

Statement from the Chairman and Chief Executive Officer

Dear Shareholders,

We are pleased to enclose our 2005 annual report for your review.

The financial year 2005 ("FY2005") saw its share of challenges, one of which was the threat of a possible Avian Flu epidemic. To date, Avian Flu still remains a threat but has not had any material impact on our business, unlike the Severe Acute Respiratory Syndrome outbreak in 2003. However, we will continue to be vigilant by monitoring livestock-related diseases, maintaining our strict quality control and quarantine procedures to protect our operations and safeguard our staff.

On the plus side, we are pleased to note that our associate company, Pine Agritech Limited has had a successful listing on The Singapore Exchange Securities Trading Limited on 12 May 2005. Our share of Pine Agritech's profits was RMB95.5 million for FY2005.

Revenue for FY2005 increased 17.4% to RMB7.67 billion due to the higher contributions from our production plants. Profit for the year recorded an increase of 19.6% to reach RMB736.8 million in 2005, as compared to RMB616.2 million in 2004. Correspondingly, earnings per share increased 20.4% to RMB0.65 from RMB0.54.

We will continue to expand our production capacity to support our objective of enlarging our market share in the PRC. To this end, we announced the construction of a new production plant in Jiutai of Jilin Province in June 2005. Construction has progressed as scheduled at the end of FY2005.

Our Jiutai plant, which is expected to be commissioned in the second half of 2006, will have an annual pig slaughtering capacity of approximately 250,000 tonnes, chicken slaughtering capacity of approximately 90,000 tonnes, High Temperature Meat Products and Low Temperature Meat Products production capacities of approximately 30,000 tonnes each and Fresh Pork production capacity of approximately 100,000 tonnes.

The Group has further expanded our distribution network, in particular, our network of Jinluo specialty stores last year. Our franchise chain now owns more than 3,200 stores.

In 2006, the Group will continue to focus its efforts on sales and marketing efforts, purchase integration and the expansion of production scale and markets. At the same time, we will continue our geographical expansion in the PRC and to develop higher value products to grow and improve our margins.

To reward our shareholders, the Board has proposed a final dividend of RMB0.099 per share, bringing our total dividend for FY2005 to RMB0.377 per share.

We would like to thank our shareholders, customers and business partners for their continued support and faith in the Company. We will continue to enhance shareholder value by growing the business and maintaining our leadership position in the PRC.

Ming Kam Sing
(Chairman)

Zhou Lian Kui
(Chief Executive Officer)

21 February 2006