heights in the years ahead.

Ming Kam Sing

(Chairman)

Zhou Lian Kui

(Chief Executive Officer)

28 February 2005