



PEOPLE'S FOOD HOLDINGS LIMITED

大众食品控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0708)

INTERIM RESULTS

For the six months period ended 30 June 2005

The following announcement is made by the Company pursuant to

- (A) Rule 13.49(6) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") representing the interim results of the Company, its subsidiaries and associates for the six months ended 30 June 2005; and
- (B) Rule 13.09(2) of the Listing Rules which requires a reproduction of the announcement made by the Company regarding the interim results of the Company, its subsidiaries and associates for the six months period ended 30 June 2005 pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited.

A. DISCLOSURE UNDER RULE 13.49(6)

Results

The Board of Directors ("Board") of People's Food Holdings Limited (the "Company") is pleased to announce the interim results of the Company and its subsidiaries and associates (the "Group") for the period ended 30 June 2005, together with the comparative figures for the previous corresponding period, are as follows:

Condensed consolidated profit and loss accounts

Six months period ended 30 June 2005

		2005 (Unaudited) RMB'000	2004 (Unaudited) RMB'000	Increase/ (Decrease) %
Revenue	(2)	3,744,931	3,289,371	13.8
Cost of sales		<u>(3,259,164)</u>	<u>(2,686,404)</u>	21.3
Gross Profit		485,767	602,967	(19.4)
Other revenue		7,646	7,025	8.8
Selling and distribution costs		(55,839)	(71,952)	(22.4)
Administrative expenses		(45,032)	(87,343)	(48.4)

Other operating expenses		<u>(1,832)</u>	<u>(9,830)</u>	(81.4)
Profit from operating activities	(3)	390,710	440,867	(11.4)
Finance costs	(4)	(5,048)	(6,569)	(23.2)
Share of profit of associates		48,879	—	NM
Gain on deemed disposal of associates		<u>78,376</u>	<u>—</u>	NM
Profit before tax		512,917	434,298	18.1
Tax	(5)	<u>(94,492)</u>	<u>(72,700)</u>	30.0
Net profit from ordinary activities attributable to shareholders		<u>418,425</u>	<u>361,598</u>	15.7
DIVIDENDS	(6)	<u>314,230</u>	<u>108,799</u>	188.8
EARNINGS PER SHARE	(7)			
Basic		<u>RMB0.37</u>	<u>RMB0.32</u>	15.6
Diluted		<u>N/A</u>	<u>N/A</u>	

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited	Audited
		30.06.2005	31.12.2004
	<i>Note</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Interests in associates		372,494	245,239
Fixed assets		2,006,699	1,677,457
Deposits		<u>32,862</u>	<u>33,775</u>
		<u>2,412,055</u>	<u>1,956,471</u>
CURRENT ASSETS			
Inventories		703,079	293,990
Trade debtors	(8)	80,042	89,343
Deposits, prepayments and other receivables		29,531	23,603
Cash and bank balances		<u>688,170</u>	<u>1,249,418</u>
		<u>1,500,822</u>	<u>1,656,354</u>
CURRENT LIABILITIES			
Trade creditors		162,282	116,240
Accruals and other creditors		69,431	69,971
Interest-bearing bank loans		180,000	180,000
Provision for tax		<u>13,853</u>	<u>37,969</u>
		<u>425,566</u>	<u>404,180</u>

NET CURRENT ASSETS1,075,256 1,252,1743,487,311 3,208,645**CAPITAL AND RESERVES**

Issued capital	601,753	603,343
Proposed dividend	314,230	126,932
Reserves	2,571,328	2,478,370
	<u><u>3,487,311</u></u>	<u><u>3,208,645</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

Group	Issued Share capital <i>RMB'000</i>	Share premium account <i>RMB'000</i> <i>(Note 2)</i>	Capital redemption reserves <i>RMB'000</i> <i>(Note 2)</i>	Statutory reserves <i>RMB'000</i> <i>(Note 1,2)</i>	Retained profits <i>RMB'000</i> <i>(Note 2)</i>	Proposed dividend <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2004	603,343	557,229	—	141,069	1,399,560	92,933	2,794,134
Dividend paid — 2003 Final	—	—	—	—	—	(92,933)	(92,933)
Transfer to statutory reserves	—	—	—	28,577	(28,577)	—	—
Net profit for the period	—	—	—	—	361,598	—	361,598
Proposed dividend — 2004 Interim	—	—	—	—	(108,799)	108,799	—
Balance at 30 June 2004	<u>603,343</u>	<u>557,229</u>	<u>—</u>	<u>169,646</u>	<u>1,623,782</u>	<u>108,799</u>	<u>3,062,799</u>
Represented by:							
Company and subsidiaries	603,343	557,229	—	169,646	1,623,782	108,799	3,062,799
Associates	—	—	—	—	—	—	—
As at 30 June 2004	<u>603,343</u>	<u>557,229</u>	<u>—</u>	<u>169,646</u>	<u>1,623,782</u>	<u>108,799</u>	<u>3,062,799</u>
Balance at 1 January 2005	603,343	557,229	—	206,290	1,714,851	126,932	3,208,645
Dividend paid — 2004 Final	—	—	—	—	—	(126,932)	(126,932)
Repurchases of shares	(1,590)	(11,237)	—	—	—	—	(12,827)
Transfer to capital redemption reserves	—	—	1,590	—	(1,590)	—	—
Transfer to statutory reserves	—	—	—	—	—	—	—
— subsidiaries	—	—	—	25,681	(25,681)	—	—
— associates	—	—	—	4,888	(4,888)	—	—
Net profit for the period	—	—	—	—	—	—	—
— subsidiaries	—	—	—	—	369,546	—	369,546
— associates	—	—	—	—	48,879	—	48,879
Proposed dividend — 2005 Interim	—	—	—	—	(314,230)	314,230	—
Balance at 30 June 2005	<u>601,753</u>	<u>545,992</u>	<u>1,590</u>	<u>236,859</u>	<u>1,786,887</u>	<u>314,230</u>	<u>3,487,311</u>
Represented by:							
Company and subsidiaries	601,753	545,992	1,590	229,787	1,723,242	314,230	3,416,594
Associates	—	—	—	7,072	63,645	—	70,717
As at 30 June 2005	<u>601,753</u>	<u>545,992</u>	<u>1,590</u>	<u>236,859</u>	<u>1,786,887</u>	<u>314,230</u>	<u>3,487,311</u>

Notes:

1. In accordance with relevant PRC regulations, the Group's wholly owned subsidiaries: Linyi Xincheng Jinluo Meat Products Co., Ltd ("Linyi Xincheng"), Linyi Minsheng Food Development Co., Ltd ("Linyi Minsheng"), Tongliao Jinluo Food Co., Ltd ("Tongliao Jinluo"), Xiangtan Jinluo Food Co., Ltd ("Xiangtan Jinluo"), Meishan Jinluo Food Co., Ltd ("Meishan Jinluo"), Daqing Jinluo Meat Products Co., Ltd ("Daqing Jinluo"), Qiqihaer Jinluo Meat Products Co., Ltd. ("Qiqihaer Jinluo"), Dezhou Jinluo Meat Products Co., Ltd. ("Dezhou Jinluo") and Changchun Jinluo Meat Products Co., Ltd ("Changchun Jinluo"), being wholly foreign-owned enterprises ("WOFEs") established in the PRC, are required to appropriate not less than 10% of their profits after tax to the respective statutory reserves, until the respective balances of the fund reach 50% of the respective registered capitals. Subject to certain restrictions as set out in the relevant PRC regulations, their statutory reserves may be used to offset against their respective accumulated losses, if any.
2. As at 30 June 2005, these consolidated reserve accounts comprised the consolidated reserves of approximately RMB2,571,328,000 (30 June 2004: approximately RMB2,350,657,000) in the consolidated balance sheet.

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Principal accounting policies

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2004

2. Revenue and segment information

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and after elimination of all significant intra-group transactions. The Group's turnover is principally derived in the People's Republic of China ("PRC").

A further analysis of the Group's revenue by products is set out in "Management Discussion and Analysis".

3. Profit from operating activities

Profit from operating activities is arrived at after charging/(crediting):

	Six months period ended 30 June 2005 (Unaudited) RMB'000	Six months period ended 30 June 2004 (Unaudited) RMB'000
Cost of inventories sold	3,259,164	2,686,404
Depreciation	74,295	77,168
Research and development costs	1,832	3,430
Provision for doubtful debts	<u>—</u>	<u>5,400</u>
Interest income	<u>(2,053)</u>	<u>(7,025)</u>

4. Finance Costs

	Six months period ended 30 June 2005 (Unaudited) RMB'000	Six months period ended 30 June 2004 (Unaudited) RMB'000
Interest expenses on bank loans, wholly repayable within five years	<u>5,048</u>	<u>6,569</u>

5. Tax

In accordance with various approval documents issued by the State Tax Bureau and the Local Tax Bureau of the PRC, the Group's operating subsidiaries Linyi Xincheng, Linyi Minsheng, Tongliao Jinluo, Meishan Jinluo, Daqing Jinluo, Qiqihaer Jinluo, Dezhou Jinluo and Changchun Jinluo wholly-owned subsidiaries of the Company, and Linyi Shansong Biological Products Company Limited ("Linyi Shansong"), an associate of the Group, established as WOFEs in the PRC, are entitled to an exemption from PRC state and local corporate income tax for the first two profitable financial years of their operations and thereafter to a 50% relief from the state corporate income tax of the PRC for the following three financial years ("Tax Holiday"). Xiangtan Jinluo, another wholly-owned subsidiary of the Company established as a WOFE in the PRC, is entitled to an exemption from the PRC state and local corporate income tax for the first two profitable years of their operations and thereafter to a 50% relief from the state corporate income tax of the PRC for the following six financial years (the "Tax Relief"). Upon expiry of the Tax Holiday and the Tax Relief, the usual PRC corporate income tax rate of 33%, comprising a state corporate income tax rate of 30% and a local corporate income tax rate of 3%, is applicable to them.

Upon expiry of the Tax Holiday in the financial year ended 31 December 2000, Linyi Xincheng is subject to an income tax rate of 33% on its assessable profit for the year (2004: 33%).

Upon expiry of two years' tax exemption periods in the financial year ended 31 December 2002, Linyi Minsheng is subject to the reduced tax rate of 18% of for the three financial years from 1 January 2003 to 31 December 2005.

Upon expiry of two years' tax exemption periods in the financial year ended 31 December 2003, Daqing Jinluo is subject to the reduced tax rate of 18% of for the three financial years from 1 January 2004 to 31 December 2006.

The two years' tax exemption periods for Tongliao Jinluo, Meishan Jinluo and Xiangtan Jinluo commenced in the financial year ended 31 December 2003 under local jurisdiction and upon the expiry of two years' tax exemption periods in the financial year ended 31 December 2004, Tongliao Jinluo, Meishan Jinluo and Xiangtan Jinluo are subject to the reduced tax rate of 18% for the three financial years from 1 January 2005 to 31 December 2007.

The two years' tax exemption periods for Qiqihaer Jinluo commenced on 1 January 2005 under local jurisdiction.

The two years' tax exemption periods for Dezhou Jinluo and Linyi Shansong have commenced in the financial year ended 31 December 2004 under local jurisdiction.

The two years' tax exemption periods for Changchun Jinluo has not yet commenced during the period as it did not generate any net assessable profits attributable to its operations in the PRC during the period.

The effective income tax rate of the Group for 1H 2005 was approximately 24.5% as compared to 16.7% in 1H 2004.

6. Dividends

Six months period ended 30 June 2005	Six months period ended 30 June 2004
RMB'000	RMB'000

Proposed Interim dividends

— RMB0.278 per share (1H 2004: RMB0.096 per share)	<u>314,230</u>	<u>108,799</u>
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An interim dividend of RMB0.278 per ordinary share (1H 2004: RMB0.096 per ordinary share), amounted to approximately RMB314,230,000 (1H 2004: RMB108,799,000), has been declared by the Board, with the interim dividend payable on 13 September 2005 to shareholders on record as at 31 August 2005. Dividends are declared in RMB and will be converted into Singapore dollars or Hong Kong dollars before being paid to the shareholders (depending on where the shareholders' shares are traded). As such, this dividend has not been recognised as a liability as at 30 June 2005.

The amount of proposed interim dividend for the period is calculated based on 1,130,324,723 shares (1H 2004: 1,133,324,723 shares) in issue as at the date of approval of these financial statements.

7. Earnings per share

Six months period ended 30 June 2005	Six months period ended 30 June 2004
(Unaudited)	(Unaudited)

Basic	<u>RMB0.37</u>	<u>RMB0.32</u>
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Diluted	<u>N/A</u>	<u>N/A</u>
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Basic earnings per share is calculated based on the Group's net profit attributable to shareholders of approximately RMB418,425,000 (1H 2004: approximately RMB361,598,000) divided by the weighted average number of 1,132,877,209 ordinary shares of HK\$0.50 each (1H 2004: 1,133,324,723 ordinary shares of HK\$0.5 each) in issue during the financial period.

Diluted earnings per share for the six months period ended 30 June 2005 and 2004 have not been calculated as no diluting events existed during these periods.

8. Trade debtors

The ages of trade debtors are analysed as follows:

	30 June 2005 (Unaudited) RMB'000	31 December 2004 (Audited) RMB'000
Current–30 days	73,935	51,465
31–60 days	20,528	20,621
61–90 days	1,362	3,178
Over 90 days	5,163	35,025
	100,988	110,289
Less: Provision for doubtful debts	(20,946)	(20,946)
	80,042	89,343

The Group normally allows credit terms to its trade customers ranging from 30 to 60 days (2004: 30 to 60 days).

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

Founded in 1994, the Company and its subsidiaries (collectively the “Group”) is one of the leading producers of fresh and frozen meat and processed meat products in the PRC. The Group currently operates nine production bases, respectively in Linyi and Dezhou of Shandong Province, Meishan of Sichuan Province, Xiangtan of Hunan Province, Tongliao of Inner Mongolia Autonomous Region, Daqing, Qiqihaer and Xinglong of Heilongjiang Province and Shangqiu of Henan Province.

The Group has announced in June 2005 the construction of a new production plant in Jiutai, Jinlin Province. This plant will have an annual pig slaughtering capacity of approximately 250,000 tonnes, chicken slaughtering capacity of approximately 90,000 tonnes, High Temperature Meat Products of approximately 30,000 tonnes, Low Temperature Meat Products of approximately 30,000 tonnes and Fresh Pork production capacity of approximately 100,000 tonnes per annum. The management expects the construction to be completed by the end of 2005.

The Group’s meat products are distributed primarily in the PRC and marketed under the “Jinluo” brand name and trade mark.

REVIEW OF OPERATIONS

Set out below is a breakdown of the Group's revenue, profit before tax by products for the six months period ended 30 June 2005 and 2004:

	Six months period ended 30.06.2005 <i>RMB'000</i>	Share of total	Six months period ended 30.06.2004 <i>RMB'000</i>	Share of total	% Change
Revenue					
Frozen Pork	1,043,261	27.9%	789,107	24.0%	32.2%
Fresh Pork	729,890	19.5%	450,738	13.7%	61.9%
High Temperature Meat Products ("HTMP")	925,633	24.7%	939,912	28.6%	(1.5%)
Low Temperature Meat Products ("LTMP")	287,862	7.7%	244,395	7.4%	17.8%
Pig's by products	724,937	19.3%	837,135	25.4%	(13.4%)
Frozen Chicken	<u>33,348</u>	0.9%	<u>28,084</u>	0.9%	18.7%
	<u>3,744,931</u>	100.0%	<u>3,289,371</u>	100.0%	13.8%
Profit before tax and Share of profit of associates and Gain on deemed disposals of associates					
Frozen Pork	97,176	25.2%	72,020	16.6%	34.9%
Fresh Pork	83,140	21.6%	78,318	18.0%	6.2%
HTMP	98,164	25.4%	157,312	36.2%	(37.6%)
LTMP	44,756	11.6%	48,618	11.2%	(7.9%)
Pig's by products	61,206	15.9%	77,168	17.8%	(20.7%)
Frozen Chicken	<u>1,220</u>	0.3%	<u>862</u>	0.2%	41.5%
	<u>385,662</u>	100.0%	<u>434,298</u>	100.0%	(11.2%)

Revenue

The Group's revenue increased by 13.8% to RMB3.75 billion in the first half of 2005, from RMB3.29 billion in the first half of 2004. This increase was attributable to improved contribution from its production plants.

HTMP

Sales of HTMP decreased slightly by 1.5%, from RMB939.9 million in 1H 2004 to RMB925.6 million in 1H 2005. This was due mainly to the Group's shift in focus to increase its sales of higher margin products like Fresh Pork and LTMP.

Fresh Pork and LTMP

Sales of Fresh Pork and LTMP continued to grow and recorded a remarkable increase of 61.9% and 17.8%, from 1H 2004 to 1H 2005 respectively. Sales of Fresh Pork in 1H 2005 was RMB729.9 million as compared to RMB450.7 million in the previous corresponding period, whilst sales of LTMP was RMB287.9 million in 1H 2005 as compared to RMB244.4 million a year ago.

Frozen Pork and Pig By-Products

Sales of Frozen Pork increased by 32.2% in 1H 2005 as compared to 1H 2004 attributable mainly to higher market demand for Frozen Pork as well as higher production output in 1H 2005. On the other hand, revenue contribution from Pig By-Products saw a decline of 13.4% from RMB837.1 million in 1H 2004 to RMB724.9 million in 1H 2005.

Gross Profit

Gross Profit reached RMB485.8 million in 1H 2005, a decline of 19.4% from RMB603.0 million in 1H 2004 and was due primarily to higher cost of live pigs as compared to 1H FY2004.

Expenses

Selling and distribution costs decreased by 22.4% from RMB72.0 million in 1H 2004 to RMB55.8 million in 1H 2005 due to lower transportation costs. Administrative expenses decreased by 48.4% to RMB45.0 million from RMB87.3 million in 1H 2004. Other operating expenses dropped by 81.4% to RMB1.8 million due to a decrease in research and development costs and a provision for doubtful debts.

Share of profit of associates

Net profit of the Group's associate company, Pine Agritech Limited ("Pine") was RMB107.9 million in 1H FY2005. The Group's share of profit from associates was RMB48.9 million in 1H FY2005.

Gain on deemed disposal of associates

The listing of Pine on 12 May 2005 on the Mainboard of the Singapore Exchange Limited ("SGX-ST") resulted in a profit of RMB78.4 million, being the gain on gross dilution of the Group's shareholding from 49.0% to 36.75%.

Net Profit

The Group's profit after tax for 1H 2004 grew by 15.7% from RMB361.6 million in 1H 2004 to RMB418.4 million in 1H 2005. This was equivalent to an earnings per share of RMB0.37, as compared to RMB0.32 in the first half of 2004.

Cash Flow

The increase in inventories and payment of FY2004 final dividend had an impact on the Group's cash flow in 2Q FY2005.

Employees

As at 30 June 2005, the total number of employees of the Group was approximately 18,717 (30 June 2004: 11,300) with total staff costs amounting to RMB106.4 million (1H 2004: RMB48.6 million).

The remuneration of the employees of the Group includes salaries, bonuses and other fringe benefits. The Group has different rates of remuneration for different employees to be determined based on their performance, experience, position and other factors in compliance with the relevant PRC laws and regulations.

In the 1H 2004, the Group continued to provide its employees with opportunities to learn skills in relation to the computer technologies and business administration and provide training on the latest developments in areas such as computer technologies, personal development, laws, regulations and economics.

Gearing Ratio

As at 30 June 2005, the gearing ratio of the Group was 5.2 per cent (30 June 2004: 6.5 per cent.), which was computed by dividing the total amount of bank loans, by the equity of the Group as at 30 June 2005.

Contingent Liabilities

As at 30 June 2005, the Group had no material contingent liabilities (30 June 2004: Nil).

PROSPECTS

For FY2005 Management will continue its focus on sales and marketing efforts, purchase integration and the expansion of production scale and markets. The Group will continue to expand geographically in the PRC and to develop higher value products in order to maintain its margins.

At the same time, Management will closely monitor over livestock related diseases and observe strict quality control and quarantine procedures at all its plants. The Group is not affected by the pig borne disease linked to the Streptococcus Suis bacteria, which has surfaced in China's southwestern Sichuan Province. Currently, Management has taken the necessary precautionary measures at its Meishan plant in Sichuan.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period, the Company repurchased a total of 3,000,000 of its ordinary shares at a price of S\$0.8628 (approximately RMB4.2643) per share on SGX-ST. The aggregate consideration including related expenses amounted to RMB12.8 million in cash. Saved as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

The Company has issued a policy on dealing in the Company's shares to employees of the Company pursuant to the Best Practice Guide issued by the SGX-ST. The policy sets out the implications of insider dealing in the shares, and includes guidance to employees on dealing in the Company's shares, which is modelled after the Best Practice Guide with some modifications.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws although there are no restrictions against such rights under the laws of Bermuda.

AUDIT COMMITTEE

The Group's financial results for the six months period ended 30 June 2005 have been reviewed by the Audit Committee of the Company.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE AND MODEL CODE

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the HKSE (the "HKSE Listing Rules"), except that the independent non-executive directors of the Company are not appointed for a specific term as required by paragraph A.4 of the Code, but are subject to retirement and re-election in accordance with the bye-laws of the Company.

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed on 31 August 2005. In order to qualify for the abovementioned interim dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Singapore Share Transfer Agent, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 not later than 5:00 p.m. on 30 August 2005 in Singapore OR the Company's Hong Kong Branch Share Registrar, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on 30 August 2005 in Hong Kong.

PUBLICATION OF INFORMATION ON THE EXCHANGE'S WEBSITE

The interim report of the Company, which will contain all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the HKSE Listing Rules will be subsequently published on the website of the HKSE (<http://www.hkex.com.hk>) in due course.

B. DISCLOSURE UNDER RULE 13.09(2)

PEOPLE'S FOOD HOLDINGS LIMITED

**SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT AND
DIVIDEND ANNOUNCEMENT
FOR THE PERIOD ENDED 30 JUNE 2005**

**PART I — INFORMATION REQUIRED FOR ANNOUNCEMENTS OF
QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group Income Statement for the period ended 30 June 2005. These figures have not been audited.

	Note	Group					
		Three months period ended 30.06.2005 RMB'000	Three months period ended 30.06.2004	Increase/ (Decrease) %	Six months period ended 30.06.2005 RMB'000	Six months period ended 30.06.2004	Increase/ (Decrease) %
Revenue	(1)	1,887,264	1,690,556	11.6	3,744,931	3,289,371	13.8
Cost of sales		<u>(1,639,392)</u>	<u>(1,422,460)</u>	15.3	<u>(3,259,164)</u>	<u>(2,686,404)</u>	21.3
Gross Profit		247,872	268,096	(7.5)	485,767	602,967	(19.4)
Other revenue		909	3,412	(73.4)	7,646	7,025	8.8
Selling and distribution costs		(26,009)	(41,425)	(37.2)	(55,839)	(71,952)	(22.4)
Administrative expenses		(22,562)	(53,798)	(58.1)	(45,032)	(87,343)	(48.4)
Other operating expenses		<u>(1,591)</u>	<u>(2,926)</u>	(45.6)	<u>(1,832)</u>	<u>(9,830)</u>	(81.4)
				—			—
Profit from operating activities		198,619	173,359	14.6	390,710	440,867	(11.4)
Finance costs		(2,201)	(3,571)	(38.4)	(5,048)	(6,569)	(23.2)
Share of profit of associates		25,239	—	NM	48,879	—	NM
Gain on deemed disposal of associates		<u>78,376</u>	<u>—</u>	NM	<u>78,376</u>	<u>—</u>	NM
				—			—
Profit before tax		300,033	169,788	76.7	512,917	434,298	18.1
Tax		<u>(48,630)</u>	<u>(33,200)</u>	46.5	<u>(94,492)</u>	<u>(72,700)</u>	30.0
				—			—
Net profit from ordinary activities attributable to shareholders		<u>251,403</u>	<u>136,588</u>	84.1	<u>418,425</u>	<u>361,598</u>	15.7

NM: Not Meaningful

Note:

(1) A further analysis of the Group's revenue by products is set out in Item (13).

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	Unaudited 30.06.2005 RMB'000	Audited 31.12.2004 RMB'000	Unaudited 30.06.2005 RMB'000	Audited 31.12.2004 RMB'000
NON-CURRENT ASSETS				
Investments in subsidiaries	—	—	497,043	497,043
Interests in associates	372,494	245,239	—	—
Fixed assets	2,006,699	1,677,457	—	—
Deposits	32,862	33,775	—	—
	<u>2,412,055</u>	<u>1,956,471</u>	<u>497,043</u>	<u>497,043</u>
CURRENT ASSETS				
Inventories	703,079	293,990	—	—
Trade debtors	80,042	89,343	—	—
Due from subsidiaries	—	—	954,250	842,804
Deposits, prepayments and other receivables	29,531	23,603	—	—
Cash and bank balances	688,170	1,249,418	24	51
	<u>1,500,822</u>	<u>1,656,354</u>	<u>954,274</u>	<u>842,855</u>
CURRENT LIABILITIES				
Trade creditors	162,282	116,240	—	—
Accruals and other creditors	69,431	69,971	4,555	—
Due to a subsidiary	—	—	278,812	159,133
Interest-bearing bank loans	180,000	180,000	—	—
Provision for tax	13,853	37,969	—	—
	<u>425,566</u>	<u>404,180</u>	<u>283,367</u>	<u>159,133</u>
NET CURRENT ASSETS	<u>1,075,256</u>	<u>1,252,174</u>	<u>670,907</u>	<u>683,722</u>
	<u>3,487,311</u>	<u>3,208,645</u>	<u>1,167,950</u>	<u>1,180,765</u>
CAPITAL AND RESERVES				
Issued capital	601,753	603,343	601,753	603,343
Proposed dividend	314,230	126,932	314,230	126,932
Reserves	2,571,328	2,478,370	251,967	450,490
	<u>3,487,311</u>	<u>3,208,645</u>	<u>1,167,950</u>	<u>1,180,765</u>

1(b)(ii) **Aggregate amount of group's borrowings and debt securities.**

Amount repayable in one year or less, or on demand

As at 30.06.2005		As at 31.12.2004	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
NIL	180,000	NIL	180,000

Amount repayable after one year

As at 30.06.2005		As at 31.12.2004	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
NIL	NIL	NIL	NIL

Details of any collateral

Not applicable

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			
	Unaudited Three months period ended 30.06.2005 RMB'000	Unaudited Three months period ended 30.06.2004	Unaudited Six months period ended 30.06.2005 RMB'000	Unaudited Six months period ended 30.06.2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	300,033	169,788	512,917	434,298
Adjustments for:				
Depreciation	41,522	41,676	74,295	77,168
Provision for doubtful debts	—	700	—	5,400
Loss on disposal of fixed assets	—	4,905	—	8,406
Interest expenses	2,201	3,571	5,048	6,569
Interest income	(909)	(3,412)	(2,053)	(7,025)
Share of profit of associates	(25,239)	—	(48,879)	—
Gain on deemed disposal of associates	(78,376)	—	(78,376)	—
Operating profit before working capital changes	239,232	217,228	462,952	524,816
Working capital adjustments:				
Decrease/(increase) in trade debtors	22,433	(48,397)	9,301	5,274
Increase in inventories	(468,838)	(58,692)	(409,089)	(8,431)
Increase in deposits, prepayments and other receivables	(15,653)	(602)	(5,928)	(1,903)
Increase in trade creditors	12,494	17,880	46,042	14,084
Decrease in accruals and other creditors	(20,007)	(18,124)	(540)	(13,557)
Cash generated from operations	(230,339)	109,293	102,738	520,283
Interest paid	(2,201)	(3,571)	(5,048)	(6,569)
Interest received	909	3,412	2,053	7,025
Tax paid	(89,556)	(40,155)	(118,608)	(71,855)
Net cash generated from/(used in) operating activities	(321,187)	68,979	(18,865)	448,884
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(349,947)	(186,229)	(403,537)	(254,321)
Decrease in deposits for acquisition of fixed assets	1,849	73,357	913	79,610
Decrease in time deposits with original maturity of more than three months when acquired	42,500	18,565	72,500	1,385
Net cash used in investing activities	(305,598)	(94,307)	(330,124)	(173,326)

	Group			
	Three months period ended 30.06.2005 RMB'000	Three months period ended 30.06.2004	Six months period ended 30.06.2005 RMB'000	Six months period ended 30.06.2004
	CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of bank loans	20,000	20,000	23,000	23,000
Repayment of bank loans	(20,000)	(20,000)	(23,000)	(23,000)
Dividends paid	(126,932)	(92,933)	(126,932)	(92,933)
Repurchases of shares	(12,827)	—	(12,827)	—
Net cash used in financing activities	(139,759)	(92,933)	(139,759)	(92,933)
NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	(766,544)	(118,261)	(488,748)	182,625
	1,454,714	513,304	1,176,918	212,418
CASH AND CASH EQUIVALENTS AT END OF PERIOD	688,170	395,043	688,170	395,043
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	688,170	989,098	688,170	989,098
Time deposits with original maturity of more than three months when acquired	—	(594,055)	—	(594,055)
Cash and cash equivalents at end of period	688,170	395,043	688,170	395,043

1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group

	Issued Share capital RMB'000	Share premium account RMB'000 (Note 2)	Capital redemption reserves RMB'000 (Note 2)	Statutory reserves RMB'000 (Note 1,2)	Retained profits RMB'000 (Note 2)	Proposed dividend RMB'000	Total RMB'000
Balance at 1 April 2004	603,343	557,229	—	158,693	1,606,946	92,933	3,019,144
Dividend paid — 2003 Final	—	—	—	—	—	(92,933)	(92,933)
Transfer to statutory reserves	—	—	—	10,953	(10,953)	—	—
Net profit for the period	—	—	—	—	136,588	—	136,588
Proposed dividend — 2004 Interim	—	—	—	—	(108,799)	108,799	—
Balance at 30 June 2004	603,343	557,229	—	169,646	1,623,782	108,799	3,062,799
Balance at 1 January 2004	603,343	557,229	—	141,069	1,399,560	92,933	2,794,134
Dividend paid — 2003 Final	—	—	—	—	—	(92,933)	(92,933)
Transfer to statutory reserves	—	—	—	28,577	(28,577)	—	—
Net profit for the period	—	—	—	—	361,598	—	361,598
Proposed dividend — 2004 Interim	—	—	—	—	(108,799)	108,799	—
Balance at 30 June 2004	603,343	557,229	—	169,646	1,623,782	108,799	3,062,799
Represented by:							
Company and subsidiaries	603,343	557,229	—	169,646	1,623,782	108,799	3,062,799
Associates	—	—	—	—	—	—	—
As at 30 June 2004	603,343	557,229	—	169,646	1,623,782	108,799	3,062,799

Group

	Issued Share capital RMB'000	Share premium account RMB'000 (Note 2)	Capital redemption reserves RMB'000 (Note 2)	Statutory reserves RMB'000 (Note 1,2)	Retained profits RMB'000 (Note 2)	Proposed dividend RMB'000	Total RMB'000
Balance at 1 April 2005	603,343	557,229	—	221,094	1,867,069	126,932	3,375,667
Dividend paid — 2004 Final	—	—	—	—	—	(126,932)	(126,932)
Repurchases of shares	(1,590)	(11,237)	—	—	—	—	(12,827)
Transfer to capital redemption reserves	—	—	1,590	—	(1,590)	—	—
Transfer to statutory reserves	—	—	—	—	—	—	—
— subsidiaries	—	—	—	13,241	(13,241)	—	—
— associates	—	—	—	2,524	(2,524)	—	—
Net profit for the period	—	—	—	—	—	—	—
— subsidiaries	—	—	—	—	226,164	—	226,164
— associates	—	—	—	—	25,239	—	25,239
Proposed dividend — 2005 Interim	—	—	—	—	(314,230)	314,230	—
Balance at 30 June 2005	601,753	545,992	1,590	236,859	1,786,887	314,230	3,487,311
Balance at 1 January 2005	603,343	557,229	—	206,290	1,714,851	126,932	3,208,645
Dividend paid — 2004 Final	—	—	—	—	—	(126,932)	(126,932)
Repurchases of shares	(1,590)	(11,237)	—	—	—	—	(12,827)
Transfer to capital redemption reserves	—	—	1,590	—	(1,590)	—	—
Transfer to statutory reserves	—	—	—	—	—	—	—
— subsidiaries	—	—	—	25,681	(25,681)	—	—
— associates	—	—	—	4,888	(4,888)	—	—
Net profit for the period	—	—	—	—	—	—	—
— subsidiaries	—	—	—	—	369,546	—	369,546
— associates	—	—	—	—	48,879	—	48,879
Proposed dividend — 2005 Interim	—	—	—	—	(314,230)	314,230	—
Balance at 30 June 2005	601,753	545,992	1,590	236,859	1,786,887	314,230	3,487,311
Represented by:							
Company and subsidiaries	601,753	545,992	1,590	229,787	1,723,242	314,230	3,416,594
Associates	—	—	—	7,072	63,645	—	70,717
As at 30 June 2005	601,753	545,992	1,590	236,859	1,786,887	314,230	3,487,311
Company							
	Issued Share capital RMB'000	Share premium account RMB'000 (Note 2)	Capital redemption reserves RMB'000 (Note 2)	Accumulated losses RMB'000 (Note 2)	Proposed dividend RMB'000	Total RMB'000	
Balance at 1 April 2004	603,343	557,229	—	(85,264)	92,933	1,168,241	
Dividend paid — 2003 Final	—	—	—	—	(92,933)	(92,933)	
Net profit for the period	—	—	—	97,530	—	97,530	
Proposed dividend — 2004 Interim	—	—	—	(108,799)	108,799	—	
Balance at 30 June 2004	603,343	557,229	—	(96,533)	108,799	1,172,838	
Balance at 1 January 2004	603,343	557,229	—	(91,434)	92,933	1,162,071	
Dividend paid — 2003 Final	—	—	—	—	(92,933)	(92,933)	
Net profit for the period	—	—	—	103,700	—	103,700	
Proposed dividend — 2004 Interim	—	—	—	(108,799)	108,799	—	
Balance at 30 June 2004	603,343	557,229	—	(96,533)	108,799	1,172,838	

Company	Issued Share capital RMB'000	Share premium account RMB'000 (Note 2)	Capital redemption reserves RMB'000 (Note 2)	Accumulated losses RMB'000 (Note 2)	Proposed dividend RMB'000	Total RMB'000
Balance at 1 April 2005	603,343	557,229	—	(107,724)	126,932	1,179,780
Dividend paid — 2004 Final	—	—	—	—	(126,932)	(126,932)
Repurchases of shares	(1,590)	(11,237)	—	—	—	(12,827)
Transfer to capital redemption reserves	—	—	1,590	(1,590)	—	—
Net profit for the period	—	—	—	127,929	—	127,929
Proposed dividend — 2005 Interim	—	—	—	(314,230)	314,230	—
Balance at 30 June 2005	<u>601,753</u>	<u>545,992</u>	<u>1,590</u>	<u>(295,615)</u>	<u>314,230</u>	<u>1,167,950</u>
Balance at 1 January 2005	603,343	557,229	—	(106,739)	126,932	1,180,765
Dividend paid — 2004 Final	—	—	—	—	(126,932)	(126,932)
Repurchases of shares	(1,590)	(11,237)	—	—	—	(12,827)
Transfer to capital redemption reserves	—	—	1,590	(1,590)	—	—
Net profit for the period	—	—	—	126,944	—	126,944
Proposed dividend — 2005 Interim	—	—	—	(314,230)	314,230	—
Balance at 30 June 2005	<u>601,753</u>	<u>545,992</u>	<u>1,590</u>	<u>(295,615)</u>	<u>314,230</u>	<u>1,167,950</u>

Notes:

- In accordance with relevant PRC regulations, the Group's wholly owned subsidiaries: Linyi Xincheng Jinluo Meat Products Co., Ltd ("Linyi Xincheng"), Linyi Minsheng Food Development Co., Ltd ("Linyi Minsheng"), Tongliao Jinluo Food Co., Ltd ("Tongliao Jinluo"), Xiangtan Jinluo Food Co., Ltd ("Xiangtan Jinluo"), Meishan Jinluo Food Co., Ltd ("Meishan Jinluo"), Daqing Jinluo Meat Products Co., Ltd ("Daqing Jinluo"), Qiqihaer Jinluo Meat Products Co., Ltd. ("Qiqihaer Jinluo"), Dezhou Jinluo Meat Products Co., Ltd. ("Dezhou Jinluo") and Changchun Jinluo Meat Products Co., Ltd ("Changchun Jinluo"), being wholly foreign-owned enterprises established in the PRC, are required to appropriate not less than 10% of their profits after tax to the respective statutory reserves, until the respective balances of the fund reach 50% of the respective registered capitals. Subject to certain restrictions as set out in the relevant PRC regulations, their statutory reserves may be used to offset against their respective accumulated losses, if any.
- As at 30 June 2005, these consolidated reserve accounts comprised the consolidated reserves of approximately RMB2,571,328,000 (30 June 2004: approximately RMB2,350,657,000) in the consolidated balance sheet. As at 30 June 2005, these reserve accounts of the Company comprised the Company's reserves of approximately RMB251,967,000 (30 June 2004: approximately RMB460,696,000) in the Company's balance sheet.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the period, the Company repurchased a total of 3,000,000 of its ordinary shares at a price of S\$0.8628 (approximately RMB4.2643) per share on Singapore Exchange Limited ("SGX-ST"). The aggregate consideration including related expenses amounted to RMB12.8 million in cash. Saved as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The financial statements for the three months and six months period ended 30 June 2005 have been prepared in accordance with the accounting policies consistent with those adopted by the Group in its financial statements for the year ended 31 December 2004.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has applied the same accounting policies and methods of computation in the financial statements as at 31 December 2004.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
	Unaudited Three months period ended 30.06.2005	Unaudited Three months period ended 30.06.2004	Unaudited Six months period ended 30.06.2005	Unaudited Six months period ended 30.06.2004

Earnings per ordinary share of the group:

(a) Based on weighted average number of ordinary shares on issue; and	RMB0.22	RMB0.12	RMB0.37	RMB0.32
(b) On a fully diluted basis	N/A	N/A	N/A	N/A

Basic earnings per share for the three months period ended 30 June 2005 are calculated based on the Group's net profit attributable to shareholders of approximately RMB251,403,000 (2Q 2004: approximately RMB136,588,000) divided by the weighted average number of 1,132,420,613 ordinary shares of HK\$0.50 each (2Q 2004: 1,133,324,723 ordinary shares of HK\$0.50 each) in issue during the period.

Basic earnings per share for the six months period ended 30 June 2004 are calculated based on the Group's net profit attributable to shareholders of approximately RMB418,425,000 (1H 2004: approximately RMB361,598,000) divided by the weighted average number of 1,132,877,209 ordinary shares of HK\$0.50 each (1H 2004: 1,133,324,723 ordinary shares of HK\$0.50 each) in issue during the period.

Diluted earnings per share for the three months and the six months period ended 30 June 2005 and 2004 have not been calculated as no diluting events existed during these periods.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	30/06/2005	31/12/2004	30/06/2005	31/12/2004
Net asset value per ordinary share based on issued share capital at the end of:	RMB3.09	RMB2.83	RMB1.03	RMB1.04

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

GENERAL

Founded in 1994, the Company and its subsidiaries (collectively the “Group”) is one of the leading producers of fresh and frozen meat and processed meat products in the PRC. The Group currently operates nine production bases, respectively in Linyi and Dezhou of Shandong Province, Meishan of Sichuan Province, Xiangtan of Hunan Province, Tongliao of Inner Mongolia Autonomous Region, Daqing, Qiqihaer and Xinglong of Heilongjiang Province and Shangqiu of Henan Province.

The Group has announced in June 2005 the construction of a new production plant in Jiutai, Jinlin Province. This plant will have an annual pig slaughtering capacity of approximately 250,000 tonnes, chicken slaughtering capacity of approximately 90,000 tonnes, High Temperature Meat Products of approximately 30,000 tonnes, Low Temperature Meat Products of approximately 30,000 tonnes and Fresh Pork production capacity of approximately 100,000 tonnes per annum. The management expects the construction to be completed by the end of 2005.

The Group’s meat products are distributed primarily in the PRC and marketed under the “Jinluo” brand name and trade mark.

RESULTS OF OPERATIONS

Revenue

2Q 2005 compared to 2Q 2004

The Group’s revenue increased by 11.6% from RMB1.69 billion to RMB1.89 billion. This increase was volume driven, due to improved contribution from its production plants in the quarter of the year under review.

High Temperature Meat Products (“HTMP”)

Sales of HTMP increased slightly by 1.4%, from RMB465.0 million to RMB471.3 million and was mainly attributable to higher market demand for the Group’s HTMP.

Fresh Pork and Low Temperature Meat Products (“LTMP”)

Sales of Fresh Pork and LTMP continue to grow, increasing respectively by 53.0% and 24.3%. Sales of Fresh Pork for the second quarter of FY2005 was RMB366.2 million as compared to RMB239.3 million in 2Q FY2004, whilst sales of LTMP was RMB153.5 million in 2Q FY2005 as compared to RMB123.5 million in the previous corresponding period.

Frozen Pork and Pig By-Products

Sales of Frozen Pork saw an increase of 18.9% to RMB513.0 million from RMB431.6 million. This was both driven by higher market demand and increased output of Frozen Pork. Revenue contribution from Pig By-Products saw a decline of 13.3% from RMB421.8 million to RMB365.6 million. The fall was due to more resources devoted to Fresh Pork and LTMP.

1H 2005 compared to 1H 2004

The Group’s revenue increased by 13.8% to RMB3.75 billion from RMB3.29 billion. This increase was attributable to improved contribution from its production plants.

HTMP

Sales of HTMP decreased slightly by 1.5%, from RMB939.9 million to RMB925.6 million. This was due mainly to the Group’s shift in focus to increase its sales of higher margin products like Fresh Pork and LTMP.

Fresh Pork and LTMP

Sales of Fresh Pork and LTMP continued to grow and recorded a remarkable increase of 61.9% and 17.8% respectively. Sales of Fresh Pork in 1H 2005 was RMB729.9 million as compared to RMB450.7 million in the previous corresponding period, whilst sales of LTMP was RMB287.9 million in 1H 2005 as compared to RMB244.4 million a year ago.

Frozen Pork and Pig By-Products

Sales of Frozen Pork increased by 32.2% attributable mainly to higher market demand for Frozen Pork as well as the higher production output in 1H 2005. On the other hand, revenue contribution from Pig By-Products saw a decline of 13.4% from RMB837.1 million to RMB724.9 million.

Gross Profit

2Q 2005 compared to 2Q 2004

Gross Profit reached RMB247.9 million, a drop of 7.5% from RMB268.1 million. Gross margin dipped from 15.9% to 13.1% primarily as a result of the higher cost of live pigs.

1H 2005 compared to 1H 2004

Gross Profit reached RMB485.8 million, a decline of 19.4% from RMB603.0 million due primarily to higher cost of live pigs.

Expenses

2Q 2005 compared to 2Q 2004

Selling and distribution costs decreased by 37.2% to RMB26.0 million from RMB41.4 million due mainly to lower transportation costs. The change in distribution method in which most bulk buyers are responsible for collection of goods had reduced transportation costs of the Group. Administrative expenses were reduced to RMB22.6 million, due to stringent cost controls and to lower depreciation charged to administrative expenses following an amount of approximately RMB12 million charged to cost of sales, on a review of assets allocated for production purposes. Other operating expenses fell sharply due to a drop in provision for doubtful debts and research and development expenditure.

1H 2005 compared to 1H 2004

Selling and distribution costs decreased by 22.4% from RMB72.0 million to RMB55.8 million due to lower transportation costs. Administrative expenses decreased by 48.4% to RMB45.0 million from RMB87.3 million in 1H 2004. Other operating expenses dropped by 81.4% to RMB1.8 million due to a decrease in research and development costs and a provision for doubtful debts.

Tax

In accordance with the various approval documents issued by the State Tax Bureau and the Local Tax Bureau of the PRC, the Group's operating subsidiaries Linyi Xincheng, Linyi Minsheng, Daqing Jinluo, Tongliao Jinluo, Meishan Jinluo, Qiqihaer Jinluo, Dezhou Jinluo and Changchun Jinluo wholly-owned subsidiaries of the Company, and Linyi Shansong Biological Products Company Limited ("Linyi Shansong"), an associate of the Group, established as wholly foreign-owned enterprises ("WOFEs") in the PRC, are entitled to an exemption from the PRC state and local corporate income tax of the first two profitable financial years of their operations and thereafter to a 50% relief from the state corporate income tax of the PRC for the following three financial years ("Tax Holiday"). Xiangtan Jinluo, another wholly-owned subsidiary of the Company established as a WOFE in the PRC, is entitled to an exemption from PRC state and local corporate income tax for the first two profitable years of their operations and thereafter to a 50% relief from the state corporate income tax of the PRC for the following six financial years (the "Tax Relief"). Upon expiry of the Tax Holiday and the Tax Relief, the usual PRC corporate income tax rate of 33%, comprising a state corporate income tax rate of 30% and a local corporate income tax rate of 3%, is applicable to them.

Upon expiry of the Tax Holiday in the financial year ended 31 December 2000, Linyi Xincheng is subject to an income tax rate of 33% on its assessable profit for the year (2004: 33%).

Upon expiry of two years' tax exemption periods in the financial year ended 31 December 2002, Linyi Minsheng is subject to the reduced tax rate of 18% of for the three financial years from 1 January 2003 to 31 December 2005.

Upon expiry of two years' tax exemption periods in the financial year ended 31 December 2003, Daqing Jinluo is subject to the reduced tax rate of 18% of for the three financial years from 1 January 2004 to 31 December 2006.

The two years' tax exemption periods for Tongliao Jinluo, Meishan Jinluo and Xiangtan Jinluo commenced in the financial year ended 31 December 2003 under local jurisdiction and upon the expiry of two years' tax exemption periods in the financial year ended 31 December 2004, Tongliao Jinluo, Meishan Jinluo and Xiangtan Jinluo are subject to the reduced tax rate of 18% for the three financial years from 1 January 2005 to 31 December 2007.

The two years' tax exemption periods for Qiqihaer Jinluo commenced on 1 January 2005 under local jurisdiction.

The two years' tax exemption periods for Dezhou Jinluo and Linyi Shansong have commenced in the financial year ended 31 December 2004 under local jurisdiction.

The two years' tax exemption periods for Changchun Jinluo has not yet commenced during the period as it did not generate any net assessable profits attributable to its operations in the PRC during the period.

The effective income tax rate of the Group for 2Q FY 2005 was approximately 24.8% as compared to 19.6% in 2Q FY 2004. The effective income tax rate of the Group for 1H 2005 was approximately 24.5% as compared to 16.7% in 1H 2004.

Share of profit of associates

Net profit of the Group's associate company, Pine Agritech Limited ("Pine") was RMB59.6 million in 2Q FY2005 and RMB107.9 million in 1H FY2005 respectively. The Group's share of profit from associates was RMB25.2 million in 2Q FY2005 and RMB48.9 million in 1H FY2005 respectively.

Gain on deemed disposal of associates

The listing of Pine on 12 May 2005 on the Mainboard of the Singapore Exchange Limited resulted in a profit of RMB78.4 million, being the gain on gross dilution of the Group's shareholding from 49.0% to 36.75%.

Net Profit

2Q 2005 compared to 2Q 2004

The Group's net profit reached RMB251.4 million, an increase of 84.1% from RMB136.6 million in 2Q FY2004.

1H 2005 compared to 1H 2004

The Group's profit after tax grew by 15.7% from RMB361.6 million to RMB418.4 million. This was equivalent to an earnings per share of RMB0.37, as compared to RMB0.32 in the first half of 2004.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The increase in inventories and payment of FY2004 final dividend had an impact on the Group's cash flow in 2Q FY2005.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

For FY2005, Management will continue its focus on sales and marketing efforts, purchase integration and the expansion of production scale and markets. The Group will continue to expand geographically in the PRC and to develop higher value products in order to maintain its margins.

At the same time, Management will closely monitor livestock related diseases and observe strict quality control and quarantine procedures at all its plants. The Group is not affected by the pig borne disease linked to the Streptococcus Suis bacteria, which has surfaced in China's southwestern Sichuan Province. Currently, Management has taken the necessary precautionary measures at its Meishan plant in Sichuan.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? YES

Name of Dividend

Interim

Dividend Type

Ordinary

Dividend Amount per Share (tax not applicable)

RMB0.278

Par value of shares

HK\$0.50

Tax Rate

Not applicable

(b) *Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year?
YES

Name of Dividend	Interim	Final
Dividend Type	Ordinary	Ordinary
Dividend Amount per Share (tax not applicable)	RMB0.096	RMB0.112
Par value of shares	HK\$0.50	HK\$0.50
Tax Rate	Not applicable	Not applicable

(c) *Date payable*

The aforementioned interim dividend will be payable on 13 September 2005 to shareholders on record as at 31 August 2005. Dividends are declared in RMB and will be converted into Singapore dollars or Hong Kong dollars before being paid to the shareholders (depending on where the shareholders' shares are traded).

(d) *Books closure date*

The register of members will be closed on 31 August 2005. In order to qualify for the abovementioned interim dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Singapore Share Transfer Agent, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 not later than 5:00 p.m. on 30 August 2005 in Singapore OR the Company's Hong Kong Branch Share Registrar, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on 30 August 2005 in Hong Kong.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable

PART II — ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Please see below for the revenue and profit before tax by products.

	Three months period ended 30.06.2005 RMB'000	% of total	Three months period ended 30.06.2004 RMB'000	% of total	% Change
Revenue					
Frozen Pork	513,021	27.2%	431,551	25.5%	18.9%
Fresh Pork	366,181	19.4%	239,281	14.2%	53.0%
HTMP	471,345	25.0%	464,988	27.5%	1.4%
LTMP	153,541	8.1%	123,500	7.3%	24.3%
Pig By products	365,627	19.4%	421,781	24.9%	(13.3%)
Frozen Chicken	17,549	0.9%	9,455	0.6%	85.6%
	<u>1,887,264</u>	<u>100.0%</u>	<u>1,690,556</u>	<u>100.0%</u>	<u>11.6%</u>

Profit before tax and Share of profit of associates and Gain on deemed disposals of associates

Frozen Pork	48,916	24.9%	29,060	17.1%	68.3%
Fresh Pork	41,832	21.3%	34,489	20.3%	21.3%
HTMP	50,093	25.5%	63,812	37.6%	(21.5%)
LTMP	23,877	12.2%	20,247	11.9%	17.9%
Pig By products	30,981	15.8%	22,029	13.0%	40.6%
Frozen Chicken	719	0.3%	151	0.1%	376.2%
	<u>196,418</u>	<u>100.0%</u>	<u>169,788</u>	<u>100.0%</u>	<u>15.7%</u>

	Six months period ended 30.06.2005 RMB'000	% of total	Six months period ended 30.06.2004 RMB'000	% of total	% Change
Revenue					
Frozen Pork	1,043,261	27.9%	789,107	24.0%	32.2%
Fresh Pork	729,890	19.5%	450,738	13.7%	61.9%
HTMP	925,633	24.7%	939,912	28.6%	(1.5%)
LTMP	287,862	7.7%	244,395	7.4%	17.8%
Pig By products	724,937	19.3%	837,135	25.4%	(13.4%)
Frozen Chicken	33,348	0.9%	28,084	0.9%	18.7%
	<u>3,744,931</u>	<u>100.0%</u>	<u>3,289,371</u>	<u>100.0%</u>	<u>13.8%</u>

**Profit before tax and Share of profit
of associates and Gain on deemed
disposals of associates**

Frozen Pork	97,176	25.2%	72,020	16.6%	34.9%
Fresh Pork	83,140	21.6%	78,318	18.0%	6.2%
HTMP	98,164	25.4%	157,312	36.2%	(37.6%)
LTMP	44,756	11.6%	48,618	11.2%	(7.9%)
Pig By products	61,206	15.9%	77,168	17.8%	(20.7%)
Frozen Chicken	1,220	0.3%	862	0.2%	41.5%
	<u>385,662</u>	<u>100.0%</u>	<u>434,298</u>	<u>100.0%</u>	<u>(11.2%)</u>

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable

15. A breakdown of sales.

Refer to Item (13) above

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (RMB'000)	Previous Full Year (RMB'000)
Ordinary	314,230	235,731
Preference	0	0
Total:	314,230	235,731

By order of the Board
People's Food Holdings Limited
Ming Kam Sing
Chairman

Hong Kong, 4 August 2005

* *for identification purpose only*

As at the date of this announcement, the board of directors of the Company comprises of Mr. Ming Kam Sing, Mr. Zhou Lian Kui and Mr. Zhou Lian Liang being the Executive Directors, and Mr. Chng Hee Kok, Mr. Chan Kin Sang and Dr. Ow Chin Hock being the Independent Non-Executive Directors.

Please also refer to the published version of this announcement in (China Daily)