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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in COFCO International Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**中國糧油國際有限公司**  
**COFCO INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

**STOCK CODE: 506**

**NOTICE OF ANNUAL GENERAL MEETING  
RE-ELECTION OF DIRECTORS  
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES  
AND  
AMENDMENT TO THE BYE-LAWS**

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The Annual General Meeting (the “AGM”) of COFCO International Limited is scheduled to be held at Governor Suite, World Trade Centre Club Hong Kong, 38/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Thursday, 25 May 2006 at 3:00 p.m.. The notice of the AGM is set out on pages 5 to 8 in this circular.

Whether or not you are able to attend the AGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrars and transfer office of COFCO International Limited in Hong Kong, Progressive Registration Limited at 26/F Tesbury Centre, 28 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

28 April, 2006

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following terms shall have the following meanings:*

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Governor Suite, World Trade Centre Club Hong Kong, 38/F World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Thursday, 25 May 2006 at 3:00 p.m., notice of which is set out in Appendix 1 to this circular
“Board”	the board of directors of the Company or a duly authorised committee thereof
“Bye- Laws”	the Bye-Laws of the Company, as amended from time to time
“Company”	COFCO International Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange
“Directors”	directors of the Company
“Latest Practicable Date”	24 April 2006, being the latest practicable date for ascertaining certain information for inclusion in this circular before its printing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	The Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong
“Shares”	shares of HK\$0.1 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars

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## LETTER FROM THE BOARD

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*Executive Directors:*

Ning Gaoning (*Chairman*)  
Liu Fuchun (*Vice Chairman*)  
Qu Zhe (*Managing Director*)  
Xue Guoping  
Liu Yongfu  
Yu Xubo

*Head Office:*

33rd Floor, Top Glory Tower  
262 Gloucester Road  
Causeway Bay  
Hong Kong

*Independent Non-Executive Directors:*

Stephen Edward Clark  
Tan Man Kou  
Yuen Tin Fan, Francis

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

28 April, 2006

*To the Shareholders*

Dear Sir or Madam,

**NOTICE OF ANNUAL GENERAL MEETING  
RE-ELECTION OF DIRECTORS  
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES  
AND  
AMENDMENT TO THE BYE-LAWS**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information in connection with: (i) the notice to Shareholders regarding the convening of the AGM; (ii) the proposal to adopt the audited financial statements and the reports of Directors and the auditors; (iii) the proposal to declare final dividend; (iv) the proposal to re-elect Directors; (v) the proposal to re-appoint auditors; (vi) the proposal to grant mandates to issue Shares and repurchase Shares; and (vii) the proposal to amend the Bye-Laws.

**2. ANNUAL GENERAL MEETING**

A notice for convening the AGM is set out in Appendix 1 to this circular. At the AGM, proposals for, inter alia, the adoption of the audited financial statements and the reports of Directors and the auditors, the declaration of final dividend, the re-election of Directors, the re-appointment of auditors, the general mandates to issue Shares and repurchase Shares and the amendment to the Bye-Laws, will be put forth for Shareholders' approval.

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## LETTER FROM THE BOARD

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The procedures by which Shareholders may demand a poll at any general meeting of the Company are set out in Appendix 2 to this circular.

A proxy form for your use at the AGM is enclosed. Whether or not you are able to attend the AGM, please complete the enclosed form of proxy in accordance with instructions printed thereon and return it to the Company's branch share registrars and transfer office in Hong Kong, Progressive Registration Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the AGM. Completion and delivery of the form will not preclude you from attending and voting at the AGM should you so wish.

### **3. ADOPTION OF THE AUDITED FINANCIAL STATEMENTS AND THE REPORTS OF THE DIRECTORS AND THE AUDITORS**

The annual report 2005 incorporating the audited financial statements and the reports of the Directors and auditors for the year ended 31 December, 2005 will be sent together with this circular to Shareholders on the same date. The audited financial statements have been reviewed by the Audit Committee.

### **4. DECLARATION OF FINAL DIVIDEND**

The Board has recommended a final dividend of 4.35 HK cents per share for the year 2005 in cash and such final dividend will be paid on 30 June 2006.

The register of members will be closed from 19 to 25 May 2006. In order to qualify for the purposed final dividend, all transfer documents should be lodged for registration with Progressive Registration Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, by 4:00 p.m. on 18 May 2006.

### **5. RE-ELECTION OF DIRECTORS**

In accordance with Bye-law 94 of the Company's Bye-Laws, Mr. Yu Xubo who was appointed on 18 January 2006 will retire at the AGM and, being eligible, offer himself for re-election.

In accordance with Bye-law 111 of the Company's Bye-Laws, Messrs. Liu Fuchun and Liu Yongfu, having been longer in office, will retire at the AGM and, being eligible, offer themselves for re-election.

To comply with the code provision set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules that every director should be subject to retirement by rotation at least every three years, Mr. Xue Guoping and Mr. Yuen Tin Fan, Francis, both having been in office for three years since their last re-election, will also retire and, being eligible, offer themselves for re-election at AGM.

Particulars of the Directors who are to retire at the conclusion of the AGM and will be proposed to be re-elected at the AGM are set out in Appendix 3 to this circular.

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## LETTER FROM THE BOARD

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### 6. RE-APPOINTMENT OF AUDITORS

The Board (which agreed with the view of the audit committee) recommended that, subject to the approval of Shareholders at the AGM, Ernst & Young be re-appointed as the auditors of the Company for the year of 2006.

### 7. GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

At the annual general meeting of the Company held on 9 May, 2005, approval was given by Shareholders for the granting of, inter alia, the general mandates to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing relevant resolutions; and (ii) to repurchase Shares on the Stock Exchange up to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing relevant resolutions. In accordance with the terms of approval, the general mandates will expire on 25 May 2006 upon the conclusion of the AGM. To keep in line with current corporate practice, the grant of fresh general mandates for the same purpose is being sought from Shareholders and a proposal for ordinary resolutions to grant these general mandates to the Directors will be put forth at the AGM.

The explanatory statement required by the Listing Rules to be sent to Shareholders in connection with the proposed Share repurchase resolution is set out in Appendix 5 to this circular.

### 8. AMENDMENT TO THE BYE-LAWS

The particulars of the proposed special resolutions contained in the Notice of Annual General Meeting are set out in Appendix 1 to this circular.

In view of the recent minor amendments to the Listing Rules which came in effect on 1 March 2006, the Directors proposed to amend the Bye-Laws to the effect that a director may be removed by an ordinary resolution in general meeting instead of a special resolution.

To comply with the Code, the Directors proposed to amend the Bye-Laws to eliminate the limitation to the number of directors who should retire by rotation in each annual general meeting so that every director (including those appointed for a specific terms) shall be subject to retirement by rotation at least every three years.

Details of the proposed amendments to the Bye-Laws are set out in Appendix 4 to this circular.

### 9. RECOMMENDATIONS

The Directors consider that the above proposals are in the interests of the Company and its Shareholders and accordingly recommend that all Shareholders vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully,  
For and on behalf of  
**COFCO INTERNATIONAL LIMITED**  
**Qu Zhe**  
*Managing Director*



**中國糧油國際有限公司**  
**COFCO INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

Stock Code: 506

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at Governor Suite, World Trade Centre Club Hong Kong, 38/F World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Thursday, 25 May 2006 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

**AS ORDINARY BUSINESS**

1. To consider and adopt the audited financial statements and the reports of the Directors and auditors of the Company for the year ended 31 December, 2005.
2. To declare a final dividend of 4.35 HK cents for the year ended 31 December 2005.
3. To re-elect the following Directors and to authorise the Board to fix their remuneration for the ensuing year.
  - (a) Liu Fuchun
  - (b) Liu Yongfu
  - (c) Xue Guoping
  - (d) Yu Xubo
  - (e) Yuen Tin Fan, Francis
4. To re-appoint Ernst & Young as auditors for the ensuing year and to authorise the Board to fix their remuneration.

**AS SPECIAL BUSINESS**

As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions or as special resolution:

**AS ORDINARY RESOLUTIONS**

5. **“THAT:**
  - (a) subject to paragraph (b), the exercise by the Directors during the Relevant Period of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to:
  - (i) a Rights Issue;
  - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company;
  - (iii) the exercise of rights of subscription under any share option scheme or similar arrangement of the Company;
  - (iv) any scrip dividend or similar arrangement providing for allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Bye-Laws of the Company;
  - (v) any adjustment, after the date of grant or issue of any options, warrants or other securities referred to above, in the price at which shares shall be subscribed, and/or in the number of shares which shall be subscribed, on exercise of relevant rights under such options, rights to subscribe, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, warrants or other securities; or
  - (vi) a specific authority granted by Shareholders of the Company in general meeting;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of this resolution and subject to the passing of Resolution 7 below, all those number of shares which may from time to time be purchased by the Company pursuant to the general mandate granted under Resolution 6 below and this approval shall be limited accordingly; and

- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting;



“Rights Issue” means an offer of Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange).”

**6. “THAT:**

- (a) subject to paragraph (c), the exercise by the Company during the Relevant Period of all the powers of the Company to repurchase Shares in the capital of the Company on the terms and subject to the conditions set out in the circular to Shareholders of the Company, a copy of which has been tabled at the AGM marked “A” and signed by the Chairman of the AGM for the purpose of identification, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors of the Company;
- (c) the aggregate nominal amount of Shares of the Company to be repurchased or agreed conditionally or unconditionally to be purchased by the Directors pursuant to the approval in paragraph (a) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting.”

7. “**THAT** the Directors be and are hereby given a general mandate to add all those number of shares of HK\$0.10 each in the capital of the Company which may from time to time be purchased by the Company pursuant to the approval granted under Resolution 6 above (the “Repurchased Shares”) to the general mandate granted under Resolution 5 above, so that the aggregate nominal amount of share capital that may be allotted by the Directors pursuant to the said mandate granted under Resolution 5 above shall be the aggregate of (i) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of this resolution and (ii) all the Repurchased Shares.”

**AS SPECIAL RESOLUTION**

8. “**THAT** the existing Bye-Laws of the Company be and are hereby amended as follows:
- (1) Bye-Law 101(A) (vii) by deleting the words “Special Resolution” from the first line and substituting therefor the words “Ordinary Resolution”;
  - (2) Bye-law 117 by deleting the words “Special Resolution” from the first line and substituting therefor the words “Ordinary Resolution”;
  - (3) Bye-Law 111(A) be deleted in its entirety and replaced by the following:  

“111(A) Every Director (including those appointed for specific terms) shall be subject to retirement by rotation at least once every three years. A retiring director shall be eligible for reelection.”; and
  - (4) Bye-Law 111(B) be deleted in its entirety and intentionally left blank.

By Order of the Board  
**Qu Zhe**  
*Managing Director*

Hong Kong, 28 April, 2006

*Notes:*

1. The register of members of the Company will be closed from Friday, 19 May 2006 to Thursday, 25 May 2006 with both dates included. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's branch share registrars and transfer office in Hong Kong, Progressive Registration Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:00 p.m. on Thursday, 18 May 2006.
2. For good corporate governance practice, the chairman of the Board has indicated that he would direct that each of the resolutions set out in the Notice of Annual General Meeting be voted by poll.
3. Any member of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
4. A form of proxy for use at the AGM is enclosed. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrars and transfer office in Hong Kong, Progressive Registration Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the AGM or any adjournment of it.
5. Where there are joint holders of any Share, any one of such holders may vote at the AGM, either in person or by proxy, in respect of such Share as if he were solely entitled to vote, but if more than one of such joint holders are present at the AGM in person or by proxy, the person so present whose name stands first in the register of members of the Company in respect of such Share shall alone be entitled to vote in respect of it.
6. Completion and return of the form of proxy will not preclude a member from attending the AGM and voting in person at the AGM or any adjourned meeting if he so desires. If a member attends the AGM after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.

Set out below are the procedures by which Shareholders may demand a poll provided by Bye-Law 75 of the Bye-Laws:

At any general meeting a resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three members present in person or by proxy or by representative for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or by proxy or by representative and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or by proxy or by representative and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

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## APPENDIX 3 PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

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Particulars of retiring Directors subject to re-election at the AGM are set out below:

**Mr. Liu Fuchun**

*Executive Director and Vice Chairman*

Mr. Liu Fuchun, aged 59, has been an executive Director of the Company and the vice chairman of the Board since 2000. Mr. Liu is also an executive director and the president of China National Cereals, Oils and Foodstuffs Corporation (“COFCO”), the ultimate controlling shareholder of the Company and the managing director of COFCO (Hong Kong) Limited (“COFCO HK”), the intermediate controlling shareholder of the Company. Mr. Liu had been responsible for COFCO’s trading business for years and now oversees COFCO’s major investments, including various Coca-Cola bottling plants and edible oils refinery plants. Mr. Liu graduated from the University of International Business and Economics in Beijing and has more than 31 years of experience in international trade and management. He worked in North America and Europe for years.

Mr. Liu is also the chairman of each of Eastocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. and Yellowsea Oils & Grains Industries (Shandong) Co., Ltd., both of which are subsidiaries of the Company, and the chairman of each of Northsea Oils & Grains Industries (Tianjin) Co., Ltd. and Great Ocean Oil & Grain Industries (Fang Cheng Gang) Co., Ltd, both of which are associates of the Company.

Mr. Liu did not hold any other directorships in listed companies during the last three years.

Mr. Liu has no written service contract with the Company. His appointment does not provide for a specified length of service period, but he is subject to the provisions on retirement by rotation and re-election of Directors under the Bye-Laws. After obtaining authorization from Shareholders at the AGM, the Board may fix Mr. Liu’s emoluments, which will be determined with reference to his responsibilities undertaken, contribution to the Company, and the prevailing market level of remuneration for executives of similar position. His emolument recorded in 2005 was HK\$2,240,000.00.

Save as disclosed above, Mr. Liu is not related to any Directors, senior management, or any other substantial Shareholders of the Company.

As at the Latest Practicable Date, Mr. Liu is interested within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) in 1,350,000 Shares of the Company, and in 8,550,000 share options and underlying shares.

Save as disclosed herein, the Board is not aware of any information to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h)-(v) of the Listing Rules, nor is there any other matters relating to Mr. Liu’s re-election that need to be brought to the attention of the Shareholders.

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## APPENDIX 3 PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

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### **Mr. Liu Yongfu**

*Executive Director*

Mr. Liu Yongfu, aged 51, has been an executive Director of the Company since 2000. He is also an executive director and a vice president of COFCO and a director of COFCO (HK). Mr. Liu graduated from the University of Wuhan and has more than 21 years of experience in trading of grains, oils, feedstuffs and foodstuffs. He joined COFCO in 1976 and worked in Japan for years.

Mr. Liu did not hold any other directorships in listed companies during the last three years.

Mr. Liu has no written service contract with the Company. His appointment does not provide for a specified length of service period, but he is subject to the provisions on retirement by rotation and re-election of Directors under the Bye-laws. After obtaining authorization from Shareholders at the AGM, the Board may fix Mr. Liu's emoluments, which will be determined with reference to his responsibilities undertaken, contribution to the Company, and the prevailing market level of remuneration for executives of similar position. His emolument recorded in 2005 was HK\$200,000.00.

Save as disclosed above, Mr. Liu is not related to any Directors, senior management, or any other substantial Shareholders of the Company.

As at the Latest Practicable Date, Mr. Liu is interested within the meaning of Part XV of SFO in 900,000 Shares of the Company, and in 5,700,000 Share options and underlying shares.

Save as disclosed herein, the Board is not aware of any information to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h)-(v) of the Listing Rules, nor is there any other matters relating to Mr. Liu's re-election that need to be brought to the attention of the Shareholders.

### **Mr. Xue Guoping**

*Executive Director*

Mr. Xue Guoping, aged 55, has been an executive Director of the Company since 1995. He is also an executive director and a vice president of COFCO and a deputy managing director of COFCO (HK). Mr. Xue graduated from the University of International Business and Economics in Beijing. He has more than 30 years of experience in international trade and management. He joined COFCO in 1976 and has work overseas for more than 10 years.

Mr. Xue did not hold any other directorships in listed companies during the last three years.

Mr. Xue has no written service contract with the Company. His appointment does not provide for a specified length of service period, but he is subject to the provisions on retirement by rotation and re-election of Directors under the Bye-Laws. After obtaining authorization from Shareholders at the AGM, the Board may fix Mr. Xue's emoluments, which will be determined with reference to his responsibilities undertaken, contribution to the Company, and the prevailing market level of remuneration for executives of similar position. His emolument recorded in 2005 was HK\$200,000.00.

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**APPENDIX 3 PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION**

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Save as disclosed above, Mr. Xue is not related to any Directors, senior management, or any other substantial Shareholders of the Company.

As at the Latest Practicable Date, Mr. Xue is interested within the meaning of Part XV of SFO in 900,000 Shares of the Company, and in 5,700,000 share options and underlying shares.

Save as disclosed herein, the Board is not aware of any information to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h)-(v) of the Listing Rules, nor is there any other matters relating to Mr. Xue's re-election that need to be brought to the attention of the Shareholders.

**Mr. Yu Xubo**

*Executive Director*

Mr. Yu Xubo, aged 40, was appointed as an executive Director of the Company on 18 January 2006. Mr. Yu is currently a vice president of COFCO. He graduated from the University of International Business and Economics in Beijing with a major in international trade. He joined COFCO in 1988 and worked in the United States for years.

Mr. Yu Xubo did not hold any directorship in any listed companies during the last three years.

Mr. Yu Xubo has no written service contract with the Company. His appointment does not provide for a specified length of service period, but he is subject to the provisions on retirement by rotation and re-election of Directors under the Bye-Laws. After obtaining authorization from Shareholders at the AGM, the Board may fix Mr. Yu Xubo's emoluments, which will be determined with reference to his responsibilities undertaken, contribution to the Company, and the prevailing market level of remuneration for executives of similar position.

As at the Latest Practicable Date, Mr. Yu does not have any interest or short position in the Shares, underlying shares of the Company which is required to be disclosed under Part XV of the SFO.

Save as disclosed herein, the Board is not aware of any information to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h)-(v) of the Listing Rules, nor is there any other matters relating to Mr. Yu's re-election that need to be brought to the attention of the Shareholders.

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## APPENDIX 3 PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

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### **Mr. Yuen Tin Fan, Francis**

*Independent Non-Executive Director and Member of the Audit Committee and Remuneration Committee*

Mr. Francis Yuen, aged 53, has been an independent non-executive Director since 1993. He is currently the deputy chairman of each of Pacific Century Perimum Development Limited and PCCW Limited and the chairman of Pacific Century Insurance Holdings Limited, all these companies are listed companies in Hong Kong. He is also the deputy chairman of Pacific Century Group.

Mr. Yuen was chief executive of The Stock Exchange of Hong Kong Limited from 1988 to 1991. He was also a founding director of Hong Kong Securities Clearing Company Limited. He served from 1992 to 1994 as a member of the International Markets Advisory Board of NASDAQ in the United States.

Mr. Yuen is the chairman of the Board of Trustees of the Hong Kong Centre for Economic Research, a member of the Shanghai People's Political Consultative Committee and a member of the Board of Trustees of Shanghai's Fudan University.

Mr Yuen received a Bachelor of Arts degree in economics from the University of Chicago and is currently a member of the Board of Trustees of the university.

Save as disclosed above, Mr. Yuen does not hold any position with the Company or any of its subsidiaries or associates. He has no written service contract with the Company. His appointment does not provide for a specified length of service period, but he is subject to the provisions on retirement by rotation and re-election of Directors under the Bye-Laws. There is no agreement as to Mr. Yuen's emolument. After obtaining authorization from Shareholders at the AGM, the Board may fix Mr. Yuen's emoluments, which will be determined with reference to his responsibilities undertaken, contribution to the Company, and the prevailing market level of remuneration for non-executive directors. His emolument recorded in 2005 was HK\$200,000.00.

Mr. Francis Yuen is not connected with any Directors, senior management or any of the substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Yuen does not have any interest or short position in the Shares, underlying shares of the Company which is required to be disclosed under Part XV of the SFO.

Save as disclosed herein, the Board is not aware of any information to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h)-(v) of the Listing Rules, nor is there any other matters relating to Mr. Yuen's re-election that need to be brought to the attention of the Shareholders.



The proposed amendments to the Bye-Laws have been marked up for ease of reference as follows:–

**Bye-Law 101 – When office of Director to be vacated**

101(A)(vii) if he shall be moved from office by a Special Resolution of the Company under bye-law 117;

TO BE AMENDED “by deleting the words “Special Resolution” from the first line of Bye-Law 101(A)(vii) and substituting therefor the word “Ordinary Resolution”.”

**Bye-Law 117 – Power to remove Director by Special Resolution**

117 The Company may by Special Resolution remove any Director (including a managing or other executive director, but without prejudice to any claim for damages that may thereby arise) before the expiration of his period of office notwithstanding of anything in these bye-laws or in any agreement between person so elected shall hold office for such time only as the Director in whose place he is elected would have held the same if he had not been removed.

TO BE AMENDED “by deleting the words “Special Resolution” from the first line of Bye-Law 117 and substituting therefore the words “Ordinary Resolution”.”

**Bye-Law 111 – Retirement of Directors**

111(A) “At each annual general meeting one-third of the directors for the time being, (or, if their number is not a multiple of three, the number nearest to but less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.” TO BE DELETED

TO BE REPLACED BY

“Every Director (including those appointed for specific terms) shall be subject to retirement by rotation at least once every three years. A retiring director shall be eligible for re-election.”

111(B) “The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election and any Director appointed pursuant to the provisions of bye-law 94. Any further Directors so to retire shall be those of the other Director subject to retirement by rotation who have been longest in office sine their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.” TO BE DELETED AND INTENTIONALLY LEFT BLANK

The following contains the particulars that are required by the Listing Rules to be sent to Shareholders in connection with the proposed general mandate for repurchase of Shares:

- (a) As of the Latest Practicable Date, there were in issue an aggregate of 1,761,239,974 Shares. Based on the number of Shares in issue as of the Latest Practicable Date (and assuming that there is no change in respect of the issued share of the Company as at after the Latest Practicable Date and up to the date of AGM), 176,123,997 Shares are proposed for repurchase. In addition, Shareholders should note that the general mandate covers purchases made or agreed to be made only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by Bermuda law and the Bye-Laws and the date upon which such authority is revoked or varied.
- (b) The Directors have no present intention to repurchase any Shares and, whilst it is not possible to anticipate in advance any specific circumstances in which the Directors might think it appropriate to repurchase Shares, they believe that an ability to do so would give the Company additional flexibility that would be beneficial. The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Company to repurchase securities of the Company on the market. Such repurchases may lead to an enhancement of the net assets and/or earnings per share. Shareholders can be assured that the Directors would only make such purchases in circumstances where they consider them to be in the best interests of the Company because they consider that the Shares can be purchased on favourable terms. The Directors do not expect there to be any material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the published audited financial statements for the year ended 31 December 2005) as a result of repurchases of Shares, even if the mandate is exercised in full. However, no purchase would be made in circumstances that would have a material adverse impact on the working capital of the Company (as compared with the position disclosed in the latest published audited financial statements) unless the Directors consider that such purchases are in the best interests of the Company.
- (c) The Company is empowered under its Memorandum of Association to purchase its Shares pursuant to and in accordance with Section 42A of The Companies Act 1981 of Bermuda. The Bye-Laws supplement the Company's Memorandum of Association by providing that this power is exercisable by the Directors upon such terms and subject to such conditions as they think fit. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the funds of the Company otherwise available for dividend or distribution or the proceeds of a fresh issue of Shares made for the purpose. The amount of premium payable on redemption may only be paid out of funds of the Company otherwise available for dividend or distribution or out of the share premium account of the Company. Should the Directors consider it desirable, they would be able to finance the purchase out of funds borrowed against any of the above-mentioned accounts. In addition, under Bermuda law, in connection with any purchase of Shares, two Directors of the Company would be required to swear an affidavit on the date on which the repurchase takes effect to the effect that either the Company is solvent or that all creditors of the Company have agreed to the purchase or for so long as the Company is listed on the Stock Exchange, the affidavit may,

at the option of the Company, be sworn within 30 days from the end of each calendar quarter giving details of the purchases made during each quarter. Under Bermuda law, the shares so repurchased will be treated as cancelled but the aggregate amount of authorised share capital would not be reduced. The Company is required by the Listing Rules to cancel and destroy all documents of title representing the repurchased Shares as soon as reasonably practicable after settlement of any such repurchase. The listing of all Shares which are purchased by the Company shall be automatically cancelled upon purchase.

- (d) Repurchase of shares will be funded entirely from the Company's available cash or working capital facilities and will, in any event, be made out of funds legally available for such purpose in accordance with the Company's Memorandum of Association and Bye-Laws and Bermuda law.
- (e) None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates of any of the Directors have any present intention, in the event that the proposal is approved by the Shareholders, to sell Shares to the Company.
- (f) No persons who are connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company nor have they undertaken not to sell any of the Shares held by them to the Company in the event that the Company is authorised to make purchases of Shares. In accordance with the Listing Rules, the Company shall not knowingly purchase Shares from a connected person on the Stock Exchange.
- (g) The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of Bermuda, the jurisdiction in which the Company is incorporated, and in accordance with the provisions set out in the Memorandum of Association and Bye-Laws.
- (h) If as a result of a Share repurchase, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a general offer for shares under Rules 26 and 32 of the Takeovers Code.
- (i) As of the Latest Practicable Date, China National Cereals, Oils & Foodstuffs Corporation through its three wholly-owned subsidiaries, COFCO (Hong Kong) Limited, COFCO (BVI) No. 108 Limited and Wide Smart Holdings Limited, (the "Controlling Shareholders") were beneficially interested in 1,204,948,949 Shares representing approximately 68.42% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the aggregate shareholding of the Controlling Shareholders in the Company would be increased to approximately 76.02% of the issued share capital of the Company. Such an increase would not give rise to any obligation to make a mandatory offer under Rules 26 or 32 of the Takeovers Code.

- (j) During each of the six months preceding the date of this circular, no Shares have been repurchased by the Company.
- (k) During each of the twelve months preceding the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as set out as follows:

<b>Month</b>	<b>Per Share</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2005</b>		
April	3.450	3.175
May	3.700	3.275
June	3.900	3.550
July	3.875	3.275
August	3.500	3.250
September	3.600	3.225
October	3.325	2.775
November	3.225	2.875
December	3.475	3.075
<b>2006</b>		
January	4.150	3.475
February	4.575	4.075
March	4.550	3.825
April (up to 24 April 2006)	5.200	4.650