



# PEOPLE'S FOOD HOLDINGS LIMITED

大众食品控股有限公司\*

*(incorporated in Bermuda with limited liability)*

(Stock Code: 708)

## PUBLICATION OF OVERSEAS REGULATORY ANNOUNCEMENTS

The following announcement is a reproduction of the announcement made in Singapore by the Company regarding the unaudited financial results of the Company and its subsidiaries for the three months ended 31 March, 2006. Pursuant to Rule 705(2) of the Listing Manual, the Company is required to announce its financial statements for each of the first three quarters of its financial year. In compliance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the following announcement is made by the Company simultaneously in Singapore and in Hong Kong on 15 May, 2006.

The following announcement is a reproduction of the announcement made in Singapore by People's Food Holdings Limited (the "Company") regarding the unaudited financial results of the Company and its subsidiaries for the three months ended 31 March, 2006. Pursuant to Rule 705(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), the Company is required to announce its financial statements for each of the first three quarters of its financial year. In compliance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (which requires a listed issuer to ensure that if securities of the listed issuer are also listed on other stock exchanges, the Stock Exchange of Hong Kong Limited is simultaneously informed of any information released to any of such other stock exchanges and that such information is released to the market in Hong Kong at the same time as it is released to the other markets), the following announcement is made by the Company simultaneously in Singapore and in Hong Kong on 15 May, 2006.

# PEOPLE'S FOOD HOLDINGS LIMITED

## FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 March 2006

### 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 31 March 2006. These figures have not been audited.

		Group		
		Unaudited Three months period ended 31.03.2006 RMB'000	Unaudited Three months period ended 31.03.2005 RMB'000	Increase/ (Decrease) %
	Note			
Revenue	(1)	2,098,324	1,857,667	13.0
Cost of sales		<u>(1,837,574)</u>	<u>(1,619,772)</u>	13.4
<b>Gross profit</b>		<b>260,750</b>	237,895	9.6
Other income	(2)	3,194	6,737	(52.6)
Selling and distribution costs		(38,214)	(29,830)	28.1
Administrative expenses		(23,043)	(22,470)	2.6
Other operating expenses		<u>(785)</u>	<u>(241)</u>	225.7
<b>Profit from operating activities</b>		<b>201,902</b>	192,091	5.1
Finance costs		(2,901)	(2,847)	1.9
Share of profits of associates		<u>25,016</u>	<u>23,640</u>	5.8
<b>Profit before tax</b>		<b>224,017</b>	212,884	5.2
Tax		<u>(53,028)</u>	<u>(45,862)</u>	15.6
<b>Profit for the period</b>		<b><u>170,989</u></b>	<b><u>167,022</u></b>	2.4

Note:

- (1) A further analysis of the Group's revenue by products is set out in Item (13).
- (2) Other income comprised mainly interest income. The decline in other income was attributed to lower cash deposits and the absence of income from sale of miscellaneous scrap materials earned in 1Q 2005.

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 31.03.2006 RMB'000	Audited 31.12.2005 RMB'000	Unaudited 31.03.2006 RMB'000	Audited 31.12.2005 RMB'000
<b>ASSETS AND LIABILITIES</b>				
<b>NON-CURRENT ASSETS</b>				
Investments in subsidiaries	—	—	497,043	497,043
Interests in associates	444,092	419,076	—	—
Property, plant and equipment	2,325,665	2,333,599	—	—
Deposits	5,486	8,055	—	—
	<u>2,775,243</u>	<u>2,760,730</u>	<u>497,043</u>	<u>497,043</u>
<b>CURRENT ASSETS</b>				
Inventories	679,507	880,942	—	—
Trade debtors	26,150	24,420	—	—
Due from subsidiaries	—	—	1,087,731	1,081,765
Deposits, prepayments and other receivables	2,260	2,336	—	—
Cash and bank balances	652,305	327,758	24	24
	<u>1,360,222</u>	<u>1,235,456</u>	<u>1,087,755</u>	<u>1,081,789</u>
<b>TOTAL ASSETS</b>	<b>4,135,465</b>	<b>3,996,186</b>	<b>1,584,798</b>	<b>1,578,832</b>
<b>CURRENT LIABILITIES</b>				
Trade creditors	87,137	75,599	—	—
Accruals and other creditors	151,791	196,611	2,763	3,246
Due to a subsidiary	—	—	404,325	402,765
Interest-bearing bank loans	180,000	180,000	—	—
Provision for tax	54,126	52,554	—	—
	<u>473,054</u>	<u>504,764</u>	<u>407,088</u>	<u>406,011</u>
<b>NET CURRENT ASSETS</b>	<b>887,168</b>	<b>730,692</b>	<b>680,667</b>	<b>675,778</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b><u>3,662,411</u></b>	<b><u>3,491,422</u></b>	<b><u>1,177,710</u></b>	<b><u>1,172,821</u></b>
<b>EQUITY</b>				
Equity attributable to equity holders of the parent				
Issued capital	601,753	601,753	601,753	601,753
Proposed final dividend	111,902	111,902	111,902	111,902
Reserves	2,948,756	2,777,767	464,055	459,166
<b>TOTAL EQUITY</b>	<b><u>3,662,411</u></b>	<b><u>3,491,422</u></b>	<b><u>1,177,710</u></b>	<b><u>1,172,821</u></b>

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

*Amount repayable in one year or less, or on demand*

<b>As at 31.03.2006</b>		<b>As at 31.12.2005</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NIL</b>	<b>180,000</b>	<b>NIL</b>	<b>180,000</b>

*Amount repayable after one year*

<b>As at 31.03.2006</b>		<b>As at 31.12.2005</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

*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.**

	<b>Group</b>	
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>Three months</b>	<b>Three months</b>
	<b>period ended</b>	<b>period ended</b>
	<b>31.03.2006</b>	<b>31.03.2005</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	<b>224,017</b>	212,884
Adjustments for:		
Depreciation	<b>49,484</b>	32,773
Interest expenses	<b>2,901</b>	2,847
Interest income	<b>(638)</b>	(1,144)
Share of profits of associates	<b>(25,016)</b>	(23,640)
<b>Operating profit before working capital changes</b>	<b>250,748</b>	223,720
Increase in trade debtors	<b>(1,730)</b>	(13,132)
Decrease in inventories	<b>201,435</b>	59,749
Decrease in deposits, prepayments and other receivables	<b>76</b>	9,725
Increase in trade creditors	<b>11,538</b>	33,548
(Decrease)/increase in accruals and other creditors	<b>(44,820)</b>	19,467
<b>Cash generated from operations</b>	<b>417,247</b>	333,077
Interest paid	<b>(2,901)</b>	(2,847)
Interest received	<b>638</b>	1,144
Tax paid	<b>(51,456)</b>	(29,052)
<b>Net cash generated from operating activities</b>	<b>363,528</b>	302,322
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(41,550)</b>	(53,590)
Decrease in deposits for acquisition of property, plant and equipment	<b>2,569</b>	(936)
Decrease in time deposits with original maturity of more than three months when acquired	<b>—</b>	30,000

	<b>Group</b>	
	<b>Unaudited Three months period ended 31.03.2006 RMB'000</b>	<b>Unaudited Three months period ended 31.03.2005 RMB'000</b>
<b>Net cash used in investing activities</b>	<b>(38,981)</b>	<b>(24,526)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank loans	<b>30,000</b>	30,000
Repayment of bank loans	<b>(30,000)</b>	<b>(30,000)</b>
<b>Net cash used in financing activities</b>	<b>—</b>	<b>—</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>324,547</b>	277,796
Cash and cash equivalents at beginning of period	<b>327,758</b>	1,176,918
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>652,305</b>	1,454,714
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>652,305</b>	1,497,214
Time deposits with original maturity of more than three months when acquired	<b>—</b>	<b>(42,500)</b>
<b>Cash and cash equivalents at end of period</b>	<b>652,305</b>	1,454,714

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.**

<b>Group</b>	<b>Issued capital RMB'000</b>	<b>Share premium account RMB'000 (Note 2)</b>	<b>Capital redemption reserve RMB'000 (Note 2)</b>	<b>Statutory reserves RMB'000 (Note 1, 2)</b>	<b>Retained profits RMB'000 (Note 2)</b>	<b>Proposed final dividend RMB'000</b>	<b>Total RMB'000</b>
Balance at 1 January 2005	603,343	557,229	—	206,290	1,714,851	126,932	3,208,645
Transfer to statutory reserves							
— subsidiaries	—	—	—	12,440	(12,440)	—	—
— associates	—	—	—	2,364	(2,364)	—	—
Profit for the period							
— subsidiaries	—	—	—	—	143,382	—	143,382
— associates	—	—	—	—	23,640	—	23,640
<b>Balance at 31 March 2005</b>	<b>603,343</b>	<b>557,229</b>	<b>—</b>	<b>221,094</b>	<b>1,867,069</b>	<b>126,932</b>	<b>3,375,667</b>
<b>Represented by:</b>							
<b>Company and subsidiaries</b>	603,343	557,229	—	216,546	1,826,139	126,932	3,330,189
<b>Associates</b>	—	—	—	4,548	40,930	—	45,478
<b>As at 31 March 2005</b>	<b>603,343</b>	<b>557,229</b>	<b>—</b>	<b>221,094</b>	<b>1,867,069</b>	<b>126,932</b>	<b>3,375,667</b>
Balance at 1 January 2006	601,753	545,992	1,590	243,732	1,986,453	111,902	3,491,422
Transfer to statutory reserves							
— subsidiaries	—	—	—	4,370	(4,370)	—	—
— associates	—	—	—	2,502	(2,502)	—	—
Profit for the period							

<b>Group</b>	<b>Issued capital</b> <i>RMB'000</i>	<b>Share premium account</b> <i>RMB'000</i> <i>(Note 2)</i>	<b>Capital redemption reserve</b> <i>RMB'000</i> <i>(Note 2)</i>	<b>Statutory reserves</b> <i>RMB'000</i> <i>(Note 1, 2)</i>	<b>Retained profits</b> <i>RMB'000</i> <i>(Note 2)</i>	<b>Proposed final dividend</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
— subsidiaries	—	—	—	—	145,973	—	145,973
— associates	—	—	—	—	25,016	—	25,016
Balance at 31 March 2006	<u>601,753</u>	<u>545,992</u>	<u>1,590</u>	<u>250,604</u>	<u>2,150,570</u>	<u>111,902</u>	<u>3,662,411</u>
<b>Represented by:</b>							
<b>Company and subsidiaries</b>	601,753	545,992	1,590	236,372	2,022,487	111,902	3,520,096
<b>Associates</b>	—	—	—	14,232	128,083	—	142,315
<b>As at 31 March 2006</b>	<u>601,753</u>	<u>545,992</u>	<u>1,590</u>	<u>250,604</u>	<u>2,150,570</u>	<u>111,902</u>	<u>3,662,411</u>

<b>Company</b>	<b>Issued capital</b> <i>RMB'000</i>	<b>Share premium account</b> <i>RMB'000</i> <i>(Note 2)</i>	<b>Capital redemption reserve</b> <i>RMB'000</i> <i>(Note 2)</i>	<b>Accumulated losses</b> <i>RMB'000</i> <i>(Note 2)</i>	<b>Proposed final dividend</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Balance at 1 January 2005	603,343	557,229	—	(106,739)	126,932	1,180,765
Profit for the period	—	—	—	(985)	—	(985)
Balance at 31 March 2005	<u>603,343</u>	<u>557,229</u>	<u>—</u>	<u>(107,724)</u>	<u>126,932</u>	<u>1,179,780</u>
Balance at 1 January 2006	601,753	545,992	1,590	(88,416)	111,902	1,172,821
Profit for the period	—	—	—	4,889	—	4,889
Balance at 31 March 2006	<u>601,753</u>	<u>545,992</u>	<u>1,590</u>	<u>(83,527)</u>	<u>111,902</u>	<u>1,177,710</u>

*Notes:*

- In accordance with relevant regulations in the People's Republic of China ("PRC"), 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 31 March 2006, these consolidated reserve accounts comprised the consolidated reserves of approximately RMB2,948,756,000 (31 March 2005: approximately RMB2,645,392,000) in the consolidated balance sheet. As at 31 March 2006, these reserve accounts of the Company comprised the Company's reserves of approximately RMB464,055,000 (31 March 2005: approximately RMB449,505,000) 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.**

Not applicable

**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 by the Company's auditors.

**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 Group has adopted the same accounting policies and methods of computations as stated in the audited financial statements for the year ended 31 December 2005, except for the adoption of the revised International Financial Reporting Standards (IFRSs) which became effective for financial year beginning on or after 1 January 2006. The adoption of these revised IFRSs did not give rise to significant changes to the financial statements.

**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.**

Not applicable

**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.**

<b>Group</b>	
<b>Unaudited</b>	<b>Unaudited</b>
<b>Three</b>	<b>Three</b>
<b>months</b>	<b>months</b>
<b>period</b>	<b>period</b>
<b>ended</b>	<b>ended</b>
<b>31.03.2006</b>	<b>31.03.2005</b>

Earnings per ordinary share of the group:

(a) Based on weighted average number of ordinary shares on issue;

and

(b) On a fully diluted basis

<b>RMB0.15</b>	RMB0.15
<b>N/A</b>	N/A

Basic earnings per share for the three months period ended 31 March 2006 are calculated based on the Group's profit for the period of approximately RMB170,989,000 (1Q 2005: approximately RMB167,022,000) divided by 1,130,324,723 ordinary shares of HK\$0.50 each (1Q 2005: 1,133,324,723 ordinary shares of HK\$0.50 each) in issue during the period.

Diluted earnings per share for the three months period ended 31 March 2006 and 2005 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.

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited</b> <b>31.03.2006</b>	<b>Audited</b> 31.12.2005	<b>Unaudited</b> <b>31.03.2006</b>	<b>Audited</b> 31.12.2005
Net asset value per ordinary share based on issued share capital at the end of:	<b>RMB3.24</b>	RMB3.09	<b>RMB1.04</b>	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 had announced in June 2005 the construction of a new production plant in Jiutai of Jilin 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 construction of Jiutai plant has progressed as scheduled and the management expects commissioning of the plant in the second half of 2006.

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

## **RESULTS OF OPERATIONS**

### **1Q 2006 compared to 1Q 2005**

#### ***Revenue***

The Group's revenue increased by 13.0% from RMB1.86 billion to RMB2.10 billion. This increase was volume driven, due to improved output from its production plants in the quarter under review.

#### ***High Temperature Meat Products ("HTMP")***

Sales of HTMP increased slightly by 2.3%, from RMB454.3 million in to RMB464.6 million due mainly to the Group's shift in focus to increase its sales of Fresh Pork and LTMP.



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

Sales of Fresh Pork and LTMP continue to grow, increasing by 25.9% and 15.0% respectively. Sales of Fresh Pork for 1Q 2006 was RMB458.0 million compared to RMB363.7 million in 1Q 2005, whilst sales of LTMP was RMB154.4 million in 1Q 2006 compared to RMB134.3 million in the previous corresponding period, due to higher market demand for these premium products.

### *Frozen Pork and Pig By products*

Sales of Frozen Pork decreased 2.3% from RMB530.2 million to RMB518.2 million. The fall was due to more resources being devoted to Fresh Pork and LTMP. Revenue contribution from Pig By products, on the other hand saw an increase of 35.8% from RMB359.3 million to RMB487.9 million, exhibiting the strong market demand for these products.

### **Gross profit**

Gross profit improved by 9.6% to RMB260.8 million from RMB237.9 million.

### **Expenses**

Selling and distribution costs increased by 28.1% to RMB38.2 million from RMB29.8 million due mainly to higher sales achieved as well as higher promotional expenses incurred. Administrative expenses rose by 2.6% to RMB23.0 million from RMB22.5 million. Other operating expenses increased sharply due to a rise in research and development expenditure.

### **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, being wholly-owned subsidiaries of the Company, established as wholly foreign-owned enterprises (“WOFEs”) in the PRC, are entitled to an exemption from the 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 financial years of its 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 (2005: 33%).

Upon expiry of the Tax Holiday in the financial year ended 31 December 2005, Linyi Minsheng is subject to an income tax rate of 33% on its assessable profit for the year (2005: 18%).

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 and Meishan 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 and Meishan 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 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, Xiangtan Jinluo is subject to the reduced tax rate of 18% for the six financial years from 1 January 2005 to 31 December 2010.

The two years' tax exemption periods for Qiqihaer Jinluo has commenced in the financial year ended 31 December 2005 under local jurisdiction.

The two years' tax exemption periods for Dezhou Jinluo commenced in the financial year ended 31 December 2004 under local jurisdiction and upon the expiry of two years' tax exemption periods in the financial year ended 31 December 2005, Dezhou Jinluo is subject to the reduced tax rate of 18% for the three financial years from 1 January 2006 to 31 December 2008.

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

The effective income tax rate of the Group for 1Q 2006 was approximately 26.6% as compared to 24.2% in 1Q 2005.

#### ***Share of profits of associates***

Net profit of the Group's associate company, Pine Agritech Limited ("Pine") reached RMB68.1 million in 1Q 2006 and RMB48.3 million in 1Q 2005. The Group's share of profits from associates saw a contribution of RMB25.0 million in 1Q 2006 and RMB23.6 million in 1Q 2005.

#### ***Profit for the period***

The Group's profit for the period was RMB171.0 million, an improvement of 2.4% over RMB167.0 million achieved in 1Q 2005.

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

Not applicable

**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.**

Management will focus on sales and marketing efforts production improvements and market development and expansion. The Group will continue to expand geographically in the PRC and to develop higher value products to grow and improve its margins.

Management will continue to closely monitor livestock-related diseases and maintain its strict quality control and quarantine procedures to safeguard and protect its operations.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

NONE

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

Any dividend declared for the corresponding period of the immediately preceding financial year?  
NONE

(c) *Date payable*

Not applicable

(d) *Books closure date*

Not applicable

**12. If no dividend has been declared/recommendeded, 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 31.03.2006 RMB'000	% of total	Three months period ended 31.03.2005 RMB'000	% of total	% Change
<b>Revenue</b>					
Frozen Pork	518,221	24.7%	530,240	28.5%	-2.3%
Fresh Pork	458,020	21.8%	363,709	19.6%	25.9%
HTMP	464,559	22.1%	454,288	24.5%	2.3%
LTMP	154,443	7.4%	134,321	7.2%	15.0%
Pig By products	487,946	23.3%	359,310	19.3%	35.8%
Frozen Chicken	15,135	0.7%	15,799	0.9%	-4.2%
	<u>2,098,324</u>	100.0%	<u>1,857,667</u>	100.0%	13.0%
<b>Profit before tax and Share of profits of associates</b>					
Frozen Pork	39,369	19.8%	48,260	25.5%	-18.4%
Fresh Pork	52,519	26.4%	41,308	21.8%	27.1%
HTMP	54,969	27.6%	48,071	25.4%	14.3%
LTMP	20,966	10.5%	20,879	11.0%	0.4%
Pig By products	30,371	15.3%	30,225	16.0%	0.5%
Frozen Chicken	807	0.4%	501	0.3%	61.1%
	<u>199,001</u>	100.0%	<u>189,244</u>	100.0%	5.2%

**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)*

	<b>Latest Full Year RMB'000</b>	Previous Full Year RMB'000
Ordinary	<b>Nil</b>	426,132
Preference	<u>N/A</u>	<u>N/A</u>
Total:	<u><u>Nil</u></u>	<u><u>426,132</u></u>

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

Hong Kong, 15 May 2006

*\* 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**.*