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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 a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities in C.P. Pokphand Co. Ltd., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank, a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**C.P. POKPHAND CO. LTD.**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 43)

- (1) PROPOSED CAPITAL REORGANISATION,**
- (2) CONNECTED TRANSACTION AND SPECIAL MANDATE:  
PROPOSED ISSUE OF THE SUBSCRIPTION SHARES  
(WITH WARRANTS) OF C.P. POKPHAND CO. LTD.,**
- (3) APPLICATION FOR THE GRANTING OF THE WHITEWASH WAIVER,**
- (4) AMENDMENTS TO THE BYE-LAWS AND**
- (5) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



**Kingsway Capital Limited**

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A letter from the Board of C.P. Pokphand Co. Ltd. is set out on pages 7 to 22 of this circular. A letter from the Independent Board Committee is set out on pages 23 to 24 of this circular. A letter from Kingsway containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 39 of this circular.

A notice convening the Special General Meeting of C.P. Pokphand Co. Ltd. to be held at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong on Thursday, 21st April, 2005 at 9:30 a.m., is set out on pages 257 to 261 of this circular.

Whether or not you are able to attend the Special General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the said meeting or any adjourned meeting should you so wish.

29th March, 2005

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## EXPECTED TIMETABLE

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2005

Time and date of the Special General Meeting . . . . .	9:30 a.m. on Thursday, 21st April
Publication of the results of the Special General Meeting . . . . .	Friday, 22nd April
Effective date of the Capital Reorganisation . . . . .	Friday, 22nd April
Dealings in the Adjusted Shares on the Stock Exchange commence . . . . .	9:30 a.m. on Friday, 22nd April
Free exchange of certificates for existing Shares for certificates for Adjusted Shares commences . . . . .	Friday, 22nd April
Free exchange of certificates for existing Shares for certificates for Adjusted Shares ends . . . . .	Friday, 20th May

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## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement issued by the Company dated 2nd March, 2005
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Adjusted Shares”	shares of nominal value US\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“B.I. Appraisals”	B.I. Appraisals Limited, an independent firm of chartered surveyors
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Capital Adjustment”	the cancellation of the authorised but unissued Shares and the increase of the authorised share capital of the Company to its original level by the creation of the requisite number of Adjusted Shares
“Capital Reduction”	the proposed reduction of the paid-up capital and nominal value of each of the issued Shares from US\$0.05 each to US\$0.01 by the cancellation of US\$0.04 paid-up on each issued Share (and the proposed amendment(s) of the Bye-laws)
“Capital Reorganisation”	the Capital Reduction and the Capital Adjustment
“Castores”	Castores Magi (Hong Kong) Limited, an independent firm of chartered surveyors
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“Chearavanont Company”	any company in which any of the Chearavanont Members individually or taken together is/are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting rights at general meetings

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## DEFINITIONS

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“Chearavanont Members”	Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Dhanin Chearavanont and Mr. Sumet Jiaravanon
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“Company”	C.P. Pokphand Co. Ltd., an exempted company incorporated in Bermuda with limited liability, whose shares are listed and traded on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“CPI”	CPI Holding Co., Ltd., the controlling shareholder of the Company, is owned as to approximately 51.31% by the Chearavanont Members on an aggregate basis
“Directors”	directors of the Company (including independent non-executive directors of the Company)
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Board Committee”	the independent committee of the Board comprising Mr. Budiman Elkana and Mr. Cheung Koon Yuet, Peter, independent non-executive Directors which has been established to advise the Independent Shareholders
“Independent Shareholders”	Shareholders other than CPI (including parties acting in concert with it) and their respective associates and those who are interested in or involved in the Subscription
“Kingsway”	Kingsway Capital Limited, a licensed corporation for type 6 regulated activities as set out in Schedule 5 of the SFO, appointed as independent financial adviser to the Independent Board Committee and the Independent Shareholders

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## DEFINITIONS

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“Latest Practicable Date”	24th March, 2005, being the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Registrars”	the branch share registrar of the Company in Hong Kong, namely Computershare Hong Kong Investor Services Limited of 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to repurchase the shares of the Company not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company immediately following the Capital Reorganisation becoming effective, being the mandate referred to in resolution numbered (5) in the notice of the Special General Meeting
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of Shares (or Adjusted Shares, as the case may be) from time to time
“Share Issue Mandate”	a general mandate proposed to be granted to the Directors to allot, issue and deal with additional shares of the Company not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company immediately following the Capital Reorganisation becoming effective (such mandate be extended to shares repurchased by the Company pursuant to the Repurchase Mandate), being the mandate referred to in resolution numbered (4) in the notice of the Special General Meeting
“Share Options”	the outstanding share options to subscribe for 460,896,156 Shares (or Adjusted Shares, as the case may be) (subject to adjustment) granted pursuant to the old and the existing share option schemes of the Company adopted on 10th April, 1992 (which expired on 10th April, 2002), and 26th November, 2002 respectively

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## DEFINITIONS

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“Shares”	shares of nominal value US\$0.05 each in the share capital of the Company
“Special General Meeting”	the special general meeting of the Company to be held on 21st April, 2005 at 9:30 a.m. and, if thought fit, approve, among other things, the Capital Reorganisation, the transactions contemplated under the Subscription Agreement, the Whitewash Waiver, the amendments to the Bye-laws and the granting of the Share Issue Mandate and the Repurchase Mandate, notice of which is set out on pages 257 to 261 of this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Worth Access of the Subscription Shares (which shall be issued with the Warrants) pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 2nd March, 2005 entered into between the Company and Worth Access in relation to the subscription of the Subscription Shares (which shall be issued with the Warrants)
“Subscription Price”	the subscription price of HK\$0.32 per Subscription Share
“Subscription Share(s)”	731,250,000 new Adjusted Shares to be allotted and issued by the Company to Worth Access pursuant to the Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US\$”	United States dollars, the lawful currency of the United States
“Warrant Issue Date”	the date on which the Warrants will be issued by the Company
“Warrants”	warrants proposed to be issued by the Company entitling the holders thereof to subscribe for up to 577,940,000 new Adjusted Shares in aggregate
“Warrant Exercise Shares”	up to 577,940,000 Adjusted Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants

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## DEFINITIONS

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“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 to the Notes on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Worth Access and parties acting in concert with it to make a mandatory general offer for all the Adjusted Shares and Share Options not already owned by Worth Access or parties acting in concert with it which would arise as a result of Worth Access taking up Subscription Shares pursuant to the Subscription Agreement
“Worth Access”	Worth Access Trading Limited, a company incorporated in the British Virgin Islands whose registered office is at Offshore Incorporations Limited, P. O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands and correspondence address is at Suite 1901, 19/F., Asian House, 1 Hennessy Road, Wanchai, Hong Kong, which is indirectly owned as to approximately 51.31% by the Chearavanont Members on an aggregate basis
“%”	per cent

*For the purpose of this circular, translation of US\$ into HK\$ is made for illustration purposes only at the exchange rate of US\$1.00 to HK\$7.80.*



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## LETTER FROM THE BOARD

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# C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

*Directors:*

Mr. Jaran Chiaravanont  
Mr. Montri Jiaravanont  
Mr. Dhanin Chearavanont  
Mr. Sumet Jiaravanon  
Mr. Prasert Poongkumarn  
Mr. Min Tiewanworn  
Mr. Thirayut Phitya-Isarakul  
Mr. Thanakorn Seriburi  
Mr. Veeravat Kanchanadul  
Mr. Budiman Elkana\*  
Mr. Cheung Koon Yuet, Peter\*

*Registered Office:*

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

*Principal Place of Business:*

21st Floor  
Far East Finance Centre  
16 Harcourt Road  
Hong Kong

\* Independent non-executive Directors

29th March, 2005

*To Shareholders*

Dear Sirs,

- (1) PROPOSED CAPITAL REORGANISATION,  
(2) CONNECTED TRANSACTION AND SPECIAL MANDATE:  
PROPOSED ISSUE OF THE SUBSCRIPTION SHARES  
(WITH WARRANTS) OF C.P. POKPHAND CO. LTD.,  
(3) APPLICATION FOR THE GRANTING OF THE WHITEWASH WAIVER,  
(4) AMENDMENTS TO THE BYE-LAWS AND  
(5) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

It was announced that the Board proposes to put forward a proposal for approval of the Shareholders for the Capital Reorganisation. It was also announced that Worth Access entered into the Subscription Agreement dated 2nd March, 2005 with the Company for the conditional subscription of the Subscription Shares at a price of HK\$0.32 each for an aggregate consideration of HK\$234,000,000. Under the Subscription Agreement, the Subscription Shares will be issued with the Warrants.

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## LETTER FROM THE BOARD

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Worth Access is an associate of the controlling shareholder of the Company and therefore is a connected person of the Company under the Listing Rules. Accordingly, the Subscription constitutes a connected transaction for the Company under Rule 14A.16(5) of the Listing Rules and is required to be made conditional upon the approval of the Independent Shareholders at the Special General Meeting by way of poll. CPI (including parties acting in concert with it) and their respective associates and those who are interested in or involved in the Subscription will abstain from voting in relation to the relevant resolutions at the Special General Meeting. The Subscription is also conditional on the Whitewash Waiver being obtained.

An application has been made by Worth Access and parties acting in concert with it to the Executive for the granting of the Whitewash Waiver. The Executive has indicated that he will agree, subject to the approval of the Independent Shareholders on a vote by way of poll, to grant the Whitewash Waiver. Completion of the Subscription is conditional upon, among other things, the granting of the Whitewash Waiver by the Executive. If the Whitewash Waiver is not granted by the Executive, the Subscription Agreement will lapse.

The purpose of this circular is to provide you with further details relating to the Capital Reorganisation, the Subscription, the Whitewash Waiver, the amendment to the Bye-laws and the granting of the Share Issue Mandate and the Repurchase Mandate, to set out the letter of recommendation from the Independent Board Committee, the letter from Kingsway to the Independent Board Committee and the Independent Shareholders and the notice of the Special General Meeting.

### **PROPOSED CAPITAL REORGANISATION**

The Directors propose that the share capital of the Company be reorganised in the following manner:

- (1) the paid-up capital and nominal value of each issued Share be reduced from US\$0.05 to US\$0.01 by cancelling paid-up capital to the extent of US\$0.04 on each issued Share (and the necessary amendment(s) be made to the Bye-laws);
- (2) the authorised but unissued Shares be cancelled and the authorised share capital of the Company be increased to the original level by the creation of the requisite number of Adjusted Shares; and
- (3) the credit of US\$86,339,231 (based on 2,158,480,786 Shares in issue as at the Latest Practicable Date) or US\$104,775,078 (based on 2,619,376,942 Shares in issue, assuming the subscription rights attaching to all the outstanding Share Options are exercised before the Capital Reorganisation becomes effective) arising from the Capital Reduction will be applied to the contributed surplus account of the Company, where it may be utilized by the Directors in accordance with the Bye-laws and all applicable laws, including to eliminate the accumulated losses of the Company.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the authorised share capital of the Company is US\$150,000,000 divided into 3,000,000,000 Shares of US\$0.05 each, of which 2,158,480,786 Shares are in issue. Immediately upon the Capital Reorganisation having become effective, the authorised share capital will be US\$150,000,000 divided into 15,000,000,000 Adjusted Shares, of which 2,158,480,786 Adjusted Shares will be issued (assuming no outstanding Share Options are exercised).

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares.

Subject to the granting of listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **REASONS FOR AND EFFECT OF THE CAPITAL REORGANISATION**

As mentioned below, the Company proposes to raise new equity by way of the Subscription, under which the Subscription Shares will be issued at HK\$0.32 per Subscription Share. Under the Companies Act, it is not possible for the Company to issue the Subscription Shares at a price below the par value per Share which stands at US\$0.05 (approximately HK\$0.39). The implementation of the Capital Reorganisation will allow the Company, immediately following the Capital Reorganisation becoming effective, to proceed with the Subscription upon the terms proposed.

With the implementation of the Capital Reorganisation, the credit of US\$86,339,231 (based on the 2,158,480,786 Shares in issue as at the Latest Practicable Date) or US\$104,775,078 based on 2,619,376,942 Shares in issue assuming the subscription rights attaching to all the outstanding Share Options are exercised before the Capital Reorganisation becomes effective) will be applied to the contributed surplus account of the Company, where it may be utilized by the Directors in accordance with the Bye-laws and all applicable laws, including to eliminate the accumulated losses of the Company. The Directors advise that the Company's results announcement for the year ended 31st December, 2004 is expected to be issued by the end of March, 2005. In other words, the audited accumulated losses of the Company as at 31st December, 2004 will only be ascertained by that time; hence, it is not possible now to ascertain the net effect of the above-mentioned elimination in monetary terms in this circular. For information purposes, the audited accumulated losses of the Company for the year ended 31st December, 2003 stood at US\$66,496,000. The Capital Reorganisation will have no material effect on the consolidated net assets of the Group. Other than the expenses to be incurred by the Company in relation to the Capital Reorganisation, the implementation thereof will not, by itself, materially alter the underlying assets, business operations, management or financial position of the Group or the interests of the Shareholders as a whole. As at the Latest Practicable Date, 460,896,156 Shares are subject to the outstanding Share Options. No adjustment will be made to the exercise price of the Share Options as a result of the Capital Reorganisation.

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## LETTER FROM THE BOARD

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### **CONDITIONS OF THE CAPITAL REORGANISATION**

The implementation of the Capital Reorganisation is conditional upon, among other things:

- (1) the passing of a special resolution to approve the Capital Reorganisation by the Shareholders at the Special General Meeting;
- (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares; and
- (3) the proper compliance with section 46 of the Companies Act in relation to the Capital Reduction, including the publication of a notice in relation to the Capital Reduction in Bermuda and a certificate being signed by a Director confirming that on the date as from which the Capital Reduction is to have effect, there are no reasonable grounds for believing that the Company is, and after the Capital Reduction would be, unable to pay its liabilities as they become due.

The Capital Reorganisation is not conditional upon the implementation of the Subscription.

### **FREE EXCHANGE OF SHARE CERTIFICATES FOR ADJUSTED SHARES AND TRADING ARRANGEMENTS**

Upon the Capital Reorganisation becoming effective, the Shareholders may on or after the date on which it becomes effective, which is expected to be on or about 22nd April, 2005 for a period of four weeks (ending on or about 20th May, 2005) submit certificates for existing Shares to the Registrars for exchange, at the expense of the Company, for certificates for the corresponding number of Adjusted Shares. Thereafter, certificates for existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 for each new certificate issued for the corresponding number of Adjusted Shares. Nevertheless, certificates for existing Shares will continue to be good evidence of legal title and will continue to be valid for registration purposes.

In order to distinguish between the existing and new certificates, the certificates for the Adjusted Shares will be green in colour but in a different design from the existing certificates for the Shares which are blue and green in colour.

### **AMENDMENTS TO THE BYE-LAWS**

In order to facilitate the Company to proceed with the Capital Reorganisation, the Directors propose to amend Bye-law 3(A) of the Bye-laws to allow the paid-up capital and nominal value of each issued Shares be reduced from US\$0.05 to US\$0.01 by cancelling paid-up capital to the extent of US\$0.04 on each issued Share. Such amendment requires approval by the Shareholders at the Special General Meeting.

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## LETTER FROM THE BOARD

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### THE SUBSCRIPTION AGREEMENT DATED 2ND MARCH, 2005

- Subscriber** : Worth Access
- Issuer** : the Company
- Number of Subscription Shares and the Warrants** : 731,250,000 Subscription Shares, representing approximately 33.88% of the existing issued share capital of the Company, approximately 25.31% of the enlarged issued share capital of the Company immediately after completion of the Subscription and approximately 21.09% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares upon completion of the Subscription and the issue of the Warrant Exercise Shares upon the full exercise of the subscription rights attaching to the Warrants (assuming none of the outstanding Share Options is exercised for the time being).

The Subscription Shares will be issued with Warrants entitling the holder(s) of such Warrants to subscribe for up to an aggregate of 577,940,000 Adjusted Shares at the exercise price during the exercise period as detailed in the paragraph headed “Warrants” below.

- Subscription Price** : HK\$0.32 per Subscription Share for an aggregate consideration of HK\$234,000,000. The net subscription price is approximately HK\$0.313 per Subscription Share. See below under “Issue Price of the Subscription Shares” for a comparison of such Subscription Price with recent closing prices of the Shares.
- Basis of the Subscription Price** : The Subscription Price of HK\$0.32 was determined and negotiated taking into account recent market closing prices of the Shares and the net asset value per Share (see under “Issue Price of the Subscription Shares” below).
- Payment** : The Subscription consideration shall be paid by Worth Access in cash upon completion of the Subscription.

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## LETTER FROM THE BOARD

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**Conditions precedent**

: Completion of the Subscription is conditional upon, among others:

- (1) the passing by the Independent Shareholders at a general meeting of the Company by way of poll of the necessary resolutions to approve (i) the Subscription, (ii) the creation of the Warrants and the issue and allotment of the Subscription Shares, the Warrants and the Warrant Exercise Shares issuable upon the exercise of the subscription rights under the Warrants, (iii) the Whitewash Waiver and (iv) other transactions contemplated under the Subscription Agreement in accordance with the Listing Rules and/or the Takeovers Code;
- (2) the Capital Reorganisation becoming effective;
- (3) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares, the Subscription Shares and the Warrant Exercise Shares;
- (4) the Executive granting the Whitewash Waiver to Worth Access and the parties acting in concert with it and the satisfaction of any conditions attached to the grant of the Whitewash Waiver; and
- (5) if necessary, the Bermuda Monetary Authority granting permission for the allotment and issue of the Subscription Shares and the Warrant Exercise Shares.

In the event that any of the above conditions are not fulfilled on or before 22nd April, 2005 (or such later date as the parties may agree), the Subscription Agreement shall be terminated (and accordingly neither the Subscription Shares nor the Warrants will be issued by the Company). None of the above conditions can be waived by the parties to the Subscription Agreement.

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## LETTER FROM THE BOARD

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### **LISTING RULES IMPLICATIONS OF THE SUBSCRIPTION**

The Subscription involves the issue of the Subscription Shares and the Warrants by the Company to Worth Access and will be subject to the approval of the Independent Shareholders of the Company under Rule 13.36(1) of the Listing Rules. The Company does not have any fund raising activities within 12 months preceding the Latest Practicable Date.

The Chearavanont Members, on an aggregate basis, through CPI, are interested in approximately 49.42% of the issued share capital of the Company. The Chearavanont Members are also indirectly interested in approximately 51.31% in aggregate of the issued share capital of Worth Access. Accordingly, Worth Access is an associate of the controlling shareholder of the Company and therefore is a connected person of the Company under the Listing Rules. In this connection, the Subscription constitutes a connected transaction for the Company under Rule 14A.16(5) of the Listing Rules and is required to be made conditional upon approval by the Independent Shareholders at the Special General Meeting by way of poll. CPI, being the controlling shareholder of the Company, (including parties acting in concert with it) and their respective associates and those who are interested in or involved in the Subscription will abstain from voting at the Special General Meeting.

### **APPLICATION FOR LISTING**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Warrant Exercise Shares.

### **ISSUE PRICE OF THE SUBSCRIPTION SHARES**

The Subscription Price is HK\$0.32 per Subscription Share, which represents:

- a discount of approximately 16.88% to the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a discount of approximately 21.95% to the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on 24th February, 2005, being the last trading day prior to the suspension of trading in the Shares on the Stock Exchange pending the issue of the Announcement;
- a discount of approximately 15.79% to the average closing price of HK\$0.38 per Share as quoted on the Stock Exchange for the 10 trading days up to and including 24th February, 2005;
- a premium of approximately 3.23% over the average closing price of HK\$0.31 per Share as quoted on the Stock Exchange for the 30 trading days up to and including 24th February, 2005; and
- a premium of approximately 6.24% over the unaudited consolidated net asset value per Shares of approximately HK\$0.30 as at 30th June, 2004.

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## LETTER FROM THE BOARD

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### WARRANTS

The principal terms of the Warrants are as follows:-

- Issuer** : the Company
- Size** : full exercise of the Warrants (at the exercise price in the range of HK\$0.45 to HK\$0.55 during the exercise period as detailed below) will result in the issue of an aggregate of 577,940,000 Adjusted Shares, representing approximately 20% of the issued share capital of the Company as enlarged by the Subscription (assuming no other Shares or Adjusted Shares are issued whether upon exercise of the outstanding Share Options or otherwise)
- Exercise Price** :
1. From the Warrant Issue Date to the day immediately preceding the first anniversary of the Warrant Issue Date (the "First Year") HK\$0.45 per Adjusted Share (subject to adjustment)
  2. From the date of the first anniversary of the Warrant Issue Date to the day immediately preceding the second anniversary of the Warrant Issue Date (the "Second Year") HK\$0.50 per Adjusted Share (subject to adjustment)
  3. From the date of the second anniversary of the Warrant Issue Date to the day immediately preceding the third anniversary of the Warrant Issue Date (the "Third Year") HK\$0.55 per Adjusted Share (subject to adjustment)

Each level in the range of the exercise prices of the Warrants represents a substantial premium to both recent market closing prices of the Shares and the unaudited consolidated net asset value per Share as at 30th June, 2004 (see under "Issue Price of the Subscription Shares" above)



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## LETTER FROM THE BOARD

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Assuming full exercise of the subscription rights attaching to the Warrants in the First Year, the proceeds receivable by the Company of the full exercise of the Warrants will be HK\$260,073,000. If the subscription rights under the Warrants are fully exercised in the Second Year, the proceeds will be HK\$288,970,000, whilst the proceeds will be HK\$317,867,000 if the subscription rights under the Warrants are fully exercised in the Third Year. The Directors currently intend to apply the proceeds (if any) receivable upon the exercise of any of the Warrants for general working capital purposes.

- Exercise Period** : the period commencing from the Warrant Issue Date and ending on the day falling three years from the Warrant Issue Date, both dates inclusive.
- Ranking of the Warrant Exercise Shares** : the Warrant Exercise Shares falling to be issued upon exercise of the subscription rights attaching to the Warrants, when fully paid and issued, will rank equally in all respects with the other Adjusted Shares in issue at the time of exercise, including the right to all dividends and other distributions declared, made or paid.
- Listing** : No application will be made for the listing of the Warrants on the Stock Exchange or any other stock exchange. Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Warrant Exercise Shares.
- Transferability** : Warrants are not transferable without the Company's prior consent unless the transferee is any of the Chearavanont Members or any Chearavanont Company.

### REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the trading of agricultural products, feedmill and poultry operations, the production and sale of motorcycles and accessories of automotives and property and investment holding. Worth Access is an investment holding company.

The Company is indebted to certain bank creditors and the holders of the Company's floating rate notes in the aggregate sum of approximately US\$146.9 million pursuant to a Group Restructuring Agreement dated 28th February, 2001 (as subsequently amended) which is due for final repayment on or before 30th April, 2005 (as extended). The Company is also indebted to a bank in the sum of approximately US\$20.8 million pursuant to bridging loan under a Bridging Facility Agreement dated 22nd December, 2004. The term of the bridging loan is one year from the date on which it is utilized by the Company. Notwithstanding the said term, it is provided in

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## LETTER FROM THE BOARD

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the Bridging Facility Agreement that the Company shall repay such bridging loan on the day it obtains a refinancing facility from any banks and financial institutions or it obtains a new credit facility from a financial institution, whichever is earlier. In order to refinance its existing level of indebtedness, the Company had been in discussions with certain banks and has now received an offer from certain banks of a new loan facility of US\$140 million, subject to various conditions including the execution of the relevant loan and security documentation. One of the conditions for the grant of the new loan facility is that, among other things, the Company would obtain new equity of US\$30 million which shall be applied together with the new loan facility to repay the Company's existing indebtedness to the bank creditors and the holders of the floating rate notes and the bridging loan mentioned above, on or before 30th April, 2005.

The total proceeds of the Subscription will be HK\$234 million (equivalent to approximately US\$30 million), and the net proceeds are estimated to be HK\$229 million, which are intended to be applied in full as part of the total sum required by the Company to repay its indebtedness as mentioned above. The completion of the Subscription will fulfill the condition that the Company obtains new equity of US\$30 million in order to obtain the new loan facility mentioned above.

The Directors consider that the Subscription is an appropriate way for the Company to fulfill the condition as to the raising of new equity mentioned above, to raise new equity finance and to strengthen the financial position of the Group. In this connection, the Directors note that any failure by the Company to meet the requirement to raise new equity of US\$30 million would result in the Company's inability to obtain the above-mentioned new loan facility of US\$140 million, which together with the new equity is intended to be applied to repay the Company's above-mentioned indebtedness or as before 30th April, 2005. Taking the foregoing into account, the Directors consider that the Subscription is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company before and after the issue of the Subscription Shares and the Warrant Exercise Shares is as follows:

	Existing Shareholding as at the Latest Practicable Date		Immediately following completion of the Subscription (Note 1)		Immediately following completion of the Subscription and upon the full exercise of the subscription rights attaching to the Warrants (Note 1)	
	No. of Shares held	approximately %	No. of Adjusted Shares held	approximately %	No. of Adjusted Shares held	approximately %
CPI	1,066,662,834	49.42	1,066,662,834	36.91	1,066,662,834	30.76
Worth Access	-	0	731,250,000	25.31	1,309,190,000	37.76
Jaran Chiaravanont	843,750	0.04	843,750	0.03	843,750	0.02
CPI, Worth Access and other parties acting in concert (Note 2)	1,067,506,584	49.46	1,798,756,584	62.25	2,376,696,584	68.54
Others	1,090,974,202	50.54	1,090,974,202	37.75	1,090,974,202	31.46
	<u>2,158,480,786</u>	<u>100.00</u>	<u>2,889,730,786</u>	<u>100.00</u>	<u>3,467,670,786</u>	<u>100.00</u>

Note:

- Assuming none of the outstanding Share Options is exercised. Apart from the outstanding Share Options, there are no outstanding convertible debts, options or warrants of the Company as at the Latest Practicable Date. If the outstanding Share Options are fully exercised, 460,896,156 Shares (or Adjusted Shares, as the case may be) (subject to adjustment) will be issuable. Following completion of the Subscription, given that the shareholding of CPI, Worth Access and other parties acting in concert with it in the Company will exceed 50%, they may increase their shareholding without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.
- As at the Latest Practicable Date, CPI, Worth Access and other parties acting in concert hold Share Options entitling them to subscribe for 51,200,000 Shares (or Adjusted Shares, as the case may be) (subject to adjustment).

### THE WHITEWASH WAIVER

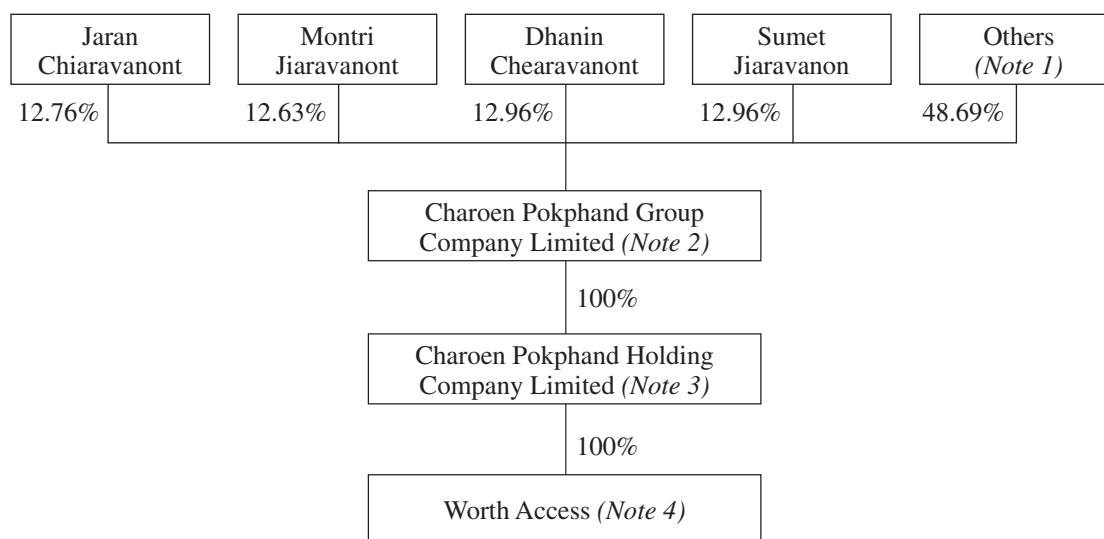
Worth Access together with the parties acting in concert with it (including CPI) collectively hold 1,067,506,584 Shares as at the Latest Practicable Date, representing approximately 49.46% of the issued share capital of the Company. Upon completion of the Subscription, the shareholding

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## LETTER FROM THE BOARD

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interest of Worth Access together with the parties acting in concert with it (including CPI) in the Company will be increased from approximately 49.46% to approximately 62.25% immediately after completion of the Subscription but before exercise of the subscription rights attached to any Warrants and approximately 68.54% immediately after completion of the Subscription and assuming full exercise of the subscription rights attaching to the Warrants. Accordingly, Worth Access and the parties acting in concert with it (including CPI) would incur a mandatory offer obligation under Rule 26.1 of the Takeovers Code upon the taking up of the Subscription Shares under the Subscription by Worth Access. The shareholding structure of Worth Access as at the Latest Practicable Date is as follows:-



*Note 1:* “Others” comprise of 45 other shareholders with shareholding interests ranging from approximately 0.01% to approximately 5.76%. These include Mr. Min Tieworn, Mr. Thirayut Phitya-Isarakul, Mr. Prasert Poongkumarn, Mr. Thanakorn Seriburi and Mr. Veeravat Kanchanadul, who are Directors, with 1.91%, 1.82%, 1.82%, 0.64% and 0.02% shareholding interests, respectively.

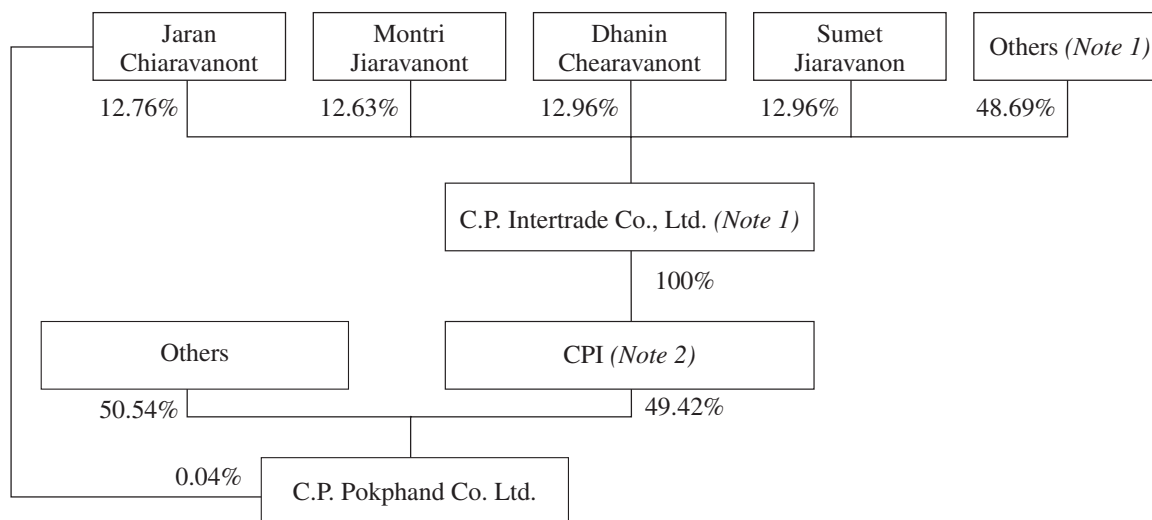
*Note 2:* The directors of Charoen Pokphand Group Company Limited are Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Dhanin Chearavanont, Mr. Sumet Jiaravanon, Mr. Wanlop Chiaravanont, Mr. Prasert Poongkumarn, Mr. Min Tieworn, Mr. Thirayut Phitya-Isarakul, Mr. Phongthep Chiaravanont, Mr. Chingchai Lohawatanakul and Mr. Eam Ngamdarnonk.

*Note 3:* The directors of Charoen Pokphand Holding Company Limited are Mr. Dhanin Chearavanont, Mr. Prasert Poongkumarn, Mr. Min Tieworn, Mr. Thirayut Phitya-Isarakul and Mr. Boonlert Prapakamol.

*Note 4:* The directors of Worth Access are Mr. Wanlop Chiaravanont, Mr. Eam Ngamdarnonk, Mr. Boonlert Prapakamol and Mr. Prasert Jaruparnich.

## LETTER FROM THE BOARD

The shareholding structure of the Company as at the Latest Practicable Date is as follows:-



*Note 1:* The directors of C.P. Intertrade Co., Ltd. are Mr. Dhanin Chearavanont, Mr. Sumet Jiaravanon, Mr. Wanlop Chiaravanont, Mr. Prasert Poongkumarn, Mr. Min Tieworn, Mr. Thirayut Phitya-Isarakul, Mr. Thanakorn Seriburi, Mr. Phongthep Chiaravanont, Mr. Chingchai Lohawatanakul, Mr. Eam Ngamdarnonk, Mr. Chaleao Suwankitti, Mr. Chinda Yimraewat, Mr. Ajva Taulanonda, Mr. Prasith Damrongchittanon and Mr. Boonlert Prapakamol. "Others" include Mr. Min Tieworn, Mr. Prasert Poongkumarn, Mr. Thirayut Phitya-Isarakul, Mr. Thanakorn Seriburi, who are Directors, with 1.91%, 1.82%, 1.82% and 0.64% shareholding interests, respectively.

*Note 2:* The directors of CPI are Mr. Eam Ngamdarnonk and Mr. Ong Chon Tui.

As illustrated in the charts above, Worth Access and CPI are each controlled by the Chearavanont Members. Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Dhanin Chearavanont and Mr. Sumet Jiaravanon are indirectly interested in approximately 12.76%, 12.63%, 12.96% and 12.96% of the issued share capital of Worth Access and 12.76%, 12.63%, 12.96% and 12.96% of the issued share capital of CPI respectively. Accordingly, the Chearavanont Members together have control (within the meaning of the Takeovers Code) over each of Worth Access and CPI, and each of Worth Access and CPI is part of the same concert group as the Chearavanont Members.

An application has been made by Worth Access and parties acting in concert with it to the Executive for the granting of the Whitewash Waiver. The Executive has indicated he will agree, subject to the approval of the Independent Shareholders on a vote by way of poll, to grant the Whitewash Waiver. Completion is conditional upon, among other things, the granting of the Whitewash Waiver by the Executive. If the Whitewash Waiver is not granted by the Executive, the Subscription Agreement will lapse.

### INTENTION OF WORTH ACCESS ON THE GROUP

Following completion of the Subscription, Worth Access intends to hold its shareholding in the Company as a medium term investment, taking into account the impressive growth rate of the PRC economy in recent years, the recent performance of the Hong Kong stock market, its confidence in the Board's management in the Group, and that the Company will remain as an investment holding company and that its subsidiaries will continue to be principally engaged in the trading of agricultural products, feedmill and poultry operations, the production and sale of motorcycles and accessories of automobiles and property and investment holding.

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## LETTER FROM THE BOARD

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Worth Access has no plan to redeploy any fixed assets of the Group. There is no plan for Worth Access to nominate a person to be an additional Director and/or to inject any of its existing assets or businesses into the Group. Worth Access intends that the Group should retain the services of its existing management and employees, who should continue to manage and operate the existing businesses of the Group. The Board currently comprises nine executive Directors and two independent non-executive Directors. Each of the Company and Worth Access has confirmed that none of the existing Directors will be required, and each of the Directors has confirmed that he has no intention, to resign from the Board by reason solely of completion of the Subscription.

### **GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

The grant to the Directors of the current general mandates was approved at the annual general meeting (“Annual General Meeting”) of the Company on 18th June, 2004 (the “Current General Mandates”). The Company has not, since the date of the Annual General Meeting, renewed the general mandate to allot and issue Shares.

During the period from the grant of the Current General Mandate to the Latest Practicable Date, no Share was issued or repurchased under the Current General Mandates.

Upon the Capital Reorganisation becoming effective, nominal value of each issued Shares would be reduced from US\$0.05 to US\$0.01. Hence, the Current General Mandates shall lapse following the Capital Reorganisation becoming effective.

Taking into account the granting of the General Mandates to the Directors will increase the flexibility for raising capital for the Group as and when the Directors consider appropriate in the future, the Directors proposed to pass the relevant resolutions at the Special General Meeting to grant the Share Issue Mandate and the Repurchase Mandate.

At the Special General Meeting, ordinary resolutions will be proposed to seek the approval of the Independent Shareholders to grant to the Directors, conditional upon the Capital Reorganisation becoming effective, general mandates to:

- (i) allot, issue and deal with additional shares of the Company not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company immediately following the Capital Reorganisation becoming effective and to allot and issue further shares of the Company purchased by the Company pursuant to the Repurchase Mandate referred to in (ii) below; and
- (ii) repurchase the shares of the Company not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company immediately following the Capital Reorganisation becoming effective.

An explanatory statement as required by the Listing Rules to be sent to Shareholders in connection with the Repurchase Mandate is set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### **SPECIAL GENERAL MEETING AND PROXY ARRANGEMENT**

There is set out on pages 257 to 261 of this circular convening the Special General Meeting to be held at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong at 9:30 a.m. on 21st April, 2005 at which resolutions will be proposed to (i) the Shareholders to approve the Capital Reorganisation, the granting of the Repurchase Mandate, amendments to the Bye-laws and to (ii) the Independent Shareholders to approve, among other things, (a) the Subscription, (b) the creation of the Warrants and the issue and allotment of the Subscription Shares, the Warrants and the Warrant Exercise Shares issuable upon the exercise of the subscription rights under the Warrants, (c) the Whitewash Waiver; (d) other transactions contemplated under the Subscription Agreement in accordance with the Listing Rules and/or the Takeovers Code; and (e) the granting of the Share Issue Mandate. The Whitewash Waiver will be voted on by poll by an independent vote (within the meaning of Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code or as may be required by the Executive) of the Shareholders. Worth Access and the parties acting in concert with it and those who are interested in or involved in the Subscription will not vote on resolutions relating to the Whitewash Waiver.

A form of proxy for use at the Special General Meeting is enclosed. Whether or not you are able to attend the Special General Meeting, you are requested to complete and return the form of proxy to the Registrars at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending the Special General Meeting and voting in person should you so wish.

Pursuant to the existing Bye-law 59 of the Company's Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded (i) by the chairman of the meeting; or (ii) by at least three Shareholders present in person or by proxy and entitled to vote; or (iii) by any Shareholder or Shareholders present in person or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or (iv) by a Shareholder or Shareholders present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

In accordance with the Listing Rules and/or the Takeovers Code, the resolutions in connection with the Subscription, the Whitewash Waiver and the Share Issue Mandate will be voted on by way of poll at the Special General Meeting.

### **RECOMMENDATION**

The Independent Board Committee has been established to consider the terms of the Subscription, the Whitewash Waiver and the granting of the Share Issue Mandate and Kingsway has been appointed to advise the Independent Board Committee and the Independent Shareholders in that connection.

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## LETTER FROM THE BOARD

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The text of the letter of Kingsway containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 39 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on pages 23 to 24.

The Independent Board Committee, having taken into account the opinion of Kingsway, considers the terms of the Subscription, the Whitewash Waiver and the granting of the Share Issue Mandate to be fair and reasonable and are in the interest of the Company and the Shareholders as a whole and accordingly, recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the Special General Meeting. CPI (including parties acting in concert with it) and their respective associates and those who are interested in or involved in the Subscription will abstain from voting the aforesaid resolutions.

The Directors consider the terms, conditions and reasons for the Capital Reorganisation, the proposed amendments to the Bye-laws and granting of the Repurchase Mandate are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the relevant resolutions to be proposed at the Special General Meeting.

### **FURTHER INFORMATION**

Your attention is drawn to the information set out in the appendices of this circular.

Yours faithfully,  
By Order of the Board  
**Dhanin Chearavanont**  
*Chairman and Chief Executive Officer*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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# C.P. POKPHAND CO. LTD.

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 43)

29th March, 2005

*To the Independent Shareholders*

Dear Sirs,

- (1) PROPOSED CAPITAL REORGANISATION,**
- (2) CONNECTED TRANSACTION AND SPECIAL MANDATE:  
PROPOSED ISSUE OF THE SUBSCRIPTION SHARES  
(WITH WARRANTS) OF C.P. POKPHAND CO. LTD.,**
- (3) APPLICATION FOR THE GRANTING OF THE WHITEWASH WAIVER,**
- (4) AMENDMENTS TO THE BYE-LAWS AND**
- (5) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

We refer to the circular dated 29th March, 2005 issued to the Shareholders (the "Circular") of which this letter forms part. Capitalized terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

As independent non-executive Directors who are independent of the parties to the Subscription, the Whitewash Waiver and the granting of the Share Issue Mandate and not having any interest in any of the aforesaid transactions, we have been appointed by the Board to advise you as to whether, in our opinion, the terms of the Subscription, the Whitewash Waiver and the granting of the Share Issue Mandate are fair and reasonable so far as the Independent Shareholders as a whole are concerned.

Kingsway has been appointed by the Company as the independent financial adviser to advise us regarding the fairness and reasonableness of the terms of the Subscription, the Whitewash Waiver and the granting of the Share Issue Mandate. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such opinion, are set out on pages 25 to 39 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 7 to 22 of the Circular and the additional information set out in the appendices to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the opinion of and the principal factors and reasons considered by Kingsway as stated in its letter of advice, we consider that the terms of the Subscription, the Whitewash Waiver and the granting of the Share Issue Mandate are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and its Shareholders. We therefore recommend the Independent Shareholders to vote in favour of the resolutions in relation to the Subscription, the Whitewash Waiver and the granting of the Share Issue Mandate to be proposed at the Special General Meeting.

Yours faithfully,

For and on behalf of  
the Independent Board Committee

**Budiman Elkana**

*Independent Non-executive Director*

**Cheung Koon Yuet, Peter**

*Independent Non-executive Director*

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## LETTER FROM KINGSWAY

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*The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Kingsway Capital Limited dated 29th March, 2005 prepared for incorporation in this circular.*

### ***Kingsway Group***



*5/F., Hutchison House, 10 Harcourt Road, Central, Hong Kong.  
Tel. No: (852) 2877-1830 Fax: (852) 2283-7722*

29th March, 2005

*To the Independent Board Committee and the Independent Shareholders  
of C.P. Pokphand Co. Ltd.*

**(1) CONNECTED TRANSACTION & SPECIAL MANDATE:  
PROPOSED ISSUE OF THE SUBSCRIPTION SHARES (WITH  
WARRANTS) OF C.P. POKPHAND CO. LTD.,  
(2) APPLICATION FOR THE GRANTING OF THE  
WHITEWASH WAIVER  
AND  
(3) GENERAL MANDATE TO ISSUE SHARES**

### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Subscription, the Whitewash Waiver and the granting of the Share Issue Mandate, details of which are set out in the "Letter from the Board" contained in the circular issued by the Company to the Shareholders dated 29th March, 2005 (the "Circular") of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 2nd March, 2005, the Company entered into the Subscription Agreement with Worth Access for the conditional subscription of 713,250,000 Subscription Shares at a price of HK\$0.32 per Subscription Share. Pursuant to the Subscription Agreement, the Subscription Shares will be issued with Warrants entitling the holders of such Warrants to subscribe for up to an aggregate of 577,940,000 Adjusted Shares at the exercise price in the range of HK\$0.45 to HK\$0.55 during the exercise period.

The Chearavanont Members, on an aggregate basis (including the Shares held through CPI), are interested in approximately 49.46% of the issued share capital of the Company. The Chearavanont Members are also indirectly interested in approximately 51.31% in aggregate of the issued share capital of Worth Access. Accordingly, Worth Access is an associate of the controlling shareholder of the Company and therefore is a connected person of the Company under the Listing Rules. In this connection, the Subscription constitutes a connected transaction

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## LETTER FROM KINGSWAY

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for the Company under Rule 14A.16(5) of the Listing Rules and is required to be made conditional upon approval by the Independent Shareholders at the Special General Meeting by way of poll. CPI, being the controlling shareholder of the Company, (including parties acting in concert with it) and their respective associates and those who are interested in or involved in the Subscription will abstain from voting at the Special General Meeting.

As at the Latest Practicable Date, Worth Access together with the parties acting in concert with it (including CPI) collectively hold 1,067,506,584 Shares, representing approximately 49.46% of the issued share capital of the Company. Immediately upon completion of the Subscription, the shareholding interest of Worth Access together with the parties acting in concert with it (including CPI) in the Company will be increased from approximately 49.46% to approximately 62.25%. Assuming full exercise of the subscription rights attaching to the Warrants, the shareholding interest of Worth Access together with the parties acting in concert with it (including CPI) in the Company will be further increased to approximately 68.54%. Worth Access and the parties acting in concert with it (including CPI) will be obliged to make a mandatory offer under Rule 26.1 of the Takeovers Code upon the taking up of the Subscription Shares under the Subscription by Worth Access. An application has been made to the Executive for the granting of the Whitewash Waiver to waive such mandatory offer obligation. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the Special General Meeting by way of poll.

The completion of the Subscription is conditional upon, among other things, the Executive granting the Whitewash Waiver to Worth Access and the parties acting in concert with it.

In addition, as stated in the “Letter from the Board”, the Company intends to seek the approval of the Independent Shareholders to grant to the Directors, conditional upon the Capital Reorganisation becoming effective, general mandates to allot, issue and deal with additional shares of the Company not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company immediately following the Capital Reorganisation becoming effective (such mandate be extended to shares repurchased by the Company pursuant to the Repurchase Mandate). Based on 2,158,480,786 Shares in issue as at the Latest Practicable Date and assuming no new Shares are to be issued prior to the date of the Special General Meeting, 431,696,157 Adjusted Shares, representing 20% of the issued share capital of the Company following the Capital Reorganisation becoming effective, will be issued upon full utilization of the Share Issue Mandate.

In accordance with Rule 13.36(4)(a), the Chearavanont Members, being the controlling shareholder of the Company holding, on an aggregate basis (including the Shares held through CPI), approximately 49.46% of the issued share capital of the Company shall abstain from voting at the Special General Meeting in respect of the grant of the Share Issue Mandate. Since the grant of the Share Issue Mandate is subject to independent shareholders approval, the vote of the shareholders taken at the Special General Meeting to approve the Share Issue Mandate must be taken by poll pursuant to Rule 13.39(4)(b) of the Listing Rules.

Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Dhanin Chearavanont and Mr. Sumet Jiaravanon are indirectly interested in the Subscription and the Whitewash Waiver. Mr. Prasert Poongkumarn, Mr. Min Tieworn, Mr. Thirayut Phitya-Isarakul, Mr. Thanakorn Seriburi and Mr. Veeravat Kanchanadul have indirect shareholding interest in Worth Access and are not considered

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## LETTER FROM KINGSWAY

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to be independent in so far as the Subscription and the Whitewash Waiver are concerned. Accordingly, the Independent Board Committee comprises Mr. Budiman Elkana and Mr. Cheung Koon Yuet, Peter, both being independent non-executive Directors.

### **BASIS OF OUR OPINION**

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Subscription, the Whitewash Waiver and the grant of the Share Issue Mandate, we have relied on the information and representations provided to us by the Directors, which the Directors consider to be complete and relevant.

We have also relied on the information and representations contained in the Circular and have assumed that all statements of belief, opinion and intention made by the Directors in the Circular were true, accurate and complete at the time they were made and continue to be true and accurate on the date of the Circular. We have assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view and have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have been advised by the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular.

We have not, however, carried out any independent verification of the information provided by the management of the Company and the Directors, nor have we conducted any independent investigation into the business and affairs of the Group and Worth Access.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Subscription, the Whitewash Waiver and the grant of the Share Issue Mandate, we have considered the principal factors and reasons set out below:

#### **1. The Subscription and the Whitewash Waiver**

##### **(i) Background to and reasons for the Subscription**

The Company and its subsidiaries are principally engaged in the trading of agricultural products, feedmill and poultry operations, the production and sale of motorcycles and accessories of automotives and property and investment holding. The Group incurred an audited net loss of approximately US\$62.8 million for the financial year ended 31st December, 2003 and an unaudited net loss of approximately US\$17.0 million for the six months ended 30th June, 2004. As of 31st December, 2003 and 30th June, 2004, the Group recorded audited net assets of approximately US\$100.4 million and unaudited net assets of approximately US\$83.4 million respectively.

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## LETTER FROM KINGSWAY

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Pursuant to a Group Restructuring Agreement dated 28th February, 2001 (as subsequently amended), the Company is indebted to certain bank creditors and the holders of the Company's floating rate notes in the aggregate sum of approximately US\$146.9 million which is due for final repayment on or before 30th April, 2005 (as extended). The Company is also indebted to a bank in the sum of approximately US\$20.8 million pursuant to bridging loan under a Bridging Facility Agreement dated 22nd December, 2004. The term of the bridging loan is one year from the date on which it is utilized by the Company. Notwithstanding the said term, it is provided in the Bridging Facility Agreement that the Company shall repay such bridging loan on the day it obtains a refinancing facility from any banks and financial institutions or it obtains a new credit facility from a financial institution, whichever is earlier.

We were advised by the Directors that the Company had been in discussions with certain banks in respect of refinancing its existing level of indebtedness and has now received an offer from certain banks, subject to various conditions, of a new loan facility of US\$140 million. One of the conditions for the grant of the new loan facility is that the Company would obtain equity contribution of US\$30 million, in the form of equity or subordinated loan which shall be converted into equity within 180 days after the date of utilization of the new loan facility, which shall be applied together with the new loan facility to repay the Company's existing indebtedness to the bank creditors and the holders of the floating rate notes and the bridging loan mentioned above on or before 30th April, 2005.

The completion of the Subscription will fulfill the condition that the Company obtains new equity of US\$30 million in order to obtain the aforesaid new loan facility. The total proceeds of the Subscription will be HK\$234 million (equivalent to approximately US\$30 million) and the net proceeds is estimated to be approximately HK\$229 million, the Directors intend to apply the proceeds as part of the total sum required by the Company to repay the abovementioned indebtedness.

We noted from the financial statements of the Company that the Group has recorded an unaudited cash and cash equivalents of approximately US\$84.5 million as at 30th June, 2004. In view of the substantial indebtedness of the Company which is due to repay on or before 30th April, 2005, the Company is required to seek refinancing for its existing indebtedness. We were advised by the Directors that the current offer from certain banks in respect of the US\$140 million new loan facility is the only loan facility offer they received as at the Latest Practicable Date.

Further to our discussions with the Directors, we understand that the Company has considered other fund raising alternatives in respect of the US\$30 million new equity, including share placement and rights issue. As advised by the Directors, the Company was unsuccessful in engaging a placing agent in respect of raising fund by way of share placement. Given the considerable time required to raise equity through other fund raising activities such as rights issue, the Company may not be able to fulfill the condition of obtaining new equity of US\$30 million for repayment of its existing indebtedness on or before 30th April, 2005 if the Company is to conduct a rights issue. The Directors also confirmed that the Company was not able to obtain an extension of such deadline for repaying its existing indebtedness from the banks.

## LETTER FROM KINGSWAY

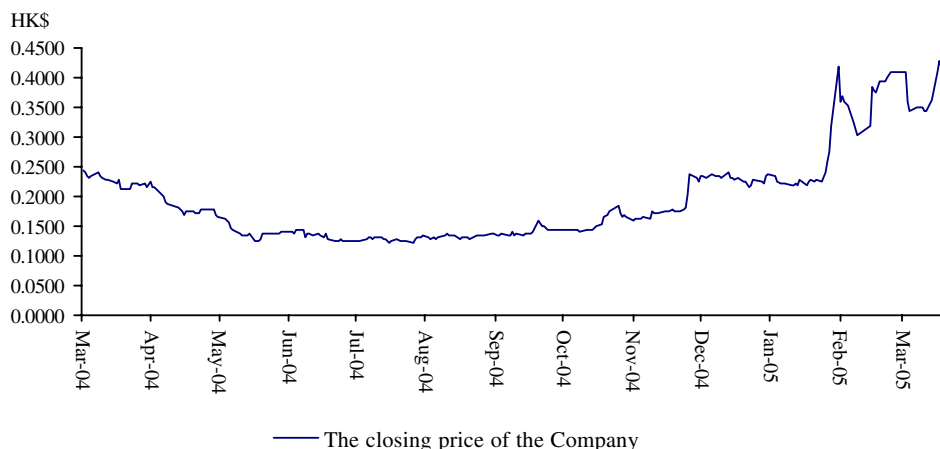
Having considered the above-mentioned, and in particular, the urgent need to obtain new equity of US\$30 million in order to secure the new loan facility to refinance the Company's existing indebtedness, we concur with the view of the Directors that the Subscription is an appropriate way for the Company to fulfill the condition as to the granting of the new loan facility from certain banks of US\$140 million.

### (ii) **The Subscription**

The following table sets out the highest, lowest and the average closing prices of the Shares during the 12-month period from 1st March, 2004 up to and including the Latest Practicable Date.

<b>Date</b>	<b>Lowest closing price (HK\$)</b>	<b>Highest closing price (HK\$)</b>	<b>Average closing price (HK\$)</b>
March 2004	0.2120	0.2430	0.2272
April 2004	0.1660	0.2170	0.1824
May 2004	0.1250	0.1620	0.1401
June 2004	0.1250	0.1430	0.1335
July 2004	0.1210	0.1350	0.1283
August 2004	0.1300	0.1390	0.1335
September 2004	0.1340	0.1600	0.1413
October 2004	0.1400	0.1840	0.1569
November 2004	0.1600	0.2390	0.1817
December 2004	0.2180	0.2400	0.2311
January 2005	0.2190	0.4200	0.2432
February 2005	0.3050	0.4100	0.3697
March 2005 (up to the Latest Practicable Date)	0.3450	0.4300	0.3759

The chart below shows the closing price of the Shares during the 12-month period from 1st March, 2004 up to and including the Latest Practicable Date.





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## LETTER FROM KINGSWAY

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During the 12-month period up to and including the Latest Practicable Date, the Shares were traded between the range of HK\$0.1200 and HK\$0.4850, with a lowest closing price of HK\$0.1210 on 15th July and 26th July, 2004 and a highest closing price of HK\$0.4300 on 17th March, 2005. We note that during the aforesaid period, the Shares were mostly traded below the Subscription Price.

The Subscription Price of HK\$0.32 per Subscription Share represents:

- a discount of approximately 21.95% to the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on 24th February, 2005, being the last trading day prior to the suspension of trading in the Shares on the Stock Exchange pending the issue of the Announcement;
- a discount of approximately 15.79% to the average closing price of HK\$0.38 per Share as quoted on the Stock Exchange for the 10 trading days up to and including 24th February, 2005;
- a premium of approximately 3.23% over the average closing price of HK\$0.31 per Share as quoted on the Stock Exchange for the 30 trading days up to and including 24th February, 2005;
- a discount of approximately 16.88% to the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- a premium of approximately 6.24% over the unaudited consolidated net asset value per Share of approximately HK\$0.30 as at 30th June, 2004.

Although the Subscription Price represents a discount to the closing price of the Shares immediately prior to the announcement of the Subscription, we note that the Shares were mostly traded below the Subscription Price during the last 12 months and only since the end of January 2005 that the price of the Shares surged to above the Subscription Price. The Subscription Price, when compared with the average closing price of the Shares for the 30 trading days up to and including the last trading day prior to the suspension of trading in the Shares on the Stock Exchange pending the issue of the Announcement, represents a premium of approximately 3.23%. We were advised by the Directors that they are not aware of the reason for the recent increase in the price of the Shares and it is uncertain whether the current market price of the Shares can be sustained.

In addition, Shareholders should note that the Company has a substantial indebtedness which is due to repay (as set out in the section headed “(i) Background to and reasons for the Subscription” above), the Subscription is the only alternative for the Company to raise the US\$30 million to fulfill the condition for granting of the new loan facility and the Subscription Price is part and partial of the whole refinancing exercise. In the event that the Subscription is not approved by the Independent Shareholders, the Company would not be able to obtain the new loan facility to refinance its existing indebtedness.



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## LETTER FROM KINGSWAY

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Pursuant to the Subscription Agreement, the Subscription Shares will be issued with Warrants entitling the holders of such Warrants to subscribe for up to an aggregate of 577,940,000 Adjusted Shares at the exercise price of HK\$0.45, HK\$0.50 and HK\$0.55 per Adjusted Share if the subscription rights are exercised during the period from the Warrant Issue Date to the day immediately preceding the first, the second and the third anniversary of the Warrant Issue Date respectively.

We note that each level in the range of the exercise prices of the Warrants represents a premium over both the recent market closing prices and the unaudited consolidated net asset value per Share as at 30th June, 2004. In addition, the exercise prices of the Warrants also represent a premium, in the range of approximately 47.93% to 80.80%, over the enhanced net asset value per Share of approximately US\$0.0390 (or equivalent to approximately HK\$0.3042) per Share upon completion of the Subscription (as described in the section “(iii) Financial effects” below).

Taking into consideration: (i) the Shares were mostly traded below the Subscription Price in the past 12 months although the Subscription Price represents a discount to the recent closing price of the Shares; (ii) the Subscription Price represents a premium over the latest published consolidated net asset value per Share; and (iii) the Subscription Price being part and partial of the refinancing exercise for the Company’s indebtedness which is due to repay; and (iv) each level of the exercise prices of the Warrants represents a premium over the recent market closing prices of the Shares and the unaudited consolidated net asset value per Share as at 30th June, 2004 and the enhanced net asset value per Share upon completion of the Subscription, we are of the view that the Subscription Price and the exercise prices of the Warrants are fair and reasonable.

### **(iii) Financial effects**

#### *(a) Earnings*

According to the financial statements of the Company, the Group incurred a net loss of approximately US\$62.76 million (or approximately US\$0.0291 per Share) for the year ended 31st December, 2003. Based on 2,158,480,786 Shares in issue as at the Latest Practicable Date and 731,250,000 Subscription Shares to be issued pursuant to the Subscription Agreement, the net loss per Share of the Group will be diluted to approximately US\$0.0217 upon completion of the Subscription. Assuming full exercise of the subscription rights attaching to the Warrants, 577,940,000 Adjusted Shares will be issued and the net loss per Share of the Group will be further diluted to approximately US\$0.0181.

#### *(b) Net asset value*

As at 30th June, 2004, the Company recorded an unaudited net asset value of approximately US\$83.35 million (or approximately US\$0.0386 per Share based on 2,158,480,786 Shares in issue as at the Latest Practicable Date).

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## LETTER FROM KINGSWAY

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The proceeds of the Subscription is estimated to be approximately HK\$234 million (equivalent to approximately US\$30 million) and the Directors intend to apply such proceeds to repay part of the Company's indebtedness. Upon completion of the Subscription and following the application of such proceeds for repayment of the Company's indebtedness, the total indebtedness and the total assets of the Company is to be reduced by approximately HK\$234 million and approximately HK\$5 million (being the estimated expenses in relation to the Subscription) respectively, and hence the Group's unaudited net asset value is estimated to increase by HK\$229 million (or equivalent to approximately US\$29.36 million) to approximately US\$112.71 million (or approximately US\$0.0390 per Share based on the issued capital of 2,889,730,786 Share as enlarged by the Subscription Shares).

As it is uncertain as to when the holders of the Warrants will exercise the subscription rights attached to the Warrants, we are unable to quantify the effect to the net asset value of the Group upon full exercise of the subscription rights attached to the Warrants. However, given each level in the range of the exercise prices of the Warrants represents a premium to the unaudited consolidated net asset value per Share as at 30th June, 2004, the net asset value per Share would be further enhanced upon full exercise of the Warrants.

(c) *Gearing*

As mentioned in the paragraph above, the Directors intend to apply the proceeds from the Subscription of approximately HK\$234 million to repay part of the Company's indebtedness. Accordingly, upon completion of the Subscription and following the repayment of part of the Company's indebtedness, the total indebtedness of the Company is to be reduced by approximately HK\$234 million. Hence, the net liabilities and the net asset value of the Company will be improved.

Further, after the exercise of the subscription rights attached to the Warrants, the Company would receive additional proceeds. As stated in the "Letter from the Board", the Directors currently intend to apply the proceeds receivable upon the exercise of any of the Warrants for general working capital purposes. Accordingly, the cash position of the Group would also be improved.

The gearing ratios of the Company (i) immediately after completion of the Subscription and after applying the proceeds to repay part of the Company's

## LETTER FROM KINGSWAY

indebtedness; and (ii) after full exercise of the subscription rights attached to the Warrants (assuming full exercise prior to the first anniversary of the Warrant Issue Date) are as follows:

	As at 30th June, 2004	Immediate after completion of the Subscription and after applying the proceeds to repay part of the Company's indebtedness	After full exercise of the subscription rights attached to the Warrants (assuming full exercise prior to the first anniversary of the Warrant Issue date)
Debt to asset ratio	0.61	0.58	0.56
Debt to equity ratio	7.29	5.12	3.95

In view of (i) the possible dilution to the loss per Share; (ii) the enhancement to the net asset value per Share; and (iii) the improvement to the gearing ratios of the Company, we concur with the view of the Directors that the Subscription strengthens the financial position of the Group and is in the interest of the Company and its Shareholders as a whole.

### **(iv) Shareholding dilution effects**

Set out below is the dilution to the shareholding of the Independent Shareholders upon completion of the Subscription:

	As at the Latest Practicable Date		Immediately following completion of the Subscription		Immediately following completion of the Subscription and upon the full exercise of the subscription rights attaching to the Warrants	
	No. of Shares	%	No. of Adjusted Shares	%	No. of Adjusted Shares	%
CPI, Worth Access and parties acting in concert with it	1,067,506,584	49.46	1,798,756,584	62.25	2,376,696,584	68.54
Independent Shareholders	<u>1,090,974,202</u>	<u>50.54</u>	<u>1,090,974,202</u>	<u>37.75</u>	<u>1,090,974,202</u>	<u>31.46</u>
Total	<u><u>2,158,480,786</u></u>	<u><u>100.00</u></u>	<u><u>2,889,730,786</u></u>	<u><u>100.00</u></u>	<u><u>3,467,670,786</u></u>	<u><u>100.00</u></u>

Immediately upon completion of the Subscription, shareholding of the Independent Shareholders would be diluted from approximately 50.54% to approximately 37.75%. Following full exercise of the subscription rights attached to the Warrants, the shareholding of the Independent Shareholders would be further diluted to approximately 31.46%.

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## LETTER FROM KINGSWAY

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We note that there will be a significant dilution to the shareholding of the Independent Shareholders as a result of the Subscription. However, taking into account the impacts on loss per Share, net asset value per Share and gearing ratios as described in the section headed “(iii) Financial effects” above, we are of the view that the dilution effect on the shareholding is justifiable.

### **(v) Intention of Worth Access on the Group**

As stated in the “Letter from the Board”, following completion of the Subscription, Worth Access intends to hold its shareholding in the Company as a medium term investment, taking into account the impressive growth rate of the PRC economy in recent years, the recent performance of the Hong Kong stock market, its confidence in the Board’s management in the Group, and that the Company will remain as an investment holding company and that its subsidiaries will continue to be principally engaged in the trading of agricultural products, feedmill and poultry operations, the production and sale of motorcycles and accessories of automotives and property and investment holding.

Worth Access has no plan to redeploy any fixed assets of the Group. There is no plan for Worth Access to nominate a person to be an additional Director and/or to inject any of its existing assets or businesses into the Group. Worth Access intends that the Group should retain the services of its existing management and employees, who should continue to manage and operate the existing businesses of the Group.

Based on the above, the Subscription will not have any effect on the existing business operations of the Group.

### **(vi) The Whitewash Waiver**

As at the Latest Practicable Date, Worth Access together with the parties acting in concert with it (including CPI) collectively hold 1,067,506,584 Shares, representing approximately 49.46% of the issued share capital of the Company. Upon completion of the Subscription, the shareholding interest of Worth Access together with the parties acting in concert with it (including CPI) in the Company will be increased from approximately 49.46% to approximately 62.25% immediately after completion of the Subscription but before exercise of the subscription rights attached to any Warrants and approximately 68.54% immediately after completion of the Subscription and assuming full exercise of the subscription rights attaching to the Warrants.

Worth Access and the parties acting in concert with it (including CPI) will be obliged to make a mandatory offer under Rule 26.1 of the Takeovers Code upon the taking up of the Subscription Shares under the Subscription by Worth Access.

Worth Access has made an application to the Executive for the Whitewash Waiver pursuant to Note 1 to the Notes on dispensations from Rule 26 of the Takeovers Code. The Executive has indicated its agreement to the granting of the Whitewash Waive, subject to the approval of the Independent Shareholders by way of poll at the Special General Meeting, to waive any obligation of Worth Access to make a mandatory general offer for all the Adjusted Shares and Share Options not already owned by Worth Access or parties acting in concert with it.

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## LETTER FROM KINGSWAY

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Shareholders should note that the Subscription is conditional upon the Whitewash Waiver being obtained. In the event that the Whitewash Waiver is not granted by the Executive, Worth Access may not proceed with the Subscription. In view of (i) the urgent need of the Company to obtain new equity of US\$30 million in order to fulfill the conditions for granting of the new loan facility by the banks and the Subscription being the only alternative for the Company to raise the US\$30 million within a considerably short time period; and (ii) the improvement on the Company's financial position resulted from the Subscription, we consider that the granting of the Whitewash Waiver is necessary for the Company to secure new loan facilities to refinance its existing indebtedness and to strengthen its financial position.

### **2. Grant of Share Issue Mandate**

#### **(i) Background to and reasons for the grant of the Share Issue Mandate**

The grant to the Directors of the current general mandate was approved at the annual general meeting of the Company on 18th June, 2004 (the "AGM") pursuant to Rule 13.36(2)(b) of the Listing Rules (the "Current General Mandate"). As at the date of the AGM, the Company had an aggregate of 2,158,480,786 Shares in issue and the Board is authorized to issue and allot 431,696,157 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM, under the Current General Mandate. The Company has not, since the date of the AGM, renewed the general mandate to allot and issue Shares.

During the period from the grant of the Current General Mandate to the Latest Practicable Date, no Share was issued under the Current General Mandate.

Upon the Capital Reorganisation becoming effective, nominal value of each issued Shares would be reduced from US\$0.05 to US\$0.01. Hence, the Current General Mandate, which was granted to the Board to exercise the power of the Company to allot and issue Shares not exceeding 20% of the issued share capital of the Company as at the date of the AGM, shall lapse following the Capital Reorganisation becoming effective.

The Board proposed to pass an ordinary resolution at the Special General Meeting to grant the Share Issue Mandate to the Board to exercise the power of the Company to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company immediately following the Capital Reorganisation becoming effective (such mandate be extended to shares repurchased by the Company pursuant to the Repurchase Mandate). The Share Issue Mandate will be in force when it is approved by the Independent Shareholders at the Special General Meeting .

#### **(ii) History of fund raising exercises and use of proceeds**

Save for the Subscription, there were no other fund raising activities conducted by the Company in the 12-month period immediately prior to the Latest Practicable Date.

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## LETTER FROM KINGSWAY

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### ***(iii) Financial flexibility***

The Directors believe that the granting of the Share Issue Mandate will provide the Company with additional flexibility in deciding the source of finance for any acquisition or investment opportunities that may arise in the future and for the purpose of raising general working capital of the Group. We have been advised by the Directors that save for the Subscription, the Company does not have any plan to issue securities as at the Latest Practicable Date.

We consider that the granting of the Share Issue Mandate could enhance the financing flexibility of the Company to raise capital and to strengthen the capital base of the Group, if and when required, through issue of shares or convertibles for further development of the Group. The Share Issue Mandate would provide the maximum flexibility as allowed under the Listing Rules to allot and issue new Adjusted Shares as consideration to acquire, or to raise capital through placing of Adjusted Shares and/or convertibles to fund, such potential investments and/or acquisitions in the future as and when such opportunities arise. The amount of capital which may be raised under the Share Issue Mandate provides more options of financing to the Group when assessing and negotiating potential acquisitions and/or investments in a timely manner. On this basis, we consider the granting of the Share Issue Mandate be in the interest of the Company and the Shareholders as a whole.

### ***(iv) Other financing alternatives***

Other than raising funds by way of issuing equity capital, the Directors indicate that the Company will consider other financing methods such as bank financing, debt financing, and funding through internal resources in order to meet financing requirements arising from future development of the Group, depending on the then financial position, capital structure and cost of funding of the Group as well as the then market condition. As advised by the Directors, the Share Issue Mandate provides another alternative to the Directors to finance the Group's business, and the Directors will choose the financing method which best serves the interest of the Group. We consider that it is reasonable to make reference to the then financial position of the Group in order to decide on a financing method for the future development of the Group.

## LETTER FROM KINGSWAY

### **(v) Potential dilution to shareholding of the Independent Shareholders**

Set out below is the potential dilution to shareholding of the Independent Shareholders upon full utilization of the Share Issue Mandate:

	As at the Latest Practicable Date		Upon full utilization of the Share Issue Mandate		Following completion of the Subscription and upon full utilization of the Share Issue Mandate		Immediately following completion of the Subscription and upon the full exercise of the subscription rights attaching to the Warrants and upon full utilization of the Share Issue Mandate	
							No. of Adjusted	
	Shares held	%	Shares held	%	Shares held	%	Shares held	%
CPI	1,066,662,834	49.42	1,066,662,834	41.18	1,066,662,834	32.11	1,066,662,834	27.35
Mr Jaran Chiaravanont	843,750	0.04	843,750	0.03	843,750	0.03	843,750	0.02
Worth Access	-	-	-	-	731,250,000	22.02	1,309,190,000	33.58
CPI, Worth Access and parties acting in concert with it	1,067,506,584	49.46	1,067,506,584	41.21	1,798,756,584	54.16	2,376,696,584	60.95
Shares issued under the Share Issue Mandate	-	-	431,696,157	16.67	431,696,157	13.00	431,696,157	11.07
Other public shareholders	1,090,974,202	50.54	1,090,974,202	42.12	1,090,974,202	32.84	1,090,974,202	27.98
	<u>2,158,480,786</u>	<u>100.00</u>	<u>2,590,176,943</u>	<u>100.00</u>	<u>3,321,426,943</u>	<u>100.00</u>	<u>3,899,366,943</u>	<u>100.00</u>

For illustrative purpose, 431,696,157 Adjusted Shares, representing 20% of the issued share capital of the Company upon the Capital Reorganisation becoming effective and approximately 16.67% of the issued share capital of the Company as enlarged by the Adjusted Shares issued under the Share Issue Mandate respectively, will be issued upon full utilization of the Share Issue Mandate. The aggregate shareholding of the Independent Shareholders may decrease from approximately 50.54% to approximately 42.12% upon full utilization of the Share Issue Mandate, or approximately 27.98% following completion of the Subscription and assuming the Warrants are fully exercised.



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## LETTER FROM KINGSWAY

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Shareholders should note that the Current General Mandate will be superseded upon approval at the Special General Meeting in connection with the grant of the Share Issue Mandate which will be and will continue to be in force until the earliest of (i) the conclusion of the Company's next annual general meeting; and (ii) the revocation or variation of the authority given under the relevant resolution to be proposed at the Special General Meeting by ordinary resolution of the Shareholders in general meeting. Such duration is in compliance with Rule 13.36(3) of the Listing Rules.

Taken into account the shareholding of all Shareholders will be diluted proportionally to their respective shareholdings upon any utilization of the Share Issue Mandate, we consider the potential maximum dilution to shareholdings of the Independent Shareholders to be justifiable.

### **RECOMMENDATION**

Having considered the principal factors and reasons to the Subscription and the Whitewash Waiver, in particular:

- the substantial indebtedness of the Company which is due to repay on or before 30th April, 2005 and the current offer from certain banks in respect of the US\$140 million new loan facility is the only loan facility offer the Company received as at the Latest Practicable Date;
- the urgent need to obtain new equity of US\$30 million in order to secure the new loan facility, the Subscription is the only alternative for the Company to raise US\$30 million within the considerably short time period to fulfill the condition as to the granting of the new loan facility from certain banks of US\$140 million, and the Subscription Price is part and partial of the whole refinancing exercise;
- the Shares were mostly traded below the Subscription Price during the last 12 months and only since the end of January 2005 that the price of the Shares surged to above the Subscription Price;
- the Subscription Price represents a premium over the latest published consolidated net asset value per Share;
- the improvement of the overall financial position of the Group, the potential dilution to net loss per Share, the potential enhancement to net asset value per Share and the possible improvement to the gearing ratio of the Company as a result of the Subscription;
- the potential dilution to the shareholding of the Independent Shareholders, although significant, can be outweighed by the enhancement to the financials of the Company as a result of the Subscription; and



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## LETTER FROM KINGSWAY

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- the Subscription is conditional upon the Whitewash Waiver being obtained and Worth Access may not proceed with the Subscription in the event that the Whitewash Waiver is not granted by the Executive,

we are of the view that the terms of the Subscription and the Whitewash Waiver are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Having considered the principal factors and reasons to the grant of the Share Issue Mandate, in particular:

- the Share Issue Mandate provides more flexibility and options of financing to the Group and the Directors for further development of the business and operation as well as in other potential future investment and/or acquisition opportunities as and when such opportunities arise; and
- the shareholding of all Shareholders will be diluted proportionally to their respective shareholdings upon any utilization of the Share Issue Mandate,

we are of the view that the grant of the Share Issue Mandate is fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the Special General Meeting to approve the Subscription, the Whitewash Waiver and the grant of the Share Issue Mandate.

Your faithfully

For and on behalf of

**Kingsway Capital Limited**

**William Lam**

*Director*

**John Tran**

*Co-head and Managing Director,  
Investment Banking*

**1. THREE YEARS FINANCIAL RESULTS**

Set out below is a summary of the audited consolidated profit and loss account of the Group for the three years ended 31st December, 2003 as extracted from the relevant annual reports of the Company.

	<b>Year ended 31st December,</b>		
	<b>2003</b>	<b>2002</b>	<b>2001</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Turnover	1,657,346	1,542,196	1,449,463
Cost of sales	<u>(1,492,465)</u>	<u>(1,363,107)</u>	<u>(1,269,807)</u>
Gross profit	164,881	179,089	179,656
Selling expenses	(69,431)	(56,335)	(52,075)
General and administrative expenses	(100,142)	(92,496)	(97,965)
Other income, net	1,099	102,294	27,698
Loss on disposal of discounted operation	<u>(18,413)</u>	<u>–</u>	<u>–</u>
Profit/(Loss) from operating activities	(22,006)	132,552	57,314
Finance costs	(32,071)	(37,103)	(59,220)
Share of profit and losses of jointly controlled entities	5,146	19,048	13,396
Share of profit and losses of associates	<u>(1,446)</u>	<u>1,204</u>	<u>(2,233)</u>
Profit/(Loss) before tax	(50,337)	115,701	9,257
Tax	<u>(7,910)</u>	<u>(15,105)</u>	<u>(10,640)</u>
Profit/(Loss) after tax	(58,287)	100,596	(1,383)
Minority interest	<u>(4,471)</u>	<u>(7,994)</u>	<u>(8,915)</u>
Profit/(Loss) from ordinary activities attributable to shareholders	<u><u>(62,758)</u></u>	<u><u>92,602</u></u>	<u><u>(10,298)</u></u>
	<i>US cents</i>	<i>US cents</i>	<i>US cent</i>
Earnings/(Loss) per share:			
Basic	<u><u>(2.91)</u></u>	<u><u>4.29</u></u>	<u><u>(0.48)</u></u>

There were no extraordinary and exceptional items during the three years ended 31st December, 2003. No dividend per share were declared during the same period. Each of the auditors' reports on the Group's financial statements for the three years ended 31st December, 2001, 2002 and 2003 contains a modified auditors' opinion. As stated in the relevant annual reports of the Company, the relevant financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to generate sufficient cash inflows from its operating activities and the successful outcome of the disposal of non-core assets. The relevant financial statements do not include any adjustments that would result from the failure of the Group either to generate sufficient cash inflows from its operating activities, or successfully achieve the disposal of non-core assets as planned. The Company's auditors consider that appropriate disclosures and estimates have been made in the financial statements for the three years ended 31st December, 2003 and their opinion is not qualified.

## 2. AUDITED ACCOUNTS

Set out on pages 41 to 99 of this circular are the report of the auditors and the Group's audited financial statements for the year ended 31st December, 2003 together with relevant notes as extracted from the Company's 2003 annual report.



To the members

**C.P. Pokphand Co. Ltd.**

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 31 to 120 which have been prepared in accordance with International Financial Reporting Standards.

### **Respective responsibilities of directors and auditors**

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**Fundamental uncertainty relating to the going concern basis**

As further explained in note 1 to the financial statements, the Group has obtained further agreement from its lending banks and the holders of its floating rate notes (collectively referred to as the “Lenders”) to a second revised repayment schedule for its bank and floating rate note indebtedness and the former repayment schedule for such was extended to 31st December, 2004 to cover a revised period of the restructuring. Note 1 summarises the key highlights of the Group’s measures to generate additional working capital for the purpose of reducing its indebtedness. In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements, which explain the circumstances giving rise to concerns regarding the fundamental uncertainties relating to the adoption of the going concern basis of presentation. The financial statements have been prepared on a going concern basis, the validity of which depends upon the Group’s ability to generate sufficient cash inflows from its operating activities and the successful outcome of the disposal of non-core assets. The financial statements do not include any adjustments that would result from the failure of the Group either to generate sufficient cash inflows from its operating activities, or successfully achieve the disposal of non-core assets as planned. We consider that appropriate disclosures and estimates have been made in the financial statements and our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2003 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Ernst & Young**

*Certified Public Accountants*

Hong Kong  
2nd April, 2004

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

Year ended 31st December, 2003

	Notes	2003 US\$'000	2002 US\$'000
<b>TURNOVER</b>			
Continuing operations		1,447,654	1,415,616
Discontinued operation	12	209,692	126,580
		<u>1,657,346</u>	<u>1,542,196</u>
Cost of sales	5	(1,492,465)	(1,363,107)
Gross profit		164,881	179,089
Selling and distribution costs		(69,431)	(56,335)
General and administrative expenses		(100,142)	(92,496)
Other income, net	7	1,099	102,294
Loss on disposal of discontinued operation	12	(18,413)	–
<b>PROFIT/(LOSS) FROM OPERATING ACTIVITIES</b>			
	8	(22,006)	132,552
Finance costs	9	(32,071)	(37,103)
Share of profits and losses of jointly controlled entities	21	5,146	19,048
Share of profits and losses of associates	22	(1,446)	1,204
<b>PROFIT/(LOSS) BEFORE TAX</b>			
Continuing operations		(47,868)	104,097
Discontinued operation	12	(2,509)	11,604
	13	<u>(50,377)</u>	<u>115,701</u>
<b>Tax</b>			
Continuing operations		(3,737)	(12,503)
Discontinued operation	12	(4,173)	(2,602)
	14	<u>(7,910)</u>	<u>(15,105)</u>
<b>PROFIT/(LOSS) AFTER TAX</b>			
		(58,287)	100,596
Minority interests		(4,471)	(7,994)
<b>NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>			
	15	(62,758)	92,602
Accumulated losses at beginning of year		(49,650)	(140,483)
<b>ACCUMULATED LOSSES</b>			
		(112,408)	(47,881)
Transfers from/(to) reserves	35	6,692	(1,769)
<b>ACCUMULATED LOSSES AT END OF YEAR</b>			
		<u>(105,716)</u>	<u>(49,650)</u>
<b>EARNINGS/(LOSS) PER SHARE – BASIC</b>			
	16	<u>(US cents 2.91)</u>	<u>US cents 4.29</u>

**CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY***Year ended 31st December, 2003*

	<i>Notes</i>	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Surplus/(Deficit) on revaluation of fixed assets	35	(717)	3,672
Movements of reserves arising from the restructuring of a subsidiary	35	–	875
Release of reserves upon reclassification from interest in associate to short term investments	35	–	(3,192)
Exchange differences on translation of foreign currency financial statements and exchange realignment	35	<u>(465)</u>	<u>(681)</u>
Net gains/(losses) not recognised in the profit and loss account		(1,182)	674
Deficit on revaluation of land and buildings	35	–	(153)
Release of reserves upon disposal of associates	35	–	(10,144)
Release of reserves upon disposal of a subsidiary	35	12,715	–
Net profit/(loss) for the year attributable to shareholders	35	<u>(62,758)</u>	<u>92,602</u>
Total changes in equity		<u><u>(51,225)</u></u>	<u><u>82,979</u></u>

**CONSOLIDATED BALANCE SHEET**

31st December, 2003

	<i>Notes</i>	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i> (Restated)
<b>NON-CURRENT ASSETS</b>			
Fixed assets	17	528,126	579,201
Investment properties	18	3,766	1,527
Non-current livestock	19	4,829	1,624
Interests in jointly controlled entities	21	73,989	87,236
Interests in associates	22	24,436	25,907
Long term investments	23	1,574	1,574
Goodwill and negative goodwill:	24		
Goodwill		2,820	3,690
Negative goodwill		(8,884)	–
Deferred tax assets	25	2,524	862
		<u>633,180</u>	<u>701,621</u>
<b>CURRENT ASSETS</b>			
Short term investments	26	11,290	32,883
Current livestock	27	15,391	19,537
Inventories	28	155,183	146,087
Accounts receivable, other receivables and deposits	29	116,463	94,539
Bills receivable		831	239
Tax recoverable		257	1,014
Amounts due from related companies	30	4,893	4,748
Cash held in escrow accounts	31	11,675	11,085
Fixed and pledged deposits		14,855	1,690
Cash and cash equivalents	31	56,760	95,633
		<u>387,598</u>	<u>407,455</u>

**CONSOLIDATED BALANCE SHEET (CONTINUED)**

31st December, 2003

	<i>Notes</i>	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i> (Restated)
<b>CURRENT LIABILITIES</b>			
Accounts payable, other payables and accrued expenses	32	193,822	195,690
Bills payable		37,566	5,583
Tax payable		1,893	4,378
Provisions for staff bonuses and welfare benefits		6,000	5,736
Amounts due to related companies	30	9,103	4,717
Interest-bearing bank loans and other loans	33	459,622	487,355
		<u>708,006</u>	<u>703,459</u>
<b>NET CURRENT LIABILITIES</b>		<u>(320,408)</u>	<u>(296,004)</u>
		312,772	405,617
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans and other loans	33	(163,375)	(172,521)
		<u>149,397</u>	<u>233,096</u>
<b>CAPITAL AND RESERVES</b>			
Issued capital	34	107,924	107,924
Share premium account		51,210	51,210
Reserves	35	(58,760)	(7,535)
		100,374	151,599
<b>MINORITY INTERESTS</b>		<u>49,023</u>	<u>81,497</u>
		<u>149,397</u>	<u>233,096</u>



**CONSOLIDATED CASH FLOW STATEMENT**

Year ended 31st December, 2003

	<b>2003</b> US\$'000	<b>2002</b> US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit/(Loss) before tax	(50,377)	115,701
Adjustments for:		
Finance costs	32,071	37,103
Share of profits and losses of jointly controlled entities and associates	(3,700)	(20,252)
Depreciation	70,972	68,972
Interest income	(1,065)	(3,016)
Amortisation of deferred restructuring expenses	–	1,862
Amortisation of goodwill	250	242
Negative goodwill recognised as income	(808)	–
Impairment loss in respect of fixed assets	3,722	8,320
Impairment loss in respect of investments in jointly controlled entities	–	901
Impairment loss in respect of goodwill	1,830	1,652
Unrealised loss/(gain) of short term investments	227	(21,358)
Unrealised gain on revaluation of livestock	(1,057)	–
Loss on disposal of fixed assets	4,693	652
Loss on disposal of a subsidiary	18,413	–
Gain on disposal of interests in associates	–	(87,556)
Gain on disposal of interests in jointly controlled entities	–	(1,918)
Gain on disposal of short term investments	(3,754)	(579)
Revaluation deficit on fixed assets	–	153
Revaluation deficit on investment properties	8	258
Provision/(Write-back) of provision against inventories	(2,972)	1,761
Reversal of impairment provision for livestock	(309)	(491)
Provision/(Write-back) of provision for accounts receivable, other receivables and deposits	210	(428)
	<hr/>	<hr/>
Operating profit before working capital changes	68,354	101,979
Working capital adjustments:		
Decrease in short term investments	351	290
Increase in livestock	(8,566)	(4,689)
Increase in inventories	(22,575)	(20,006)
Increase in accounts receivable, other receivables and deposits	(35,886)	(3,892)
Decrease/(Increase) in bills receivable	(592)	95
Decrease/(Increase) in amounts due from related companies	(163)	182
Increase in cash held in escrow accounts	(590)	(2,071)
Increase in accounts payable, other payables and accrued expenses	18,837	21,809
Increase/(Decrease) in bills payable	31,983	(1,191)
Increase in amounts due to related companies	4,386	331
	<hr/>	<hr/>
Cash generated from operations	55,539	92,837
Interest paid	(27,765)	(43,254)
Tax paid	(9,531)	(8,944)
	<hr/>	<hr/>
Net cash inflow from operating activities		
Continuing operations	12,130	35,406
Discontinued operation	6,113	5,233
	<hr/>	<hr/>
Total	18,243	40,639
	<hr/>	<hr/>

**CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

Year ended 31st December, 2003

	Notes	2003 US\$'000	2002 US\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed assets		(47,767)	(50,753)
Purchases of additional interests in subsidiaries		(24,191)	(72)
Purchase of additional interest in a jointly controlled entity		(482)	(1,865)
Acquisition of subsidiaries	38(a)	–	(260)
Disposal of a subsidiary	38(b)	13,472	–
Decrease in interests in jointly controlled entities		4,520	9,419
Increase in interests in associates		(2,384)	(2,967)
Decrease in long term investments		–	61
Sales proceeds from disposal of fixed assets		1,850	5,324
Sales proceeds from disposal of jointly controlled entities		–	5,364
Sales proceeds from disposal of associates		–	106,884
Sales proceeds from disposal of listed investments		23,757	579
Sales proceeds from disposal of short term investments		1,012	–
Dividends received from jointly controlled entities		10,686	10,450
Dividends received from associates		2,410	3,013
Interest received		1,065	3,016
		<hr/>	<hr/>
Net cash inflow/(outflow) from investing activities			
Continuing operations		(7,579)	96,189
Discontinued operation		(8,473)	(7,996)
		<hr/>	<hr/>
Total		(16,052)	88,193
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
New bank and other borrowings		189,426	286,058
Repayments of bank and other borrowings		(211,174)	(393,432)
Decrease/(Increase) in fixed and pledged deposits		(13,165)	1,506
Increase/(Decrease) in minority interests		2,575	(6,801)
		<hr/>	<hr/>
Net cash outflow from financing activities			
Continuing operations		(32,008)	(116,471)
Discontinued operation		(330)	3,802
		<hr/>	<hr/>
Total		(32,338)	(112,669)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		(30,147)	16,163
Effect of exchange rate changes, net		(8,726)	(9,179)
Cash and cash equivalents at beginning of year		95,633	88,649
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u>56,760</u>	<u>95,633</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Time deposits		1,121	42,067
Cash and bank balances		55,639	53,566
		<hr/>	<hr/>
		<u>56,760</u>	<u>95,633</u>

**BALANCE SHEET**

31st December, 2003

	<i>Notes</i>	<b>2003</b> US\$'000	<b>2002</b> US\$'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets	17	50	57
Interests in subsidiaries	20	236,064	308,598
Interests in associates	22	–	–
		<u>236,114</u>	<u>308,655</u>
<b>CURRENT ASSETS</b>			
Other receivables and deposits		290	267
Cash held in escrow accounts	31	11,675	11,085
Cash and cash equivalents	31	1,330	600
		<u>13,295</u>	<u>11,952</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accrued expenses		1,103	829
Interest-bearing bank loans and other loans	33	54,970	73,329
		<u>56,073</u>	<u>74,158</u>
<b>NET CURRENT LIABILITIES</b>		<u>(42,778)</u>	<u>(62,206)</u>
		193,336	246,449
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans and other loans	33	(94,605)	(95,065)
		<u>98,731</u>	<u>151,384</u>
<b>CAPITAL AND RESERVES</b>			
Issued capital	34	107,924	107,924
Share premium account	35	51,210	51,210
Contributed surplus	35	6,093	6,093
Accumulated losses	36	(66,496)	(13,843)
		<u>98,731</u>	<u>151,384</u>

**NOTES TO FINANCIAL STATEMENTS***31st December, 2003***1. BASIS OF PRESENTATION**

As reported in the financial statements, the Group had net current liabilities of US\$320,408,000 as at 31st December, 2003 (2002: US\$296,004,000).

Since May 1998, the Company has been negotiating a restructuring plan, which includes asset disposal and debt repayment programmes with its lending banks and the holders of its floating rate notes (collectively referred to as the "Lenders").

On 28th February, 2001, the Company entered into a formal Group restructuring agreement (the "Agreement") with its lending banks. The Agreement provided for the Company's indebtedness and the indebtedness of the Company's subsidiaries participating in the restructuring scheme, to be paid down, according to a schedule, over a period up to 31st December, 2002 and for any remaining indebtedness to be refinanced thereafter. However, certain features of the restructuring were only to take effect upon the satisfaction of certain conditions precedent or conditions subsequent specified in the Agreement.

On 29th March, 2001, a meeting was held by the holders of the Company's floating rate notes who resolved to acknowledge the restructuring and amend the terms and conditions of the floating rate notes in accordance with the terms of the Agreement.

On 23rd October, 2001, the Company announced that certain amendments (the "First Amendment Agreement") had been made to the Agreement. The amendments related to an extension of the period of the restructuring by 12 months to 31st December, 2003.

On 29th October, 2003, further to the First Amendment Agreement, the Lenders agreed to a Second Amendment Agreement to amend the debt restructuring schedule and an extension of the period of the restructuring by another 12 months to 31st December, 2004.

The total amount of distributions to the Lenders in 2003 was US\$28,000,000 (2002: US\$88,600,000), of which US\$473,000 (2002: US\$1,763,000) was placed in escrow accounts for the purpose of settling future claims on the Company, if any, on debts guaranteed by the Company to its subsidiaries in the PRC and an associate in Indonesia.

After the distributions made during the year, the remaining indebtedness at 31st December, 2003 was US\$235,643,000 (2002: US\$263,170,000). This is scheduled to be partly reduced by three instalments of totalling US\$86,600,000 due in 2004 and the remaining balance is to be refinanced at the end of the restructuring period. The three instalments due in 2004 will be financed by various means including cash flows from operations and proceeds from the disposal of non-core assets.

In order to reduce its overall level of indebtedness, the Group has implemented an asset disposal programme which has been ongoing since 1998. The Group will continue to execute its asset disposal programme with a view to generating cash proceeds to further reduce the Group's indebtedness.

The financial statements have been prepared on a going concern basis because the directors believe that:

- (a) following certain cost-cutting and asset disposal measures that have been undertaken and that are planned in the major operating subsidiaries, jointly controlled entities and associates, as part of the restructuring referred to above, the Group will be able to generate sufficient cash inflows to meet its obligations on a timely basis, and will be able to comply with the terms of the First Amendment Agreement and Second Amendment Agreement; and
- (b) through certain restructuring and reorganisational measures, including the disposal of certain non-core assets, the Group's debt and liquidity position will be improved.

Should the Group be unable to successfully complete its asset disposal programme, generate sufficient cash inflows and be able to comply with the terms of the First Amendment Agreement and Second Amendment Agreement, the basis of preparing the Group's current year's financial statements prepared on a going concern basis may not be appropriate. Accordingly, adjustments would have to be made to restate the values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and long term liabilities as current.

## 2. CORPORATE INFORMATION

The consolidated financial statements of the Company for the year ended 31st December, 2003 were authorised for issue in accordance with a resolution of the directors on 2nd April, 2004. The Company is a limited liability company which is incorporated in Bermuda.

The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

During the year, the Group was involved in the following activities:

- trading of agricultural products
- feedmill and poultry operations
- manufacturing and sale of motorcycles and accessories for automobiles through its jointly controlled entities
- property and investment holding

The Group employed approximately 53,000 (2002: 54,000) employees as at 31st December, 2003.

## 3. IMPACT OF A NEW INTERNATIONAL ACCOUNTING STANDARD ("IAS")

IAS 41 "Agriculture" is effective for the first time for the current year's financial statements. IAS 41 prescribes the accounting treatment, financial statement presentation and disclosures related to agricultural activity. Agricultural activity comprises an entity's management of the biological transformation of living animals or plants (biological assets) that are for sale into either agricultural produce or additional biological assets.

Biological assets should be measured at fair value less estimated point-of-sale costs, with the change in the carrying amount reported as part of profit or loss from operating activities. Agriculture produce harvested from an entity's biological assets should be measured at fair value less estimated point-of-sale costs at the point of harvest.

The adoption of the new IAS 41 has resulted in the Group stating livestock at its fair value less estimated point-of-sale costs, except where fair value cannot be measured reliably.

The Group has the following types of biological assets.

### (i) Breeder chicks, hatchable eggs and self raised day-old chicks

Breeder chicks are parent stock of hatchable eggs, which in turn are for the hatching of day-old chicks. Self raised day-old chicks are treated as biological assets, whereas day-old chicks held for sale are treated as inventories and these chicks are sold within one day.

The above biological assets are stated at cost less accumulated amortisation and any impairment losses for the following reasons:

#### *Breeder chicks*

- there is no active and ready market for breeder chicks and the fair value cannot be measured reliably;
- the life cycle of a breeder chick is generally short (57 weeks), and its cost will be fully amortised in the following year and become the cost of hatchable eggs; and
- breeder chicks are not for normal consumption and the scrap value is minimal.

#### *Hatchable eggs*

- the hatching period of these eggs is generally short (approximately 21 days). In the opinion of the directors, the incremental fair value during the hatching period is minimal, and as such, the cost of hatchable eggs that undergo the transformation to day-old chicks after taking into consideration impairment losses, if any, approximates their fair value as determined with reference to the market value.

**3. IMPACT OF A NEW INTERNATIONAL ACCOUNTING STANDARD (“IAS”) (CONTINUED)****(i) Breeder chicks, hatchable eggs and self raised day-old chicks (continued)***Self raised day-old chicks*

- the breeding period of a day-old chick to a mature chicken that is ready for slaughter is generally short (45 to 50 days);
- there is no active and ready market for these chickens during the maturing period as they are mainly raised for slaughter and the fair value cannot be measured reliably; and
- the carrying value of a slaughtered chicken after taking into consideration impairment losses, if any, approximates its fair value as determined with reference to the market value.

The impact of IAS 41 on these financial statements in respect of the above biological assets is that additional disclosures are now included and certain comparative amounts have been reclassified, further details of which are included in note 27 to the financial statements.

Furthermore, in the opinion of the directors, a reconciliation of changes in the carrying amount of such biological assets between the beginning and the end of the current period is not useful because the breeding and raising cycle is generally short (approximately one year). Therefore, a reconciliation is not presented and these livestock are classified as current assets.

**(ii) Breeder pigs and progeny pigs**

Progeny pigs are raised for sale. Breeder pigs are held to produce further progeny pigs. For progeny pigs aged up to 17 weeks, they are valued at cost as no active or liquid market exists for these pigs. For breeder pigs and progeny pigs aged from 18 weeks, the fair value is determined based on the selling prices approximating those at the balance sheet date.

In the prior year, these livestock were stated in the balance sheet of the Group at the lower of cost and net realisable value. The adoption of IAS 41 has not resulted in any prior year adjustment as the effect is not material. The new disclosure requirements under IAS 41 have resulted in changes in classification of these livestock, details of which are included in note 19 to the financial statements. The comparative amounts have been also reclassified accordingly.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of preparation**

The financial statements are prepared in United States dollars and in conformity with International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board, and International Accounting Standards (“IAS”) and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. They have been prepared under the historical cost convention, except for the periodic remeasurement of investment properties, certain fixed assets and short term investments, as further explained below.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31st December, 2003 together with the Group’s share of the post-acquisition results and reserves of its jointly controlled entities and associates. The results of subsidiaries, jointly controlled entities and associates acquired or disposed of during the year are included from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company’s subsidiaries.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Subsidiaries**

A subsidiary is a company whose financial and operating policies are controlled, directly or indirectly, by the Company, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

**Joint venture companies**

Joint venture companies comprise companies operating, directly or indirectly, in the mainland of the PRC as independent business entities. The joint venture agreements between the venturers stipulate the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which assets are to be realised upon its dissolution. The profits and losses from operations and any distribution of surplus assets are shared by the venturers either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreements.

A joint venture company is treated as:

- (a) a subsidiary, if the Group has effective control, directly or indirectly, over the joint venture company;
- (b) a jointly controlled entity, if neither the Group, nor its venture partners are in a position to exercise unilateral control over the economic activity of the joint venture company;
- (c) an associate, if the Group holds, directly or indirectly, between 20% and 50% of the joint venture company's registered capital for the long term and is in a position to exercise significant influence over its management; or
- (d) a long term investment, if the Group holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

**Jointly controlled entities**

A jointly controlled entity is a joint venture company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly controlled entity.

The Group's share of the post-acquisition results and reserves of jointly controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in jointly controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

**Associates**

An associate is a company, not being a subsidiary or a jointly controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets and goodwill recorded in the associates' own financial statements less any impairment losses. If the Group's share of losses of an associate equals or exceeds the carrying amount of the investment, the Group will discontinue the investment including its share of further losses and the investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the Group has guaranteed or otherwise committed.

The results of associates are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in associates are stated at cost less any impairment losses.



**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Goodwill**

Goodwill arising on the consolidation of subsidiaries, and on the acquisition of jointly controlled entities and associates represents the excess of the purchase consideration paid for subsidiaries, jointly controlled entities and associates over the fair values ascribed to their net assets as at the date of acquisition.

Goodwill is amortised on a straight-line basis over its estimated useful life, being the remaining terms of the subsidiary/jointly controlled entity/associate or a period of 20 years, whichever is shorter. In the opinion of the directors, the goodwill arising on the acquisition of a subsidiary/jointly controlled entity/associate will have economic benefits to the Group over the terms of the acquired subsidiary/jointly controlled entity/associate. The majority of the subsidiaries/jointly controlled entities/associates have terms exceeding 30 years.

The Group's share of goodwill recorded in the jointly controlled entities' and associates' own financial statements is amortised over a period not exceeding 20 years.

On disposal of subsidiaries, jointly controlled entities or associates, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate.

The carrying amount of goodwill is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

**Negative goodwill**

Negative goodwill arising on the acquisition of subsidiaries, jointly controlled entities and associates represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

On disposal of subsidiaries, jointly controlled entities or associates, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of negative goodwill which has not been recognised in the consolidated profit and loss account and any relevant reserves as appropriate.

**Impairment of assets**

The carrying amounts of assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may exceed the recoverable amount. If, as a result of the review, it is determined that the carrying amount of an asset exceeds its recoverable amount, an impairment loss is immediately recognised in the profit and loss account. If an asset has been revalued, the impairment loss is initially debited to the revaluation reserve associated with that asset. If the impairment loss exceeds the revaluation reserve for that asset, any excess is recognised in the profit and loss account.

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the estimated amount obtainable from the sale of the asset in an arm's length transaction, between knowledgeable and willing parties, less the costs of disposal. The value in use is the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, where this is not possible, for the cash-generating unit of which the assets form part.



**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Impairment of assets (continued)**

If there is any indication that an impairment loss recognised for an asset may no longer exist or may have decreased, the recoverable amount is estimated and compared to the carrying amount. If there has been a change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognised, the carrying amount of the asset is increased to the recoverable amount, not exceeding the carrying amount the asset would have had if impairment loss had not previously been recognised. Such reversals of impairment losses are credited to the profit and loss account unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**Fixed assets and depreciation***(i) Office premises*

Office premises are stated at their open market values on the basis of annual valuations performed at the end of each financial year. Changes in the values of such premises are dealt with as movements in the fixed asset revaluation reserve on an individual premise basis. If the total of the reserve attributable to the individual premises is insufficient to cover a deficit, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

Upon the disposal of the office premises, the relevant portion of the fixed asset revaluation reserve realised in respect of previous valuations is released and transferred directly to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of the office premises over their estimated useful lives.

*(ii) Fixed assets in Turkey*

The fixed assets in Turkey are stated at valuation made on the basis with reference to the revaluation rate determined by the Turkish government, which has regard to the local inflation rate for the financial year under review.

Depreciation of these fixed assets is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Nil
Buildings	4%
Plant and machinery	20%
Furniture, fixtures and equipment	10% – 20%
Motor vehicles and transport facilities	20%

*(iii) Other fixed assets*

Other fixed assets are stated at cost less accumulated depreciation and any impairment losses.

Depreciation of fixed assets in Hong Kong is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life.

Depreciation of fixed assets in the PRC is calculated in accordance with the relevant regulations in the PRC, which require that depreciation be provided on the straight-line basis based on the estimated economic useful life of each category of assets and on an estimated residual value of 10% of the cost thereof. The principal annual rates used for this purpose are as follows:

Industrial buildings in the PRC	2% – 4 <sup>1</sup> / <sub>2</sub> %
Plant and machinery	6% – 15%
Furniture, fixtures and equipment	10% – 33 <sup>1</sup> / <sub>3</sub> %
Motor vehicles and transport facilities	9% – 33 <sup>1</sup> / <sub>3</sub> %

The above principal annual rates used are adopted based on PRC accounting principles and the rates are not materially different to those under IAS.

The rights to the use of sites in the PRC are amortised over the period of the rights.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Fixed assets and depreciation (continued)***(iv) Construction in progress*

Construction in progress represents the costs incurred in connection with the construction of silos, factories, warehouses and farms, and hatchery facilities. Interest on bank loans used to finance construction costs is capitalised in construction in progress. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use.

**Capitalisation of borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to prepare for their intended use, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use. The capitalisation rate for the year is based on the actual cost of the related borrowings.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

**Investment properties**

Investment properties held on short, medium or long term basis are not depreciated and are stated at open market values on the basis of annual valuations performed at the end of each financial year. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated profit and loss account in the period in which they arise.

**Investments**

Listed and unlisted investments held on a long term basis are stated at estimated fair value.

Short term investments are investments in equity securities held for trading purposes and are stated at fair value on an individual investment basis as at the balance sheet date. The gains or losses arising from changes in the value of a security are credited or charged to the profit and loss account for the period in which they arise.

The results of investee companies are included only to the extent of dividends received and receivable.

**Inventories**

Inventories are valued at the lower of cost, on the weighted average basis, and net realisable value after making due allowance for any obsolete or slow-moving items. Cost comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

**Livestock**

Livestock is stated at fair value less estimated point-of-sale costs, except where the fair value cannot be measured reliably, in which case it is stated at cost less accumulated amortisation and any impairment. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit.

Net increments or decrements in the fair value of livestock are included in the profit and loss account, determined as:

- (a) the difference between the total fair value of the livestock recognised at the beginning of the financial year and the total fair value of the livestock recognised at the end of the financial year; and
- (b) cost incurred during the financial year to acquire and breed livestock.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Leased assets**

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged or credited to the profit and loss account on the straight-line basis over the lease terms.

**Foreign currencies**

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into United States dollars at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the assets and liabilities of the Company, its subsidiaries, jointly controlled entities and associates are translated into United States dollars at the exchange rates ruling at the balance sheet date. The revenue and expenses are translated into United States dollars at the weighted average exchange rates for the year except when the foreign entity reports in the currency of a hyperinflationary economy, in which case income and expense items are translated at the closing rate. All translation differences arising on consolidation are taken to the exchange equalisation reserve.

In translating the financial statements denominated in Renminbi into United States dollars, the exchange rate used is the rate of exchange as quoted by the People's Bank of China in the PRC.

**Employee benefits***Retirement benefits schemes*

The Group operates a defined Mandatory Provident Fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

As stipulated by the regulations of the PRC government, each of the joint ventures in the PRC is required to make specific contributions to the State-controlled retirement plan at a rate of 6% to 29% of the total salaries of the PRC employees. The PRC government is responsible for the pension liability to the retired employees. The employees of the joint ventures are entitled to a monthly pension at their retirement dates. The joint ventures have no further obligation for post-retirement benefits beyond the annual contributions made.

The subsidiaries in Turkey are required to contribute certain amounts under the retirement plans based on eligible employees' accumulated periods of service at the balance sheet date in accordance with Turkish Social Security Legislation. The only obligation of the Group with respect to the plans is to pay the ongoing required contributions under the plans.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Employee benefits (continued)***Employment Ordinance long service payments*

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

*Share option scheme*

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

**Income tax**

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Income tax (continued)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) rental income, on a time proportion basis over the lease terms;
- (c) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (d) dividend income, when the shareholders' right to receive payment has been established.

**Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or to exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

**Cash and cash equivalents**

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including time deposits, which are not restricted as to use.

**Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit and loss account.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial instruments**

Financial assets and financial liabilities carried on the balance sheet include cash and cash equivalents, investments on marketable securities, trade and other receivables and payables and borrowings. The Group recognises a financial asset or financial liability on the balance sheet when, and only when, it becomes a party to the contractual provision of the instrument.

Financial assets are classified into four categories:

- (a) loans and receivables originated by the enterprise and not held for trading;
- (b) held-to-maturity investments;
- (c) available-for-sale financial assets; and
- (d) financial assets held for trading.

After initial recognition of a financial asset or financial liability at cost, the Group measures each major category of the financial instruments at either the reliable fair value or amortised cost in accordance with IAS 39, "Financial Instruments: Recognition and Measurement". Regular way purchases and sales of financial assets are accounted for at trade date. The gains and losses arising from changes in the fair values of those trading financial assets/liabilities and available-for-sale financial assets that are measured at fair value subsequent to initial recognition are included in net profit or loss for the period.

The fair values of financial assets are determined as described in note 42 to the financial statements.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

**5. TURNOVER**

Turnover represents rental income and the net invoiced value of sales after allowances for goods returned and trade discounts, and after the eliminations of intra-group transactions.

An analysis of turnover by principal activity and geographical location of operations is as follows:

	<b>GROUP</b>	
	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>
By principal activity:		
Sales to/income from external customers:		
Feedmill and poultry operations	1,657,310	1,542,090
Property holding	36	106
	<u>1,657,346</u>	<u>1,542,196</u>
By geographical location of operations:		
PRC:		
Hong Kong	36	106
Mainland	1,447,618	1,415,510
	<u>1,447,654</u>	<u>1,415,616</u>
Turkey (Discontinued operation) (note 12)	209,692	126,580
	<u>1,657,346</u>	<u>1,542,196</u>

The above analysis does not include the turnover of the Group's jointly controlled entities and associates, which is summarised in the combined results of jointly controlled entities and associates set out in notes 21 and 22 to the financial statements, respectively.

**6. REVENUE**

The total revenue for the year is analysed as follows:

	<b>GROUP</b>	
	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Sale of goods	1,657,073	1,542,090
Rental income	273	106
	<u>1,657,346</u>	<u>1,542,196</u>
Turnover	1,657,346	1,542,196
Interest income	1,065	3,016
	<u>1,658,411</u>	<u>1,545,212</u>

**7. OTHER INCOME, NET**

	<b>GROUP</b>	
	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Negative goodwill recognised as income	808	–
Amortisation of deferred restructuring expenses	–	(1,862)
Gain on disposal of interests in associates	–	87,556
Gain on disposal of interests in jointly controlled entities	–	1,918
Gain on disposal of short term investments	3,754	579
Unrealised gain/(loss) of short term investments	(227)	21,358
Unrealised gain on revaluation of livestock	1,057	–
Revaluation deficit on fixed assets	–	(153)
Revaluation deficit on investment properties	(8)	(258)
Impairment loss in respect of fixed assets	(3,722)	(8,320)
Impairment loss in respect of investments in jointly controlled entities	–	(901)
Impairment loss in respect of goodwill	(1,830)	(1,652)
Interest income	1,065	3,016
Tax refund in respect of re-investment of distributed earnings from the PRC ventures	202	1,013
	<u>1,099</u>	<u>102,294</u>

**8. PROFIT/(LOSS) FROM OPERATING ACTIVITIES**

The Group's profit/(loss) from operating activities is arrived at after crediting:

	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Foreign exchange gains, net	1,521	–
Rental income, net of outgoings	273	106
Write-back of provision for bad and doubtful debts	–	428
Write-back of provision against inventories	2,972	–
Write-back of impairment provision for livestock	309	491
and after charging:		
Depreciation	70,972	68,972
Provision for bad and doubtful debts	210	–
Provision against inventories	–	1,761
Provision for long service payment	830	–
Loss on disposal of fixed assets, net	4,693	652
Loss arising from a fire incident of a subsidiary:		
Loss of monetary and non-monetary assets	10,003	–
Less: Reimbursement from insurance company	(9,875)	–
	<u>128</u>	<u>–</u>
Minimum lease payments under operating leases:		
Land and buildings	4,947	3,643
Plant and machinery	440	569
	<u>5,387</u>	<u>4,212</u>
Auditors' remuneration	716	798
Staff costs (including directors' remuneration – see note 10)	99,960	90,111
Pension fund contributions	4,611	5,587
Amortisation of deferred restructuring expenses	–	1,862
Goodwill:		
Amortisation for the year	250	242
Impairment arising during the year	1,830	1,652
Foreign exchange losses, net	<u>–</u>	<u>2,161</u>

**9. FINANCE COSTS**

	<b>GROUP</b>	
	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Interest expense on:		
Bank loans wholly repayable within five years	31,728	36,748
Other loans repayable within five years	343	355
	<u>32,071</u>	<u>37,103</u>



**10. DIRECTORS' REMUNERATION**

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	<b>Executive</b>		<b>Independent non-executive</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Fees	-	-	54	54
Other emoluments:				
Basic salaries, housing allowances, other allowances and benefits in kind	1,026	1,026	-	-
	<u>1,026</u>	<u>1,026</u>	<u>54</u>	<u>54</u>

The number of directors whose remuneration fell within the following bands is as follows:

	<b>Number of directors</b>	
	<b>2003</b>	<b>2002</b>
Nil – US\$128,000	8	6
US\$128,001 – US\$192,000	1	1
US\$385,001 – US\$449,000	1	1
US\$449,001 – US\$513,000	1	1
	<u>11</u>	<u>9</u>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, 215,848,078 share options were granted to the directors in respect of their services to the Group, further details of which are set out in note 34 to the financial statements. No value in respect of the share options granted during the year has been charged to the profit and loss account, or is otherwise included in the above directors' remuneration disclosures.

**11. FIVE HIGHEST PAID INDIVIDUALS**

The five highest paid individuals during the year included two (2002: two) directors, details of whose remuneration are set out in note 10 above. The remuneration of the remaining three (2002: three) non-director, highest paid individuals for the year is analysed and fell within the bands set out below:

	<b>GROUP</b>	
	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Basic salaries, housing allowances, other allowances and benefits in kind	<u>605</u>	<u>605</u>
	<b>Number of employees</b>	
	<b>2003</b>	<b>2002</b>
US\$128,001 – US\$192,000	1	1
US\$192,001 – US\$256,000	2	2

**12. DISCONTINUED OPERATION**

On 12th November, 2003, the Company publicly announced, the details of which were set in a circular dated 3rd December, 2003, the decision of its board of directors to dispose of the whole of the Group's interest in its Turkish subsidiary, C.P. Standart Gida Sanayi ve Ticaret Anonim Sirketi ("CP Standart"), through a wholly owned subsidiary of the Company, Chareon Pokphand Development (Turkey) Limited to a related party, CPF Investment Limited ("CPF Investment"), for a total consideration of US\$22,000,000 and generated a loss on disposal of discontinued operation of approximately US\$18,413,000, which was included in the Group's loss from discontinued operation. The consideration was determined following commercial negotiation between the Company and CPF Investment after taking into account the financial performance and net tangible asset value of CP Standart in the financial years of 2001 and 2002. The transaction was approved by the independent shareholders on 18th December, 2003 and completed on 31st December, 2003.

The disposal formed part of the overall asset disposal programme contemplated under the Group's debt restructuring arrangements mentioned in note 1 under the heading "Basis of Presentation". As the Group has been focusing on its agri-business in the PRC, the directors are of the view that the business operations of CP Standart in Turkey fall outside the current and future business focus of the Group.

The turnover, expenses and results of the Turkish subsidiary for the two years ended 31st December, 2003 and 2002 were as follows:

	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
TURNOVER	209,692	126,580
Cost of sales	<u>(172,867)</u>	<u>(100,074)</u>
Gross profit	36,825	26,506
Selling and distribution costs	(10,503)	(6,135)
General and administrative expenses	<u>(9,221)</u>	<u>(7,317)</u>
PROFIT FROM OPERATING ACTIVITIES	17,101	13,054
Finance costs	<u>(1,197)</u>	<u>(1,450)</u>
PROFIT BEFORE TAX	15,904*	11,604
Tax	<u>(4,173)</u>	<u>(2,602)</u>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<u><u>11,731</u></u>	<u><u>9,002</u></u>

The carrying amounts of the total assets and liabilities relating to the discontinued operation at 31st December were as follows:

	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Total assets	–	48,026
Total liabilities	<u>–</u>	<u>(26,554)</u>
Net assets	<u><u>–</u></u>	<u><u>21,472</u></u>

\* The net loss from discontinued operation presented on the face of the consolidated profit and loss account of approximately US\$2,509,000 included loss on disposal of CP Standart of approximately US\$18,413,000.

**13. SEGMENT INFORMATION****(a) Business segments**

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments.

An analysis by principal activity of contribution to results is as follows:

**GROUP**

	<b>Feedmill and poultry operations</b>	<b>Manufacturing and sale of motorcycles and accessories for automotives*</b>	<b>Investment and property holding</b>	<b>Total</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
2003				
Segment results:				
Continuing operations	(6,967)	(4,820)	(9,440)	(21,227)
Discontinued operation	16,535	-	-	16,535
Other revenue:				
Other income/(losses), net	(3,975)	-	4,009	34
Interest income				1,065
Loss on disposal of discontinued operation	(18,413)	-	-	(18,413)
Interest expense				(32,071)
Share of profits and losses of jointly controlled entities	(10,591)	15,737	-	5,146
Share of profits and losses of associates	(1,446)	-	-	(1,446)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Loss before tax				<u><u>(50,377)</u></u>
2002				
Segment results:				
Continuing operations	33,242	(4,476)	(10,028)	18,738
Discontinued operation	11,520	-	-	11,520
Other revenue:				
Other income/(losses), net	(8,959)	1,017	107,220	99,278
Interest income				3,016
Interest expense				(37,103)
Share of profits and losses of jointly controlled entities	6,530	12,518	-	19,048
Share of profits and losses of associates	1,204	-	-	1,204
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Profit before tax				<u><u>115,701</u></u>

\* These activities were conducted through the Group's jointly controlled entities of its industrial sector.

## 13. SEGMENT INFORMATION (CONTINUED)

## (a) Business segments (continued)

## GROUP

	Feedmill and poultry operations US\$'000	Manufacturing and sale of motorcycles and accessories for automotives* US\$'000	Investment and property holding US\$'000	Total US\$'000
2003				
Interests in jointly controlled entities	16,494	57,495	-	73,989
Interests in associates	24,436	-	-	24,436
Segment assets	880,113	6,337	33,122	919,572
Unallocated assets				2,781
Total assets				<u>1,020,778</u>
Segment liabilities	237,883	1,525	1,388	240,796
Unallocated liabilities				630,585
Total liabilities				<u>871,381</u>
Other segment information:				
Additions to fixed assets	47,736	3	28	47,767
Depreciation	70,120	134	718	70,972
Amortisation	250	-	-	250
Impairment loss	5,243	-	-	5,243
Loss on disposal of discontinued operation	18,413	-	-	18,413
2002				
Interests in jointly controlled entities	29,073	58,163	-	87,236
Interests in associates	25,907	-	-	25,907
Segment assets	909,408	41,993	42,656	994,057
Unallocated assets				1,876
Total assets				<u>1,109,076</u>
Segment liabilities	207,782	1,637	918	210,337
Unallocated liabilities				665,643
Total liabilities				<u>875,980</u>
Other segment information:				
Additions to fixed assets	45,028	27	5,698	50,753
Depreciation	63,554	139	5,279	68,972
Amortisation	242	-	1,862	2,104
Impairment loss	9,972	901	-	10,873

\* These activities were conducted through the Group's jointly controlled entities of its industrial sector.

**13. SEGMENT INFORMATION (CONTINUED)****(b) Geographical segments**

The following tables present revenue, profit and certain asset and expenditure information for the Group's geographical segments.

**GROUP**

	Continuing operations			Discontinued operation	Total US\$'000
	PRC Hong Kong US\$'000	PRC Mainland US\$'000	Thailand and Indonesia US\$'000	Turkey US\$'000	
2003					
Segment results	(7,287)	(13,940)	-	16,535	(4,692)
Other revenue:					
Other income/(losses), net	(8)	(1,515)	1,557	-	34
Interest income					1,065
Loss on disposal of discontinued operation	-	-	-	(18,413)	(18,413)
Interest expense					(32,071)
Share of profits and losses of jointly controlled entities	-	5,146	-	-	5,146
Share of profits and losses of associates	-	(1,446)	-	-	(1,446)
	<u>-</u>	<u>(1,446)</u>	<u>-</u>	<u>-</u>	<u>(1,446)</u>
Loss before tax					<u>(50,377)</u>
2002					
Segment results	(7,097)	25,835	-	11,520	30,258
Other revenue:					
Other income/(losses), net	(2,273)	99,680	1,871	-	99,278
Interest income					3,016
Interest expense					(37,103)
Share of profits and losses of jointly controlled entities	-	19,048	-	-	19,048
Share of profits and losses of associates	-	1,204	-	-	1,204
	<u>-</u>	<u>1,204</u>	<u>-</u>	<u>-</u>	<u>1,204</u>
Profit before tax					<u>115,701</u>

## 13. SEGMENT INFORMATION (CONTINUED)

## (b) Geographical segments (continued)

## GROUP

	Continuing operations			Discontinued operation	Total US\$'000
	PRC Hong Kong US\$'000	PRC Mainland US\$'000	Thailand and Indonesia US\$'000	Turkey US\$'000	
2003					
Interests in jointly controlled entities	-	73,989	-	-	73,989
Interests in associates	-	24,436	-	-	24,436
Segment assets	46,690	863,657	9,225	-	919,572
Unallocated assets					2,781
Total assets					<u>1,020,778</u>
Segment liabilities	1,396	239,400	-	-	240,796
Unallocated liabilities					630,585
Total liabilities					<u>871,381</u>
Other segment information:					
Additions to fixed assets	28	40,998	-	6,741	47,767
Depreciation	718	65,006	-	5,248	70,972
Amortisation	-	250	-	-	250
Impairment loss, net	-	5,243	-	-	5,243
Loss on disposal of discontinued operation	-	-	-	18,413	18,413
	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,413</u>	<u>18,413</u>
2002					
Interests in jointly controlled entities	-	87,236	-	-	87,236
Interests in associates	-	25,907	-	-	25,907
Segment assets	21,178	916,321	7,668	48,890	994,057
Unallocated assets					1,876
Total assets					<u>1,109,076</u>
Segment liabilities	892	196,059	-	13,386	210,337
Unallocated liabilities					665,643
Total liabilities					<u>875,980</u>
Other segment information:					
Additions to fixed assets	53	47,930	-	2,770	50,753
Depreciation	148	65,285	-	3,539	68,972
Amortisation	1,862	242	-	-	2,104
Impairment loss	-	10,873	-	-	10,873
	<u>-</u>	<u>10,873</u>	<u>-</u>	<u>-</u>	<u>10,873</u>

## 14. TAX

	GROUP	
	2003	2002
	US\$'000	US\$'000
The Company and subsidiaries:		
Provision for profits tax in respect of the year:		
PRC:		
Hong Kong	–	–
Mainland	5,367	6,870
Overseas	5,092	2,684
Deferred tax asset (note 25)	(3,441)	(81)
	<u>7,018</u>	<u>9,473</u>
(Over)/Under provision in the prior year:		
PRC:		
Hong Kong	–	–
Mainland	(1,558)	345
Overseas	(1,218)	–
	<u>(2,776)</u>	<u>345</u>
Jointly controlled entities:		
PRC:		
Hong Kong	–	–
Mainland	3,668	4,983
	<u>3,668</u>	<u>4,983</u>
Associates:		
PRC:		
Hong Kong	–	–
Mainland	–	304
	<u>–</u>	<u>304</u>
Tax charge for the year	<u><u>7,910</u></u>	<u><u>15,105</u></u>

Hong Kong profits tax is calculated by applying the current tax rate of 17.5% (2002: 16%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year. The increased Hong Kong profits tax rate became effective from the year of assessment 2003/2004, and so is applicable to the assessable profits arising in Hong Kong for the whole of the year ended 31st December, 2003.

In accordance with the relevant tax rules and regulations in the PRC, certain of the Company's PRC subsidiaries, jointly controlled entities and associates enjoy income tax exemptions and reductions. Certain subsidiaries, jointly controlled entities and associates are subject to income taxes at tax rates ranging from 10% to 33%.

The overseas tax represents corporation tax payable in Turkey in respect of income earned during the year. The corporation tax in Turkey is calculated at the applicable tax rate of 30% (2002: 30%). An additional 10% of the total tax charge is levied to support a state fund, which results in an effective corporate tax rate of 33% (2002: 33%).

**14. TAX (CONTINUED)**

A reconciliation between the provision for profits taxes computed by applying the applicable tax rates to the profit before tax and the actual provision for profits taxes is as follows:

	<b>2003</b> US\$'000	<b>2002</b> US\$'000
Profit/(Loss) before tax	<u>(50,377)</u>	<u>115,701</u>
Expected tax charge/(credit) at the domestic tax rates applicable in the countries concerned, net	(10,765)	22,839
Non deductible expenses/(non-taxable income), net	3,012	(8,199)
Tax exemptions or reductions	(5,490)	(5,489)
Tax losses of subsidiaries, jointly controlled entities and associates	20,790	5,873
Effect of increase in tax rate on timing differences	<u>363</u>	<u>81</u>
Actual tax expense	<u>7,910</u>	<u>15,105</u>

**15. NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS**

The loss for the year of the Company dealt with in the consolidated profit and loss account amounted to US\$52,653,000 (2002: Profit for the year of US\$82,955,000).

The Group's share of aggregate profits less losses retained by the jointly controlled entities for the year amounted to US\$1,821,000 (2002: US\$3,867,000).

The Group's share of aggregate losses retained by the associates for the year amounted to US\$1,446,000 (2002: Aggregate profits of US\$5,325,000).

**16. EARNINGS/(LOSS) PER SHARE**

The basic earnings/(loss) per share amount is calculated based on the net loss attributable to shareholders of US\$62,758,000 (2002: Net profit attributable to shareholders of US\$92,602,000) and 2,158,480,786 (2002: 2,158,480,786) shares of the Company in issue during the year.

Diluted earnings/(loss) per share amounts for the years ended 31st December, 2003 and 2002 have not been disclosed as no diluting events existed during the two years.



## 17. FIXED ASSETS

## GROUP

	2003									2002	
	Office premises in Hong Kong US\$'000	Office premises in the PRC US\$'000	Industrial buildings in the PRC US\$'000	Rights to the use of sites US\$'000	Freehold land and buildings in Turkey US\$'000	Plant and machinery US\$'000	Furniture, fixtures and equipment US\$'000	Motor vehicles and transport facilities US\$'000	Construction in progress US\$'000	Total US\$'000	Total US\$'000
Cost or valuation:											
At beginning of year	5,657	8,516	288,782	47,165	11,097	490,610	71,100	32,097	13,441	968,465	905,832
Additions	-	-	4,395	1,552	296	8,079	2,205	2,126	29,114	47,767	50,753
Disposals	-	-	(2,880)	(2)	(45)	(6,787)	(5,663)	(4,551)	(362)	(20,290)	(13,611)
Revaluation	(800)	-	-	-	-	-	-	-	-	(800)	7,659
Transfer in/(out)	-	-	7,125	-	592	15,473	920	128	(24,238)	-	-
Transfer from/(to)											
investment properties	1,173	-	(6,693)	-	-	-	-	-	-	(5,520)	2,503
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	18,144
Disposal of a subsidiary (note 38 (b))	-	-	-	-	(13,831)	(21,687)	(1,165)	(2,246)	(1,779)	(40,708)	-
Exchange realignment	-	-	-	-	1,891	2,814	155	263	102	5,225	(2,815)
At end of year	6,030	8,516	290,729	48,715	-	488,502	67,552	27,817	16,278	954,139	968,465
Accumulated depreciation and impairment losses:											
At beginning of year	-	2,471	80,254	6,384	1,543	238,278	38,954	21,380	-	389,264	317,812
Depreciation provided during the year	83	74	16,396	1,282	664	41,388	7,274	3,811	-	70,972	68,972
Impairment losses provided during the year	-	-	480	-	-	3,188	54	-	-	3,722	8,320
Disposals	-	-	(1,826)	-	(42)	(4,172)	(3,900)	(3,807)	-	(13,747)	(7,635)
Revaluation	(83)	-	-	-	-	-	-	-	-	(83)	3,433
Transfer to investment properties	-	-	(3,273)	-	-	-	-	-	-	(3,273)	(83)
Disposal of a subsidiary (note 38 (b))	-	-	-	-	(2,426)	(18,191)	(1,515)	(1,682)	-	(23,814)	-
Exchange realignment	-	-	-	-	261	2,376	111	224	-	2,972	(1,555)
At end of year	-	2,545	92,031	7,666	-	262,867	40,978	19,926	-	426,013	389,264
Net book value:											
At end of year	6,030	5,971	198,698	41,049	-	225,635	26,574	7,891	16,278	528,126	579,201
At beginning of year	5,657	6,045	208,528	40,781	9,554	252,332	32,146	10,717	13,441	579,201	588,020

**17. FIXED ASSETS (CONTINUED)**

The Group's land and buildings are analysed as follows:

	<b>Hong Kong</b> <i>US\$'000</i>	<b>Elsewhere</b> <i>US\$'000</i>	<b>Total</b> <i>US\$'000</i>
Long term leases	6,030	–	6,030
Medium term leases	–	347,960	347,960
	<u>6,030</u>	<u>347,960</u>	<u>353,990</u>

An analysis of cost or valuation at 31st December, 2003 is as follows:

	<b>Valuation</b> <i>US\$'000</i>	<b>Cost</b> <i>US\$'000</i>	<b>Total</b> <i>US\$'000</i>
Office premises in Hong Kong	6,030	–	6,030
Office premises in the PRC	–	8,516	8,516
Industrial buildings in the PRC	–	290,729	290,729
Rights to the use of sites	–	48,715	48,715
Plant and machinery	–	488,502	488,502
Furniture, fixtures and equipment	–	67,552	67,552
Motor vehicles and transport facilities	–	27,817	27,817
Construction in progress	–	16,278	16,278
	<u>6,030</u>	<u>890,802</u>	<u>896,832</u>

The office premises in Hong Kong are held under long term leases. The properties were assessed by Castores Magi Surveyors Limited, independent professionally qualified surveyors, on an open market, existing use basis at 31st December, 2003.

Had the Group's premises been stated at cost less accumulated depreciation, the carrying amount of the premises at 31st December, 2003 would have been US\$1,596,000 (2002: US\$2,969,000).

The office premises in the PRC are held under medium term leases and are stated at cost less accumulated depreciation.

The industrial buildings in the PRC are held under medium term leases.

Certain of the Group's buildings and plant and machinery in the PRC have been pledged as securities for interest-bearing bank loans as detailed in note 33 to the financial statements.

**17. FIXED ASSETS (CONTINUED)****COMPANY**

	<b>Furniture, fixtures and equipment</b>	
	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Cost:		
At beginning of year	508	530
Additions	28	53
Disposals	–	(75)
	<u>536</u>	<u>508</u>
At end of year	<u>536</u>	<u>508</u>
Accumulated depreciation:		
At beginning of year	451	497
Provided during the year	35	29
Disposals	–	(75)
	<u>486</u>	<u>451</u>
At end of year	<u>486</u>	<u>451</u>
Net book value:		
At end of year	<u>50</u>	<u>57</u>
At beginning of year	<u>57</u>	<u>33</u>

**18. INVESTMENT PROPERTIES**

	<b>GROUP</b>	
	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Long term leasehold land and buildings situated in Hong Kong, at valuation:		
At beginning of year	1,242	3,417
Transfers to fixed assets	(1,173)	(1,917)
Revaluation deficit	(8)	(258)
	<u>61</u>	<u>1,242</u>
At end of year	<u>61</u>	<u>1,242</u>
Medium term leasehold buildings situated in the PRC, at cost:		
At beginning of year	285	954
Transfers from/(to) fixed assets, net	3,420	(669)
	<u>3,705</u>	<u>285</u>
At end of year	<u>3,705</u>	<u>285</u>
	<u>3,766</u>	<u>1,527</u>

**18. INVESTMENT PROPERTIES (CONTINUED)**

The land and buildings in Hong Kong are held under long term lease. The property was assessed by Castores Magi Surveyors Limited, independent professionally qualified surveyors, on an open market, existing use basis, at 31st December, 2003.

In the opinion of the directors, the fair values of the medium term leasehold buildings in the PRC do not differ significantly from their cost.

Details of the investment properties are as follows:

<b>Location</b>	<b>Use</b>
Portions of 21/F of Far East Finance Centre, 16 Harcourt Road, Hong Kong	Office premises for rental
Block 1, 12/F of Guang Hua Chang An Da Xia, Jiangguomenneidajie, Beijing, PRC	Office premises for rental
Laocheng Development Zone, Chengmai Country, Hainan Province, PRC	Industrial buildings for rental
Dahualing, Wuhan Jiang Xia District, Hubei Province, PRC	Industrial buildings for rental

**19. NON-CURRENT LIVESTOCK**

	<b>GROUP</b>	
	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Livestock:		
at fair value	4,217	1,469
at cost	612	155
	<u>4,829</u>	<u>1,624</u>
Physical quantity of pigs:		
Number of progeny	50,544	13,900
Number of breeders	9,365	6,560
	<u>59,909</u>	<u>20,460</u>

**19. NON-CURRENT LIVESTOCK (CONTINUED)**

The Group's non-current livestock comprises progeny and breeder pigs owned by subsidiary companies. The progeny pigs are raised for sale. The breeder pigs are held to produce further progeny pigs. The fair value was determined based on the selling prices approximating those at the year end. Significant assumptions made in determining the fair value of the livestock are:

- (i) Progeny pigs aged up to 17 weeks are valued at cost as no active or liquid markets exists for these pigs;
- (ii) Progeny pigs aged 18 weeks and above are valued at fair value less estimated point-of-sale costs; and
- (iii) Breeder pigs are valued at fair value less estimated point-of-sale costs.

	<b>GROUP</b>	
	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Reconciliation of changes in the carrying amount:		
Balance at 1st January	1,624	1,223
Increase due to purchases	9,944	3,137
Gains arising from changes in fair value less estimated point-of-sale costs, net	1,057	–
Decrease due to sales	(7,796)	(2,736)
	<u>4,829</u>	<u>1,624</u>
Balance at 31st December	<u><u>4,829</u></u>	<u><u>1,624</u></u>

**20. INTERESTS IN SUBSIDIARIES**

	<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Shares, at cost:		
Unlisted	62,872	37,070
Overseas listed*	–	23,989
	<u>62,872</u>	<u>61,059</u>
Amounts due from subsidiaries	335,238	418,820
Amounts due to subsidiaries	(107,987)	(158,922)
	<u>290,123</u>	<u>320,957</u>
Provision for impairment	(54,059)	(12,359)
	<u>236,064</u>	<u>308,598</u>
Market value of the overseas listed shares at the balance sheet date	<u>–</u>	<u>19,123</u>

**20. INTERESTS IN SUBSIDIARIES (CONTINUED)**

The amounts due from and to subsidiaries are unsecured, bear interest at rates ranging from 1.6% to 4.0% (2002: 2.9% to 7.6%) per annum and have no fixed terms of repayment.

Particulars of the Company's principal subsidiaries are presented on pages 100 to 117 of the financial statements.

\* Ek Chor China Motorcycle Co. Ltd. ("Ek Chor China") was a 68.2% owned subsidiary held by the Company, which was listed in the New York Stock Exchange in prior years. On 16th April, 2003, the Group announced to privatise Ek Chor China by way of cancellation of shares held by minority shareholders, representing 31.8% of Ek Chor China's issued share capital, in exchange for US\$3.75 in cash for each of the cancelled share. The privatisation was duly approved at the Special General Meeting and at the Court Meeting held on 12th June, 2003. With effect from 23rd June, 2003, Ek Chor China's listing on the New York Stock Exchange was withdrawn and it then became a wholly-owned subsidiary of the Company. Therefore the interest in Ek Chor China was reclassified to "unlisted shares" in the current year in the balance sheet of the Company. The privatisation incurred a deemed gain of approximately US\$9,692,000 and was recorded as a negative goodwill in the consolidated financial statements.

**21. INTERESTS IN JOINTLY CONTROLLED ENTITIES**

	<b>GROUP</b>	
	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Unlisted investments:		
Share of net assets	81,381	90,108
Amounts due from jointly controlled entities	3,573	12,715
Amounts due to jointly controlled entities	<u>(5,625)</u>	<u>(10,247)</u>
	79,329	92,576
Provision for impairment	<u>(5,340)</u>	<u>(5,340)</u>
	<u><u>73,989</u></u>	<u><u>87,236</u></u>

The amounts due from and to jointly controlled entities are unsecured, interest-free (2002: 3.8% to 7.9% per annum) and have no fixed terms of repayment.

Particulars of the jointly controlled entities are presented on pages 118 to 120 of the financial statements.

A significant number of the Group's interests in jointly controlled entities are Sino-foreign joint ventures established in the PRC. Details of the factors affecting the distribution of earnings from these joint ventures are set out in note 36 to the financial statements.

Under the terms of the joint venture agreements for these jointly controlled entities in the PRC, the Group is entitled to receive its attributable share of the net assets upon liquidation of the joint venture companies.

**21. INTERESTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)**

The following summaries of financial information, prepared on a combined 100% basis, present the combined financial position and results of operations of all jointly controlled entities involved in the agri-business and industrial business as at the balance sheet date, accounted for by the Group using the equity method, for the years ended 31st December, 2003 and 2002:

	2003		2002	
	Agri-business in PRC US\$'000	Industrial business in PRC US\$'000	Agri-business in PRC US\$'000	Industrial business in PRC US\$'000
Fixed assets	171,276	71,460	164,174	98,741
Long term investments	816	14,444	844	7,000
Long term receivables and other assets	338	1,360	-	1,571
Current assets	239,481	174,113	162,066	174,484
Creditors: Amounts falling due within one year	<u>(360,569)</u>	<u>(130,883)</u>	<u>(242,164)</u>	<u>(128,821)</u>
Net current assets/(liabilities)	<u>(121,088)</u>	<u>43,230</u>	<u>(80,098)</u>	<u>45,663</u>
Creditors: Amounts falling due after one year	<u>(9,552)</u>	<u>(18,947)</u>	<u>(7,717)</u>	<u>(13,209)</u>
	<u>41,790</u>	<u>111,547</u>	<u>77,203</u>	<u>139,766</u>
Shareholders' funds	41,790	109,968	77,203	138,081
Minority interests	-	1,579	-	1,685
	<u>41,790</u>	<u>111,547</u>	<u>77,203</u>	<u>139,766</u>
Turnover	<u>427,080</u>	<u>416,431</u>	<u>510,399</u>	<u>327,931</u>
Profit/(Loss) before tax	(29,813)	33,819	14,313	26,180
Tax	<u>(494)</u>	<u>(7,134)</u>	<u>(3,721)</u>	<u>(6,527)</u>
Profit/(Loss) after tax	(30,307)	26,685	10,592	19,653
Minority interests' share of profits	-	<u>(299)</u>	-	<u>(241)</u>
Profit/(Loss) attributable to shareholders	<u>(30,307)</u>	<u>26,386</u>	<u>10,592</u>	<u>19,412</u>
Group's proportionate share of profits and losses after tax for the year	<u>(10,838)</u>	<u>12,316</u>	<u>4,689</u>	<u>9,376</u>

**22. INTERESTS IN ASSOCIATES**

	GROUP		COMPANY	
	2003 US\$'000	2002 US\$'000	2003 US\$'000	2002 US\$'000
Unlisted investments:				
At cost	-	-	15,000	15,000
Share of net assets	9,308	13,163	-	-
Provision for non-recovery	-	-	(15,000)	(15,000)
	<u>9,308</u>	<u>13,163</u>	-	-
Amounts due from associates	15,128	15,176	14,773	14,773
Amounts due to associates	-	(2,432)	-	-
Provision for non-recovery	-	-	(14,773)	(14,773)
	<u>24,436</u>	<u>25,907</u>	-	-

The amounts due from and to associates are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the associates are presented on page 120 of the financial statements.

A significant number of the Group's interests in associates are joint ventures established in the PRC. Details of the factors affecting the distribution of earnings from these associates are set out in note 36 to the financial statements.

Under the terms of the joint venture agreements, the Group is entitled to receive its attributable share of the net assets upon liquidation of the joint venture companies.



**22. INTERESTS IN ASSOCIATES (CONTINUED)**

The following summaries of financial information, prepared on a combined 100% basis, present the combined financial position and results of operations of all associates involved in the agri-business as at the balance sheet date, accounted for by the Group using the equity method, for the years ended 31st December, 2003 and 2002:

	<b>Agri-business in PRC</b>	
	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Fixed assets	25,541	29,904
Long term investments	5,975	8,047
Long term receivables and other assets	1,366	1,462
Current assets	33,335	51,151
Creditors: Amounts falling due within one year	(18,477)	(34,467)
Net current assets	<u>14,858</u>	<u>16,684</u>
	<u>47,740</u>	<u>56,097</u>
Shareholders' funds	47,740	55,873
Minority interests	–	224
	<u>47,740</u>	<u>56,097</u>
Turnover	<u>113,524</u>	<u>114,595</u>
Profit/(Loss) before tax	(3,116)	1,986
Tax	–	(608)
Profit/(Loss) after tax	(3,116)	1,378
Minority interests' share of losses	224	422
Profit/(Loss) attributable to shareholders	<u>(2,892)</u>	<u>1,800</u>
Group's proportionate share of profits and losses after tax for the year	<u>(1,446)</u>	<u>900</u>

**23. LONG TERM INVESTMENTS**

	<b>GROUP</b>	
	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Listed investment, at market value	520	520
Unlisted investments, at fair value	1,054	1,054
	<u>1,574</u>	<u>1,574</u>

**24. GOODWILL AND NEGATIVE GOODWILL**

	<b>GROUP</b>	
	<b>Goodwill</b> US\$'000	<b>Negative goodwill</b> US\$'000
Cost:		
At beginning of year	8,858	-
Additions of additional interests in subsidiaries during the year	1,210	-
Increase in interest in a subsidiary	-	(9,692)*
	<u>10,068</u>	<u>(9,692)</u>
At end of year		
Accumulated amortisation and impairment:		
At beginning of year	(5,168)	-
Amount recognised as income/(amortised) during the year	(250)	808*
Impairment provided during the year	(1,830)	-
	<u>(7,248)</u>	<u>808</u>
At end of year		
Net book value		
At 31st December, 2003	<u>2,820</u>	<u>(8,884)</u>
At 31st December, 2002	<u>3,690</u>	<u>-</u>

\* The negative goodwill is recognised in the consolidated profit and loss account on a straight line basis over the remaining average useful life of the acquired depreciable assets of approximately 7 years.

**25. DEFERRED TAX****Deferred tax assets**

	<b>GROUP</b>	
	<b>2003</b> US\$'000	<b>2002</b> US\$'000
At beginning of year	<u>862</u>	<u>908</u>
Charges for the year (note 14):		
Decelerated depreciation for tax purposes	682	-
Losses available for offset against future taxable profit	1,805	-
Deferred tax income resulting from unearned interest income	-	31
Deferred tax charge resulting from origination of retirement benefits liability	811	(105)
Deferred tax income related to provision for inventories and doubtful debts	-	57
Other temporary differences	143	98
	<u>3,441</u>	<u>81</u>
Exchange realignment	128	(127)
Upon disposal of a subsidiary	(1,907)	-
At end of year	<u>2,524</u>	<u>862</u>

**25. DEFERRED TAX (CONTINUED)**

At the balance sheet date, the deferred tax assets represented the tax effect of temporary differences on the following items:

	<b>GROUP</b>	
	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Decelerated depreciation for tax purposes	544	–
Losses available for offset against future taxable profit	1,805	–
Provision for inventories and doubtful debts	–	60
Unearned interest income	–	31
Retirement benefits liability	–	676
Other temporary differences	175	95
	<u>2,524</u>	<u>862</u>

**Deferred tax liabilities**

Deferred tax has not been provided on the revaluation of the Group's investment properties because, in the opinion of the directors, the disposal of such properties would not result in a tax liability. At the balance sheet date, the Group had unused tax losses amounting to US\$163,000,000 (2002: US\$85,000,000) for which a deferred tax asset has not been recognised, as it was not probable that taxable profits will be available against which the unused tax assets and unused tax losses can be utilised. The unused tax losses are due to expire within two to five years.

**26. SHORT TERM INVESTMENTS**

	<b>GROUP</b>	
	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Overseas listed investments, at market value	11,290	31,837
Overseas unlisted equity interest, at fair value	–	1,046
	<u>11,290</u>	<u>32,883</u>

**27. CURRENT LIVESTOCK**

	<b>GROUP</b>	
	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Breeder chicks	10,995	12,483
Hatchable eggs	2,216	2,386
Day-old chicks	3,029	5,826
	<u>16,240</u>	<u>20,695</u>
Provision for impairment	(849)	(1,158)
	<u>15,391</u>	<u>19,537</u>

Due to the generally short breeding and raising cycle of the chicks and as an active market does not exist, these livestock are classified as current assets and a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current year is not presented.

**28. INVENTORIES**

	<b>GROUP</b>	
	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i> (Restated)
Raw materials	105,368	91,900
Work in progress	8,582	13,715
Finished goods	47,157	49,368
	<u>161,107</u>	<u>154,983</u>
Less: Provision against inventories	(5,924)	(8,896)
	<u>155,183</u>	<u>146,087</u>

The carrying amount of inventories included in the above that are carried at net realisable value as at the balance sheet date was US\$28,989,000 (2002: US\$41,980,000).

**29. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND DEPOSITS**

The Group normally grants a credit policy of up to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. An aged analysis of the accounts receivable, other receivables and deposits of the Group is as follows:

	<b>GROUP</b>	
	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Less than 90 days	24,334	33,591
91 to 180 days	1,537	1,711
181 to 360 days	398	431
Over 360 days	8,819	7,813
	<u>35,088</u>	<u>43,546</u>
Other receivables and deposits	96,042	65,450
	<u>131,130</u>	<u>108,996</u>
Less: Provision for bad and doubtful debts	(14,667)	(14,457)
	<u>116,463</u>	<u>94,539</u>

**30. AMOUNTS DUE FROM/(TO) RELATED COMPANIES**

The amounts due from and to related companies are unsecured and have no fixed terms of repayment and arose, in the opinion of the directors, in the normal course of the Group's business activities.

**31. CASH AND CASH EQUIVALENTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Time deposits	1,121	42,067	1,195	140
Cash and bank balances	<u>67,314</u>	<u>64,651</u>	<u>11,810</u>	<u>11,545</u>
	68,435	106,718	13,005	11,685
Less: Cash held in escrow accounts*	<u>(11,675)</u>	<u>(11,085)</u>	<u>(11,675)</u>	<u>(11,085)</u>
	<u><u>56,760</u></u>	<u><u>95,633</u></u>	<u><u>1,330</u></u>	<u><u>600</u></u>

\* The purpose of setting up the escrow accounts is to settle further claims on the Company, if any, on debts guaranteed by the Company to its subsidiaries in the PRC and an associate in Indonesia.

**32. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED EXPENSES**

An aged analysis of the accounts payable, other payables and accrued expenses of the Group is as follows:

	<b>GROUP</b>	
	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Less than 90 days	94,444	97,708
91 to 180 days	7,421	6,151
181 to 360 days	3,404	2,146
Over 360 days	<u>2,839</u>	<u>1,768</u>
	108,108	107,773
Other payables and accrued expenses	<u>85,714</u>	<u>87,917</u>
	<u><u>193,822</u></u>	<u><u>195,690</u></u>

## 33. INTEREST-BEARING BANK LOANS AND OTHER LOANS

	GROUP		COMPANY	
	2003 US\$'000	2002 US\$'000	2003 US\$'000	2002 US\$'000
Bank loans:				
Secured	192,717	123,493	–	–
Unsecured	269,856	346,867	47,205	54,065
	<u>462,573</u>	<u>470,360</u>	<u>47,205</u>	<u>54,065</u>
Short term other loans, unsecured	1,323	11,829	–	–
Floating rate notes, unsecured	159,101	177,687	102,370	114,329
	<u>622,997</u>	<u>659,876</u>	<u>149,575</u>	<u>168,394</u>
Amounts falling due within one year classified as current liabilities:				
Bank loans:				
Secured	(189,584)	(119,336)	–	–
Unsecured	(210,245)	(278,815)	(17,348)	(23,544)
Short term other loans	(1,323)	(11,829)	–	–
Floating rate notes	(58,470)	(77,375)	(37,622)	(49,785)
	<u>(459,622)</u>	<u>(487,355)</u>	<u>(54,970)</u>	<u>(73,329)</u>
Amounts falling due after one year	<u>163,375</u>	<u>172,521</u>	<u>94,605</u>	<u>95,065</u>
Bank loans and other loans repayable within a period:				
Not exceeding one year or on demand	459,622	487,355	54,970	73,329
More than one year, but not exceeding two years	154,168	165,393	94,605	95,065
More than two years, but not exceeding five years	9,207	7,128	–	–
	<u>622,997</u>	<u>659,876</u>	<u>149,575</u>	<u>168,394</u>

Certain of the Group's fixed assets located in the PRC with net book values of US\$242,226,000 (2002: US\$195,401,000) have been pledged as security for various short and long term bank loans. The Company has entered into negative pledges over certain of its assets for available credit facilities, aggregating approximately US\$31,321,000 (2002: US\$36,062,000) granted to the Group by several banks, which were drawn down to the extent of approximately US\$31,321,000 (2002: US\$36,062,000) as at the balance sheet date.

Interest on the Group's bank loans is payable at various rates ranging from 1.3% to 7.1% (2002: 2.1% to 7.9%) per annum.

On 28th February, 2001, the Company entered into the formal Group restructuring agreement (the "Agreement") with its lending banks. On 29th March, 2001, a meeting was held by the holders of floating rate notes and resolved to acknowledge the restructuring. Certain amendments had been made to the Agreement on 23rd October, 2001 relating to an extension of the period of the restructuring by 12 months to 31st December, 2003. On 29th October, 2003, the Group further agreed with the Lenders to extend the debt restructuring schedule to 31st December, 2004, and accordingly, the Group's borrowings, including bank loans and floating rate notes, have been reclassified in accordance with the revised terms. The obligations of the Company are secured by debentures from the Company and certain subsidiaries which have been identified as having significant assets.

**34. SHARE CAPITAL****Shares**

	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Authorised:		
3,000,000,000 ordinary shares of US\$0.05 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
2,158,480,786 ordinary shares of US\$0.05 each	<u>107,924</u>	<u>107,924</u>

No repurchase of shares was made by the Company during the year or subsequent to the balance sheet date.

**Share option scheme**

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, senior executives and employees of the Group. The Scheme became effective since 10th April, 1992. On 26th November, 2002, the Company further approved another scheme of which 215,848,078 shares were granted on 26th February, 2003. Options granted under the Scheme can be exercised at any time during a period not exceeding ten years commencing from the date the option was adopted and expiring on the last day of such period or ten years from the date of grant.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$10 in total by the grantee. The exercise period of the share options granted determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

**34. SHARE CAPITAL (CONTINUED)****Share option scheme (continued)**

The following share options were outstanding under the existing Scheme during the year:

Name or category of participant	At 1st January, 2003	Granted during the year	Number of share options			At 31st December, 2003	Date of grant	Exercise period	Exercise price HK\$	Price of Company's shares at grant date of options HK\$
			Exercised during the year	Lapsed during the year	Cancelled during the year					
<b>Directors</b>										
Dhanin Chearavanont	-	12,800,000	-	-	-	12,800,000	26th February, 2003	26th February, 2003 to 25th February, 2013	0.39	0.315
Sumet Jiaravanon	-	12,800,000	-	-	-	12,800,000	26th February, 2003	26th February, 2003 to 25th February, 2013	0.39	0.315
Prasert Poongkumarn	18,479,248	-	-	-	-	18,479,248	20th May, 1994	20th May, 1994 to 20th May, 2004	1.752	2.19
	-	21,584,807	-	-	-	21,584,807	26th February, 2003	26th February, 2003 to 25th February, 2013	0.39	0.315
Min Tieworn	-	21,584,807	-	-	-	21,584,807	26th February, 2003	26th February, 2003 to 25th February, 2013	0.39	0.315
Thirayut Phitya Isarakul	25,000,000	-	-	-	-	25,000,000	10th August, 1998	10th August, 1998 to 10th August, 2008	0.3875	0.3875
	-	21,584,807	-	-	-	21,584,807	26th February, 2003	26th February, 2003 to 25th February, 2013	0.39	0.315



**34. SHARE CAPITAL (CONTINUED)****Share option scheme (continued)**

The following share options were outstanding under the existing Scheme during the year:

Name or category of participant	At 1st January, 2003	Granted during the year	Number of share options			At 31st December, 2003	Date of grant	Exercise period	Exercise price HK\$	Price of Company's shares at grant date of options HK\$
			Exercised during the year	Lapsed during the year	Cancelled during the year					
<b>Directors (continued)</b>										
Thanakorn Seriburi	17,500,000	-	-	-	-	17,500,000	10th August, 1998	10th August, 1998 to 10th August, 2008	0.3875	0.3875
	-	21,584,807	-	-	-	21,584,807	26th February, 2003	26th February, 2003 to 25th February, 2013	0.39	0.315
Veeravat Kanchanadul	-	21,584,807	-	-	-	21,584,807	26th February, 2003	26th February, 2003 to 25th February, 2013	0.39	0.315
Other senior executives in aggregate	-	82,324,043	-	-	-	82,324,043	26th February, 2003	26th February, 2003 to 25th February, 2013	0.39	0.315
Other employees in aggregate	7,700,000	-	-	-	-	7,700,000	10th August, 1998	10th August, 1998 to 10th August, 2008	0.3875	0.3875
	<u>68,679,248</u>	<u>215,848,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,527,326</u>				

**34. SHARE CAPITAL (CONTINUED)****Share option scheme (continued)**

The Company's share options outstanding at the balance sheet date were as follows:

Expiry date	Exercise price HK\$	Number of shares issuable under the executive share options
20th May, 2004	1.752	18,479,248
10th August, 2008	0.3875	50,200,000
25th February, 2013	0.39	<u>215,848,078</u>
		<u>284,527,326</u>

At the balance sheet date, the Company had 284,527,326 share options outstanding under the Scheme which represented approximately 13.2% of the Company's shares in issue as at that date. The exercise in full of such options would, under the present capital structure of the Company, result in the issue of 284,527,326 additional ordinary shares and cash proceeds to the Company of approximately HK\$136,000,000 (US\$17,436,000) before the related issue expenses.

**35. RESERVES****GROUP**

	Contributed surplus US\$'000	Fixed asset revaluation reserve US\$'000	General reserve US\$'000	Capital reserve US\$'000	Reserve fund US\$'000	Expansion fund US\$'000	Exchange equalisation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
At 1st January, 2002	6,093	8,229	(1,058)	55,910	21,623	13,101	(53,929)	(140,483)	(90,514)
Exchange realignments	-	(903)	131	(287)	-	-	-	-	(1,059)
Surplus on revaluation	-	3,672	-	-	-	-	-	-	3,672
Deficit on revaluation of land and buildings	-	(153)	-	-	-	-	-	-	(153)
Release upon disposal of associates	-	-	-	(16,690)	-	-	6,546	-	(10,144)
Capitalisation of general reserve	-	-	(4,189)	4,189	-	-	-	-	-
Movements arising from the restructuring of a subsidiary	-	(1,498)	3,333	(960)	-	-	-	-	875
Release upon reclassification from interest in associate to short term investments	-	-	-	(5,250)	-	-	2,058	-	(3,192)
Exchange gains arising from translation of foreign currency financial statements	-	-	-	-	-	-	378	-	378
Transfers from/(to) the profit and loss account	-	-	-	-	1,143	626	-	(1,769)	-
Profit for the year	-	-	-	-	-	-	-	92,602	92,602
At 31st December, 2002 and 1st January, 2003	6,093	9,347	(1,783)	36,912	22,766	13,727	(44,947)	(49,650)	(7,535)
Exchange realignment	-	1,539	(212)	891	-	-	(2,683)	-	(465)
Deficit on revaluation	-	(717)	-	-	-	-	-	-	(717)
Release upon disposal of a subsidiary (note 38 (b))	-	4,211	-	(7,442)	-	-	15,946	-	12,715
Transfer to retained earnings upon disposal of a subsidiary	-	(10,884)	1,744	-	-	-	-	9,140	-
Transfers from/(to) the profit and loss account	-	-	251	-	1,283	914	-	(2,448)	-
Loss for the year	-	-	-	-	-	-	-	(62,758)	(62,758)
At 31st December, 2003	<u>6,093</u>	<u>3,496</u>	<u>-</u>	<u>30,361</u>	<u>24,049</u>	<u>14,641</u>	<u>(31,684)</u>	<u>(105,716)</u>	<u>(58,760)</u>

**35. RESERVES (CONTINUED)****COMPANY**

	<b>Share premium account</b> <i>US\$'000</i>	<b>Contributed surplus</b> <i>US\$'000</i>	<b>Accumulated losses</b> <i>US\$'000</i>	<b>Total</b> <i>US\$'000</i>
At 1st January, 2002	51,210	6,093	(96,798)	(39,495)
Profit for the year	<u>–</u>	<u>–</u>	<u>82,955</u>	<u>82,955</u>
At 31st December, 2002 and 1st January, 2003	51,210	6,093	(13,843)	43,460
Loss for the year	<u>–</u>	<u>–</u>	<u>(52,653)</u>	<u>(52,653)</u>
At 31st December, 2003	<u><u>51,210</u></u>	<u><u>6,093</u></u>	<u><u>(66,496)</u></u>	<u><u>(9,193)</u></u>

The contributed surplus originally represented the excess of the fair value of the share of net assets of subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain prescribed circumstances.

The general reserve represents a reserve transferred from unappropriated profits in a subsidiary. The nature of the expansion and reserve funds are set out in note 36 below.

The capital reserve mainly represents gains arising from the deemed disposal of a subsidiary and an associate in previous years. The current year's movement is related to the disposal of the Group's Turkish subsidiary.

**36. ACCUMULATED LOSSES**

	<b>GROUP</b>	
	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Retained in:		
Company	(66,496)	(13,843)
Reversals of provisions for impairment losses of investments in subsidiaries and an associate	<u>54,059</u>	<u>12,359</u>
	(12,437)	(1,484)
Subsidiaries	(51,039)	(18,648)
Jointly controlled entities	(52,001)	(43,136)
Associates	<u>9,761</u>	<u>13,618</u>
	<u>(105,716)</u>	<u>(49,650)</u>

A significant number of the Group's interests in subsidiaries, jointly controlled entities and associates are Sino-foreign joint venture enterprises. Pursuant to the relevant PRC laws and regulations for Sino-foreign joint venture enterprises, the profits of the Group's joint venture companies operating in the PRC are available for distribution in the form of cash dividends to each of the joint venture partners after the joint venture company: (1) satisfies all tax liabilities; (2) provides for losses in previous years; and (3) makes appropriations to the three statutory reserves. These appropriations include the individual entity's reserve fund, expansion fund and funds for staff bonuses and welfare benefits. All foreign-owned and Sino-foreign enterprises are generally required to appropriate not less than 10% of their net profit after tax to the reserve fund, until the balance of the fund reaches 50% of the registered capital. Appropriations of the expansion fund and funds for staff bonuses and welfare benefits are determined at the sole discretion of the board of directors. On consolidation of the results of subsidiaries and equity accounting for the results of the jointly controlled entities and associates, amounts designated as staff bonuses and welfare benefits have been charged to income before arriving at a net profit in accordance with IAS.

The profit distributions of the PRC joint venture companies are declared and paid in Renminbi ("RMB"). In certain circumstances, if the joint venture has foreign currencies available after meeting its operational needs, the foreign investor in the joint venture may access such foreign currencies for profit distribution. Otherwise, such distributions to the Group outside the PRC have to be converted into foreign currencies through an approved exchange centre, successful arrangement of import substitutions, compensation trade or other means approved by the relevant authorities. Further details on distributions of RMB earnings are set out in note 37 below.

**37. FOREIGN CURRENCY EXCHANGE**

The RMB is not freely convertible into foreign currencies. Following the unification of exchange rates by the PRC government on 1st January, 1994 and the establishment of the National Foreign Exchange Trading Centre in Shanghai (the “exchange centre”) in April 1995, Sino-foreign equity joint venture enterprises can enter into exchange transactions at the exchange centre through the Bank of China or other authorised institutions. All foreign exchange transactions are conducted at the exchange rates quoted by the People’s Bank of China.

Payments for imported materials and the remittance of earnings outside the PRC are subject to the availability of foreign currencies, which are dependent on the foreign currency denominated earnings of the joint ventures, or must be made through the exchange centre. Approval for such foreign currency exchanges at the exchange centre is granted to joint ventures for valid reasons such as purchases of imported materials and the remittance of earnings. While the conversion of RMB into foreign currencies can generally be effected at the exchange centre, there is no guarantee that it can be effected at all times.

The products of the Company’s subsidiaries, jointly controlled entities and associates operating in the PRC are sold primarily in RMB. Revenues and profits are thus predominantly denominated in RMB. For certain subsidiaries, jointly controlled entities and associates, funds denominated in RMB may have to be, and from time to time are, converted into United States dollars or other foreign currencies for the purchase of imported materials.

In addition, to the extent that foreign currencies are not sufficient to pay distributions, the Group’s share of distributions from the PRC subsidiaries, jointly controlled entities and associates have to be converted into foreign currencies through the exchange centre at the prevailing rates. The companies are not normally able to hedge their foreign exchange exposure because neither the Bank of China, nor other financial institutions authorised to engage in foreign exchange transactions in the PRC offer forward exchange contracts.

Should the RMB devalue against the United States dollar, it may reduce the foreign currency equivalent of such earnings available for distribution by these subsidiaries, jointly controlled entities and associates of the Company.

At 31st December, 2003, the exchange rate quoted by the People’s Bank of China was approximately US\$1.00 = RMB8.3 (2002: US\$1.00 = RMB8.3).

**38. NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT****(a) Acquisition of subsidiaries**

	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Net assets acquired:		
Fixed assets	–	18,144
Short term investments	–	694
Inventories	–	5,758
Accounts receivable, other receivables and deposits	–	14,527
Amounts due from related companies	–	1,135
Cash and bank balances	–	628
Accounts payable, other payables and accrued expenses	–	(18,026)
Amounts due to related companies	–	(3,578)
Interest-bearing bank loans	–	(18,394)
	<u>–</u>	<u>888</u>
	<u>–</u>	<u>888</u>
Satisfied by:		
Cash	–	888
	<u>–</u>	<u>888</u>

An analysis of net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Cash consideration	–	888
Cash and bank balances acquired	–	(628)
	<u>–</u>	<u>260</u>
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	<u>–</u>	<u>260</u>

On 24th December, 2002, the Group acquired a 100% interest in Yue Thai Industrial (Tianjin) Company Limited and its subsidiaries (collectively referred to as “Yue Thai Companies”) from a related company. The Yue Thai Companies are engaged in the extraction of soybean oil and manufacturing of soybean meal for domestic consumption in the PRC. The purchase consideration for the requisition was in the form of cash of US\$888,000 being paid at the acquisition date.

**38. NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT (CONTINUED)****(b) Disposal of a subsidiary**

	<i>Notes</i>	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Net assets disposed of:			
Fixed assets	17	16,894	-
Non-current livestock		11,592	-
Deferred tax assets		1,907	-
Inventories		18,248	-
Accounts receivable, other receivable and deposits		15,547	-
Amounts due from related companies		18	-
Cash and bank balances		2,107	-
Fixed deposits		6,421	-
Accounts payable, other payables and accrued expenses		(22,483)	-
Interest-bearing bank loans and other loans		(15,141)	-
Minority interests		(7,412)	-
		<u>27,698</u>	<u>-</u>
Release of reserves upon disposal	35	12,715	-
Loss on disposal of a subsidiary recorded in the profit and loss account	12	(18,413)	-
		<u>22,000</u>	<u>-</u>
Satisfied by:			
Cash		<u>22,000</u>	<u>-</u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<b>2003</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>
Cash consideration	22,000	-
Cash and bank balances disposed of	(8,528)	-
	<u>13,472</u>	<u>-</u>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u>13,472</u>	<u>-</u>

**39. COMMITMENTS**

As at the balance sheet date, the Group had the following commitments:

- (i) Capital expenditure authorised, but not provided for in the financial statements, was as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
(a)				
Unpaid capital contributions to certain:				
Subsidiaries	16,836	6,978	-	-
Jointly controlled entities	-	482	-	-
	<u>16,836</u>	<u>7,460</u>	<u>-</u>	<u>-</u>
Machinery and equipment:				
Contracted for	7,282	3,023	-	-
Not contracted for	8,320	7,710	-	-
	<u>15,602</u>	<u>10,733</u>	<u>-</u>	<u>-</u>

- (b) The Group's share of capital commitments of the jointly controlled entities was as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Contracted for	22	1,862	-	-
Not contracted for	59	-	-	-
	<u>81</u>	<u>1,862</u>	<u>-</u>	<u>-</u>

- (ii) Operating lease arrangement – as lessee

- (a) As at 31st December, 2003, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Land and buildings:				
Within one year	1,867	1,865	-	-
In the second to fifth years, inclusive	4,948	4,817	-	-
Beyond five years	15,563	15,494	-	-
	<u>22,378</u>	<u>22,176</u>	<u>-</u>	<u>-</u>
Plant and machinery:				
Within one year	444	569	-	-
In the second to fifth years, inclusive	1,738	2,239	-	-
Beyond five years	814	4,134	-	-
	<u>2,996</u>	<u>6,942</u>	<u>-</u>	<u>-</u>



**39. COMMITMENTS (CONTINUED)**

(ii) Operating lease arrangement – as lessee (continued)

(b) The Group's share of operating lease commitments of the jointly controlled entities was as follows:

	GROUP		COMPANY	
	2003 US\$'000	2002 US\$'000	2003 US\$'000	2002 US\$'000
Land and buildings:				
Within one year	307	296	-	-
In the second to fifth years, inclusive	1,189	1,172	-	-
Beyond five years	7,065	7,232	-	-
	<u>8,561</u>	<u>8,700</u>	<u>-</u>	<u>-</u>
Plant and machinery:				
Within one year	31	31	-	-
In the second to fifth years, inclusive	125	125	-	-
Beyond five years	801	830	-	-
	<u>957</u>	<u>986</u>	<u>-</u>	<u>-</u>

(iii) Operating lease arrangement – as lessor

As at 31st December, 2003, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	GROUP		COMPANY	
	2003 US\$'000	2002 US\$'000	2003 US\$'000	2002 US\$'000
Land and buildings:				
Within one year	171	-	-	-
In the second to fifth years, inclusive	953	-	-	-
Beyond five years	652	-	-	-
	<u>1,776</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plant and machinery:				
Within one year	457	-	-	-
In the second to fifth years, inclusive	1,639	-	-	-
	<u>2,096</u>	<u>-</u>	<u>-</u>	<u>-</u>

**40. CONTINGENT LIABILITIES**

- (i) Contingent liabilities in respect of guarantees at the balance sheet date not provided for in the financial statements were as follows:

	GROUP		COMPANY	
	2003 US\$'000	2002 US\$'000	2003 US\$'000	2002 US\$'000
Guarantees given to banks in connection with facilities granted to:				
Jointly controlled entities	5,000	9,676	-	-
Related company*	5,458	5,458	5,458	5,458
In respect of guarantees to third parties and discounted bills of exchange	2,651	12,073	-	-
	<u>13,109</u>	<u>27,207</u>	<u>5,458</u>	<u>5,458</u>

\* The amount is related to a guarantee given by the Company to the bank of a subsidiary of a related party.

- (ii) One of the Group's associate (the "Associate") is being investigated by the Hong Kong Inland Revenue Department (the "IRD") regarding the prior years tax computations of certain of its subsidiaries (the "Subsidiaries"). The investigations are at a preliminary stage and the IRD has requested further information and explanations from the Subsidiaries. As at the date of signing the financial statements, the IRD has not issued any final assessments.

The management of the Associate strongly believes that the prior years tax computations of these Subsidiaries were prepared on a proper basis. Accordingly, no additional provision has been recorded in the financial statements of the Associate. However, should the IRD's final assessments be against the Subsidiaries and the Subsidiaries be required to pay the additional tax, the directors of the Company, based on current information, believe that the amount of the Group's share of the additional tax ultimately payable would be immaterial to the Group.

**41. RELATED PARTY TRANSACTIONS**

- (a) A portion of the Group's sales and purchases transactions, together with certain less significant commercial transactions, are with companies in which Messrs. Jaran Chiaravanont, Montri Jiaravanont, Dhanin Chearavanont, Sumet Jiaravanon, Min Tieworn, Prasert Poongkumarn, Thirayut Phitya-Isarakul, Thanakorn Seriburi and Veeravat Kanchanadul, directors of the Company, have beneficial interests. Details of the major related party transactions in addition to the transactions and balances detailed elsewhere in the financial statements are set out as follows:

		<b>GROUP</b>	
		<b>2003</b>	<b>2002</b>
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
Sales of goods to jointly controlled entities and associates	(i)	20,210	15,752
Sales of goods to related companies	(i)	53,593	12,513
Sales of plant and machineries to a related company	(ii)	121	-
Purchases of raw materials from jointly controlled entities and associates	(iii)	20,288	38,826
Purchases of raw materials from related companies	(iii)	<u>17,148</u>	<u>23,753</u>

*Notes:*

- (i) The sales of goods were made by reference to the published prices and conditions offered to the major customers of the Group, except that a longer credit period was normally granted.
- (ii) The plant and machineries were sold at agreed prices as determined between parties.
- (iii) The purchases of raw materials were made by reference to the published prices and conditions offered to the major customers of the suppliers, except that a longer credit period was normally granted.
- (b) During the year, the Company paid an advisory fee of US\$100,000 (2002: US\$100,000) to Charoen Pokphand Group Company Limited for the provision of technical and management support services to the Group. The advisory fee was determined by reference to the agreed service fees between the parties.
- Messrs. Jaran Chiaravanont, Montri Jiaravanont, Dhanin Chearavanont and Sumet Jiaravanon, directors of the Company, have beneficial interests in the share capital of Charoen Pokphand Group Company Limited.
- (c) On 12th November, 2003, Charoen Pokphand Development (Turkey) Limited, a wholly-owned subsidiary of the Company, entered into a Share Purchase and Sale Agreements with a related party, CPF Investment Limited ("CPF Investment"), to sell its entire interest of 84.49% in C.P. Standart Gida Sanayi ve Ticaret Anonim Sirketi ("CP Standart") to CPF Investment for a total consideration of US\$22 million. Please refer to note 12 to the financial statements for further details.

**42. FINANCIAL INSTRUMENTS****Financial risk management objectives and policies**

The Group is exposed to market risk including, primarily, changes in interest rates and currency exchange rates in connection with its risk management activities. The Group does not hold or issue derivative financial instruments for trading purposes.

*(a) Interest rate risk*

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations. The Group does not use derivative financial instruments to hedge its debt obligations.

*(b) Concentrations of credit risk*

The Group places its cash deposits with major international banks and financial institutions. This investment policy limits the Group's exposure to concentrations of credit risk.

A significant portion of the Group's sales are to customers in the agricultural industry and, as such, the Group is directly affected by the well-being of that industry. However, the credit risk associated with trade receivables is considered relatively minimal due to the Group's large customer base and its geographical dispersion. The Group performs ongoing credit evaluations of its customers' financial conditions and, generally, requires no collateral from its customers. The allowance for doubtful accounts is based upon the expected collectability of all accounts receivable.

For the industrial sector, the majority of cash from sales was maintained with State-owned banks and their subsidiaries in the PRC, with a small amount being placed with a local branch of a foreign bank. The jointly controlled entities market their products principally to related parties and independent distributors in the PRC.

*(c) Fair value of financial instruments**(i) Cash and cash equivalents, accounts and bills receivable, and accounts and bills payable*

Cash on hand and in banks and short term deposits which are held to maturity are carried at cost because assets either carry a current rate of interest, or have a short period of time between the origination of cash deposits and their expected maturity.

Accounts receivable, which generally have 30-day terms, are recognised and carried at original invoice amount less allowances for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Liabilities for accounts and other amounts payable which are normally settled on 90-day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

The carrying amounts of bills receivable and payable are carried at their fair values because of the immediate or short term maturity of these financial instruments.

*(ii) Amounts due from/to related companies*

Receivables from and payables to related companies are recognised and carried at cost.

*(iii) Bank loans*

The carrying amounts of bank loans approximate their fair values, based on the borrowing rates currently available for bank loans with similar terms and average maturity.

*(iv) Floating rate notes*

The carrying amounts of the floating rate notes approximate their fair values, based on current interest rates and remaining maturity.

**43. FINANCIAL RISK MANAGEMENT STRATEGIES RELATING TO LIVESTOCK**

The Group is exposed to financial risks arising from the change in cost and supply of feed ingredients and the selling price of progeny pigs and chicks and related products, all of which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include environmental regulations, weather conditions and livestock diseases. The Group has little or no control over these conditions and factors.

The Group is subject to risks affecting the frozen food industry generally, including risks posed by food spoilage and contamination. Specifically, the meat industry is regulated by numerous environmental, health and food safety organisations and regulatory sanctions. The Group has put into place systems to monitor food safety risks throughout all stages of manufacturing and processing to mitigate these risks.

The Group is subject to risks relating to its ability to maintain animal health status. Livestock health problems could adversely impact production and consumer confidence. The Group monitors the health of its livestock on a daily basis and have procedures in place to reduce potential exposure to infectious diseases. Although policies and procedures have been put into place, there is no guarantee that the Group will not be affected by disease epidemics.

The livestock industry is exposed to risks associated with the supply and price of raw materials. The shortage in the supply of raw materials will result in adverse fluctuation in the price of feeds and will ultimately increase the Group's production cost.

**44. SUBSEQUENT EVENTS**

- (a) On 26th December, 2003, a wholly-owned subsidiary of Ek Chor China, Ek Chor Investment Co., Ltd. entered into an Equity Transfer Contract with two other independent third parties to dispose of its entire 50% equity interest in Shanghai-Ek Chor General Machinery Co., Ltd. for a total consideration of US\$40,000,000 (the "Disposal").

The Disposal was completed on 27th February, 2004 with an estimated gain of US\$22,450,000.

- (b) On 26th March, 2004, the Group announced the disposal of its entire short term investments in P.T. Surya Hidup Satwa and P.T. Central Proteinaprima for a total consideration of approximately US\$4,800,000. The disposal is subject to the approval by the shareholders at a special general meeting of the Company to be held in the near future.

**45. COMPARATIVE AMOUNTS**

As further explained in note 3 to the financial statements, due to the adoption of new IAS during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation.

**46. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 2nd April, 2004.

### 3. UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2004

Set out below are the Group's unaudited financial statements for the six months ended 30th June, 2004 together with relevant notes as extracted from the Company's 2004 interim report.

#### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended 30th June, 2004		Year ended 31st December, 2003
	Notes	(Unaudited) US\$'000	(Unaudited) US\$'000	(Audited) US\$'000
<b>Turnover</b>	2	734,495	759,000	1,657,346
Cost of sales		(675,814)	(692,036)	(1,492,465)
Gross profit		58,681	66,964	164,881
Selling and distribution costs		(25,217)	(30,230)	(69,431)
General and administrative expenses		(39,335)	(46,899)	(100,142)
Other income, net	3	13,866	4,242	1,099
Loss on disposal of discontinued operation		–	–	(18,413)
<b>Profit/(Loss) from operating activities</b>	4	7,995	(5,923)	(22,006)
Finance costs		(16,885)	(16,866)	(32,071)
Share of profits and losses of jointly controlled entities		(2,193)	1,628	5,146
Share of profits and losses of associates		(625)	(1,060)	(1,446)
<b>Loss before tax</b>		(11,708)	(22,221)	(50,377)
Tax	5	(3,723)	(7,446)	(7,910)
<b>Loss after tax</b>		(15,431)	(29,667)	(58,287)
Minority interests		(1,593)	(1,442)	(4,471)
<b>Net loss from ordinary activities attributable to shareholders</b>		(17,024)	(31,109)	(62,758)
Accumulated losses at beginning of period		(105,716)	(49,650)	(49,650)
<b>Accumulated losses</b>		(122,740)	(80,759)	(112,408)
Transfer (to)/from statutory reserves	10	(1,570)	(1,369)	6,692
<b>Accumulated losses at end of period</b>		(124,310)	(82,128)	(105,716)
		US cents	US cents	US cents
Loss per share:	6			
Basic		(0.789)	(1.441)	(2.908)
Diluted		N/A	N/A	N/A
Dividend per share		–	–	–

There were no extraordinary and exceptional items during the six months ended 30th June, 2004.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Six months ended 30th June,		Year ended 31st December,
		2004	2003	2003
		(Unaudited)	(Unaudited)	(Audited)
	Notes	US\$'000	US\$'000	US\$'000
Deficit on revaluation of fixed assets		-	(3,753)	(717)
Exchange differences on translation of foreign currency financial statements and exchange realignment		-	2,826	(465)
Net loss not recognised in the profit and loss account		-	(927)	(1,182)
Release of reserves upon disposal of a subsidiary		-	-	12,715
Net loss for the period attributable to shareholders	10	(17,024)	(31,109)	(62,758)
Total changes in equity		(17,024)	(32,036)	(51,225)

**CONDENSED CONSOLIDATED BALANCE SHEET**

		<b>30th June, 2004</b>	<b>31st December, 2003</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
		<i>US\$'000</i>	<i>US\$'000</i>
<b>Non-current assets</b>			
Fixed assets	7	519,165	528,126
Investment properties		3,766	3,766
Non-current livestock		4,271	4,829
Interests in jointly controlled entities		51,589	73,989
Interests in associates		23,210	24,436
Long term investments		1,506	1,574
Goodwill and negative goodwill:			
Goodwill		2,720	2,820
Negative goodwill		(8,192)	(8,884)
Deferred tax assets		515	2,524
		<u>598,550</u>	<u>633,180</u>
<b>Current assets</b>			
Short term investments		–	11,290
Current livestock		20,795	15,391
Inventories		166,909	155,183
Accounts receivable, other receivables and deposits	8	100,659	116,463
Bills receivable		683	831
Tax recoverable		–	257
Amounts due from related companies		7,631	4,893
Cash held in escrow accounts		9,493	11,675
Fixed and pledged deposits		3,614	14,855
Cash and cash equivalents		84,508	56,760
		<u>394,292</u>	<u>387,598</u>
<b>Current liabilities</b>			
Accounts payable, other payables and accrued expenses	9	211,971	193,822
Bills payable		30,245	37,566
Tax payable		1,819	1,893
Provisions for staff bonuses and welfare benefits		6,807	6,000
Amounts due to related companies		3,039	9,103
Interest-bearing bank loans and other loans		572,645	459,622
		<u>826,526</u>	<u>708,006</u>
<b>Net current liabilities</b>		<u>(432,234)</u>	<u>(320,408)</u>
		166,316	312,772
<b>Non-current liabilities</b>			
Interest-bearing bank loans and other loans		(34,809)	(163,375)
		<u>131,507</u>	<u>149,397</u>



## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

		<b>30th June, 2004 (Unaudited) US\$'000</b>	<b>31st December, 2003 (Audited) US\$'000</b>
	<i>Notes</i>		
<b>Capital and reserves</b>			
Issued capital		107,924	107,924
Share premium		51,210	51,210
Reserves	10	(75,784)	(58,760)
		<u>83,350</u>	<u>100,374</u>
Minority interests		<u>48,157</u>	<u>49,023</u>
		<u><u>131,507</u></u>	<u><u>149,397</u></u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>Six months ended 30th June,</b>	
	<b>2004</b>	<b>2003</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Net cash inflow from operating activities before tax paid	27,528	18,011
Tax paid	(2,785)	(2,392)
	<u>24,743</u>	<u>15,619</u>
Net cash inflow from operating activities	24,743	15,619
Net cash inflow from investing activities	26,651	14,651
	<u>51,394</u>	<u>30,270</u>
Net cash inflow before financing activities	51,394	30,270
Net cash outflow from financing activities	(23,646)	(39,538)
	<u>27,748</u>	<u>(9,268)</u>
Increase/(Decrease) in cash and cash equivalents	27,748	(9,268)
Cash and cash equivalents at beginning of period	56,760	95,633
	<u>84,508</u>	<u>86,365</u>
Cash and cash equivalents at end of period	<u><u>84,508</u></u>	<u><u>86,365</u></u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**1. ACCOUNTING POLICIES**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and International Accounting Standard 34 "Interim Financial Reporting".

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st December, 2003.

**2. SEGMENTAL INFORMATION**

Turnover represents rental income and the net invoiced value of sales after allowances for goods returned and trade discounts, and after the elimination of intra-group transactions.

An analysis of turnover by activity and geographical location is as follows:

**Turnover:**

	<b>Six months ended 30th June, 2004 (Unaudited) US\$'000</b>	<b>2003 (Unaudited) US\$'000</b>	<b>Year ended 31st December, 2003 (Audited) US\$'000</b>
<b>By activity:</b>			
Feedmill and poultry operations	734,494	758,980	1,657,310
Investment properties	1	20	36
	<u>734,495</u>	<u>759,000</u>	<u>1,657,346</u>
<b>By geographical location:</b>			
People's Republic of China ("PRC"):			
Mainland	734,494	669,791	1,447,618
Hong Kong	1	20	36
	<u>734,495</u>	<u>669,811</u>	<u>1,447,654</u>
Turkey	–	89,189	209,692
	<u>734,495</u>	<u>759,000</u>	<u>1,657,346</u>

The above analysis does not include the turnover of the Group's jointly controlled entities and associates.

**3. OTHER INCOME, NET**

	<b>Six months ended 30th June, 2004 (Unaudited) US\$'000</b>	<b>2003 (Unaudited) US\$'000</b>	<b>Year ended 31st December, 2003 (Audited) US\$'000</b>
Negative goodwill recognized as income	692	-	808
(Loss)/Gain on disposal of short term investments	(7,580)	3,754	3,754
Gain on disposal of interest in a jointly controlled entity	20,198	-	-
Unrealised loss of short term investments	-	(604)	(227)
Tax refund in respect of re-investments	144	46	202
Interest income	412	1,046	1,065
Unrealised gain on revaluation of livestock	-	-	1,057
Revaluation deficit on investment properties	-	-	(8)
Impairment loss in respect of fixed assets	-	-	(3,722)
Impairment loss in respect of goodwill	-	-	(1,830)
	<u>13,866</u>	<u>4,242</u>	<u>1,099</u>

**4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES**

	<b>Six months ended 30th June, 2004 (Unaudited) US\$'000</b>	<b>2003 (Unaudited) US\$'000</b>	<b>Year ended 31st December, 2003 (Audited) US\$'000</b>
The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):			
Foreign exchange loss/(gain), net	129	(1,129)	(1,521)
Depreciation	28,490	29,651	70,972
Staff costs	42,059	45,346	99,960
Loss/(Gain) on disposal of fixed assets, net	2,748	(527)	4,693
Amortisation of goodwill	100	121	250
	<u>73,526</u>	<u>73,526</u>	<u>73,526</u>

## 5. TAX

	Six months ended 30th June, 2004 (Unaudited) US\$'000	2003 (Unaudited) US\$'000	Year ended 31st December, 2003 (Audited) US\$'000
The Company and subsidiaries:			
Provision for taxation in respect of profit for the period:			
PRC:			
Mainland	2,968	2,545	5,367
Hong Kong	-	-	-
Overseas	-	3,058	5,092
Deferred tax assets	-	-	(3,441)
	<u>2,968</u>	<u>5,603</u>	<u>7,018</u>
Overprovision in the prior year:			
PRC:			
Mainland	-	-	(1,558)
Hong Kong	-	-	-
Overseas	-	-	(1,218)
	<u>-</u>	<u>-</u>	<u>(2,776)</u>
Jointly controlled entities:			
PRC:			
Mainland	650	1,827	3,668
Hong Kong	-	-	-
	<u>650</u>	<u>1,827</u>	<u>3,668</u>
Associates:			
PRC:			
Mainland	105	16	-
Hong Kong	-	-	-
	<u>105</u>	<u>16</u>	<u>-</u>
Tax charge for the period	<u><u>3,723</u></u>	<u><u>7,446</u></u>	<u><u>7,910</u></u>

No provision for Hong Kong profits tax has been made as the Group earned no assessable income in Hong Kong during the period (2003: nil).

Overseas tax represented corporation tax payable in Turkey in respect of income earned. During the period, no overseas tax was provided (2003: US\$3,058,000) as our subsidiary in Turkey was disposed at the end of 2003.

6. Loss per share is calculated based on the net loss from ordinary activities attributable to shareholders of US\$17,024,000 (2003: US\$31,109,000) and the weighted average of 2,158,480,786 shares (2003: 2,158,480,786 shares) of the Company in issue during the period.

As the exercise price of options outstanding during the period is higher than the average market price of the Company's shares during the respective periods, the diluted loss per share for the periods ended 30th June, 2004 and 2003 are not presented because the impact of the options is anti-dilutive.

## 7. FIXED ASSETS

### Group

	Office premises in Hong Kong US\$'000	Office premises in the PRC US\$'000	Industrial buildings in the PRC US\$'000	Rights to the use of sites US\$'000	Plant and machinery US\$'000	Furniture, fixtures and equipment US\$'000	Motor vehicles and transport facilities US\$'000	Construction in progress US\$'000	Total US\$'000
Cost or valuation:									
1st January, 2004	6,030	8,516	290,729	48,715	488,502	67,552	27,817	16,278	954,139
Additions	-	-	2,769	283	2,489	1,308	731	14,697	22,277
Transfer in/(out)	-	-	5,005	-	4,025	152	5	(9,187)	-
Disposals	-	-	(3,083)	-	(757)	(376)	(1,692)	-	(5,908)
30th June, 2004	6,030	8,516	295,420	48,998	494,259	68,636	26,861	21,788	970,508
Accumulated depreciation and impairment losses:									
1st January, 2004	-	2,545	92,031	7,666	262,867	40,978	19,926	-	426,013
Depreciation provided for the period	51	72	8,505	780	15,700	2,215	1,167	-	28,490
Disposals	-	-	(1,048)	-	(386)	(280)	(1,446)	-	(3,160)
30th June, 2004	51	2,617	99,488	8,446	278,181	42,913	19,647	-	451,343
Net book value:									
30th June, 2004	5,979	5,899	195,932	40,552	216,078	25,723	7,214	21,788	519,165
31st December, 2003	6,030	5,971	198,698	41,049	225,635	26,574	7,891	16,278	528,126

**8. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND DEPOSITS**

The Group normally grants a credit policy of up to 90 days and seeks to maintain strict control over its outstanding receivables. An aged analysis of the accounts receivable, other receivables and deposits of the Group is as follows:

	<b>30th June, 2004 (Unaudited)</b> <i>US\$'000</i>	<b>31st December, 2003 (Audited)</b> <i>US\$'000</i>
Accounts receivable:		
Less than 90 days	24,482	24,334
91 to 180 days	1,097	1,537
181 to 365 days	1,680	398
Over 365 days	8,317	8,819
	<u>35,576</u>	<u>35,088</u>
Other receivables and deposits	79,750	96,042
	<u>115,326</u>	<u>131,130</u>
Less: Provision for bad and doubtful debts	(14,667)	(14,667)
	<u><u>100,659</u></u>	<u><u>116,463</u></u>

**9. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED EXPENSES**

An aged analysis of the accounts payable, other payables and accrued expenses of the Group is as follows:

	<b>30th June, 2004 (Unaudited)</b> <i>US\$'000</i>	<b>31st December, 2003 (Audited)</b> <i>US\$'000</i>
Accounts payable:		
Less than 90 days	101,915	94,444
91 to 180 days	13,212	7,421
181 to 365 days	3,379	3,404
Over 365 days	3,428	2,839
	<u>121,934</u>	<u>108,108</u>
Other payables and accrued expenses	90,037	85,714
	<u><u>211,971</u></u>	<u><u>193,822</u></u>

**10. RESERVES**

	Contributed surplus	Fixed asset revaluation reserve	Capital reserve	Reserve fund	Expansion fund	Exchange equalization reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
1st January, 2004	6,093	3,496	30,361	24,049	14,641	(31,684)	(105,716)	(58,760)
Transfer from/(to) profit and loss account	-	-	-	1,127	443	-	(1,570)	-
Loss for the period	-	-	-	-	-	-	(17,024)	(17,024)
30th June, 2004	<u>6,093</u>	<u>3,496</u>	<u>30,361</u>	<u>25,176</u>	<u>15,084</u>	<u>(31,684)</u>	<u>(124,310)</u>	<u>(75,784)</u>

**11. RELATED PARTY TRANSACTIONS**

- (a) A portion of the Group's sales and purchases transactions, together with certain less significant commercial transactions, are with companies in which Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Dhanin Chearavanont, Mr. Sumet Jiaravanon, Mr. Prasert Poongkumarn, Mr. Min Tieworn, Mr. Thirayut Phitya-Isarakul, Mr. Thanakorn Seriburi and Mr. Veeravat Kanchanadul, directors of the Company, have beneficial interests. Details of major related party transactions are set out as follows:

	Notes	Six months ended 30th June, 2004 (Unaudited) US\$'000	2003 (Unaudited) US\$'000	Year ended 31st December, 2003 (Audited) US\$'000
Sales of goods to jointly controlled entities and associates	(i)	16,348	10,787	20,210
Sales of goods to related companies	(i)	24,416	21,631	53,593
Sales of plant and machineries to a related company	(ii)	-	-	121
Purchases of raw materials from jointly controlled entities and associates	(iii)	16,764	10,395	20,288
Purchases of raw materials from related companies	(iii)	8,561	8,075	17,148

*Notes:*

- (i) The sales of goods were made by reference to the published prices and conditions offered to the major customers of the Group, except that a longer credit period was normally granted.
- (ii) The plant and machineries were sold at agreed prices as determined between parties.
- (iii) The purchases of raw materials were made by reference to the published prices and conditions offered to the major customers of the suppliers, except that a longer credit period was normally granted.
- (b) During the period, the Company paid an advisory fee of US\$50,000 (six months ended 30th June, 2003: US\$50,000) to Charoen Pokphand Group Company Limited for the provision of technical and management support services to the Group. The advisory fee was determined by reference to the agreed service fees between the parties.

Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Dhanin Chearavanont and Mr. Sumet Jiaravanon, Mr. Prasert Poongkumarn, Mr. Min Tieworn and Mr. Thirayut Phitya-Isarakul, directors of the Company, have beneficial interests in the share capital of Charoen Pokphand Group Company Limited.



**4. STATEMENT OF INDEBTEDNESS**

As at the close of business on 31st January, 2005, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total outstanding borrowings of approximately US\$542.3 million, comprising secured bank loans of approximately US\$141.3 million and guaranteed bank loans of approximately US\$202.0 million. The remaining outstanding borrowings are neither secured nor guaranteed.

The Group's borrowings were secured by the charge over certain fixed assets of the Group (including land and buildings, and plant and machinery in the PRC) and corporate guarantees of the Company. The value of such fixed assets of the Group was approximately US\$249.9 million.

As at 31st January, 2005, the guarantees provided by the Group was US\$12.6 million.

Save as disclosed herein and apart from intra-group liabilities, the Group did not have any outstanding loan capital, bank overdrafts, and liabilities under acceptance or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31st January, 2005.

Save for the transactions contemplated under the Subscription Agreement, the Directors have confirmed that there has been no material change in indebtedness and contingent liabilities of the Group since 31st January, 2005.

Foreign currency amounts have, for the purpose of the indebtedness statement, been translated into United States dollars at the applicable rates of exchange (being US\$1.00= HK\$7.80 and US\$1.00=RMB8.30) prevailing at the close of business on 31st January, 2005.

**5. MATERIAL CHANGE**

Save for the increase in the Company's cash resources upon completion of the transactions contemplated under the Subscription Agreement, and save for matters disclosed in the interim report of the Company for the six months ended 30th June, 2004, the Directors are not aware of any material change in the financial or trading position or prospects of the Group since 31st December, 2003 (the date of which the latest audited financial statement of the Group were made up).

This appendix serves as an explanatory statement as required by the Listing Rules to provide the requisite information to you for your consideration of the Repurchase Mandate.

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company was US\$107,924,039.30 comprising 2,158,480,786 Shares. In addition, as at the Latest Practicable Date there were outstanding Share Options carrying the rights to subscribe for up to an aggregate of 460,896,156 Shares. If such Share Options are exercised in full on or prior to the date of passing of the resolution in respect of the Repurchase Mandate, a further 460,896,156 Shares will be in issue.

Subject to the Capital Reorganisation becoming effective and the passing of the resolution in respect of the Repurchase Mandate and assuming that no further Shares are issued and that no Shares are purchased by the Company, the Directors will be authorised to purchase up to 215,848,078 Adjusted Shares pursuant to the Repurchase Mandate. Assuming that all outstanding Share Options carrying the rights to subscribe for up to an aggregate of 460,896,156 Shares are exercised on or before the date of passing of the resolution in respect of the Repurchase Mandate and assuming no further Shares are issued and no Shares are purchased by the Company, the total number of shares in issue will be 2,619,376,942 Adjusted Shares (assuming the Capital Reorganisation becoming effective) and the Directors will be authorized to purchase up to 261,937,694 Adjusted Shares (assuming the Capital Reorganisation becoming effective).

### **2. REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to purchase shares in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets or its earnings per share or both and will only be made when the Directors believe that such purchases will benefit the Company and the Shareholders as a whole.

### **3. FUNDING OF REPURCHASES**

In repurchasing shares, the Company must fund the repurchase entirely from the Company's available cash flow or working capital facilities legally available for such purpose in accordance with its memorandum of association and Bye-laws and the Companies Act.

The Directors do not propose to exercise the Repurchase Mandate to such extent as could, in the circumstances, have a material adverse effect on the working capital or the gearing level of the Company which in the opinion of the Directors is from time to time appropriate for the Company.

#### **4. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell shares to the Company under the Repurchase Mandate to repurchase Shares in the event that it is granted by the Shareholders at the Special General Meeting.

No connected person, as defined in the Listing Rules, has notified the Company that he has a present intention to sell any shares to the Company, or that he has undertaken not to sell any shares held by him to the Company, in the event that the Repurchase Mandate is granted by the Shareholders at the Special General Meeting.

The Company has not repurchased any of its shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

#### **5. DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the Companies Act so far as the same may be applicable.

#### **6. EFFECT OF THE TAKEOVERS CODE**

If, on the exercise of the power to repurchase adjusted Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of such increase, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, CPI and parties acting in concert with it were interested in approximately 49.46% of the issued share capital of the Company. In the event that the Directors should exercise in full the power to repurchase adjusted Shares under the proposed Repurchase Mandate and if there is no other change in the issued share capital of the Company, the shareholding of CPI and parties acting in concert with it in the Company will be increased to approximately 54.95% of the issued share capital of the Company. Such increase may give rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

The Directors have no present intention to exercise the power to repurchase the Shares or adjusted Shares to the extent that the aggregate amount of the share capital of the Company in public hands would be reduced to less than 25%.

**7. SHARE PRICES**

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the last twelve months are as follows:

	<b>Shares</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2004</b>		
March	0.243	0.212
April	0.217	0.166
May	0.162	0.125
June	0.143	0.125
July	0.135	0.121
August	0.139	0.130
September	0.160	0.134
October	0.184	0.140
November	0.239	0.160
December	0.240	0.218
<b>2005</b>		
January	0.42	0.219
February	0.41	0.305
March (up to and including the Latest Practicable Date)	0.43	0.345

- A. *The following is the text of a letter, summary of values and valuation certificate, prepared for the purpose of incorporation in this circular received from Castores, an independent valuer, in connection with its valuations as at 31st December, 2004 of the property interests held by the Group.*

嘉漫(香港)有限公司  
**CASTORES MAGI** (HONG KONG) LIMITED  
REGISTERED PROFESSIONAL SURVEYORS  
REAL ESTATE, MINERALS, MACHINERY & EQUIPMENT AND BUSINESS VALUERS

CASTORES  
  
MAGI

29th March, 2005

The Directors  
C.P. Pokphand Co. Ltd.  
21st Floor  
Far East Finance Centre  
16 Harcourt Road  
Hong Kong

Dear Sirs,

In accordance with your instruction to value the properties in which C.P. Pokphand Co. Ltd. (the “Company”) and its subsidiaries (together the “Group”) have interests, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of the relevant properties as at 31st December, 2004 (the “date of valuation”).

Our valuations of the property interests are our opinion of the Market Value which we would define as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.” Market Value is understood as the value of an asset estimate without regard to costs of sale or purchase and without offset for any associated taxes.

Our valuations of the property interests have been made on the assumption that the owner sells the properties on the open market in their existing state without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the properties.

The property interests have been valued on a market value basis assuming sale with vacant possession. This approach rests on the wide acceptance of market price as the best indicator of value and pre-supposes that evidence of recent transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

In valuing the property in the PRC, we have complied with all the requirements contained in the Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The current status of the property interest in Group II regarding major approvals, consents and licences required in the PRC is set out as follows:

<b>Document/Approval</b>	<b>Status</b>
State-owned Land Use Rights Certificate	Yes

We have not attributed any commercial value to the property in the PRC since the land use rights of the property is not transferable as at the date of valuation.

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, rental, site and floor areas and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the relevant properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. Based on our valuation experience of similar properties in the PRC, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements have been taken.

We have inspected the exterior and, where possible, the interior of the properties included in the attached valuation certificate, in respect of which we have been provided with such information as we have required for the purpose of our valuations. However, no structural survey, investigation or examination has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out to any of the services.

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances such as mortgage and debenture charged, restrictions and outgoings of an onerous nature which could affect their values.

In the course of our valuations, we have neither verify nor taken into account any Hong Kong or PRC tax liabilities. We have been advised by the Company that the Company has no intention to dispose the Hong Kong and/or PRC property interests in the near future. However, should disposal of the PRC property interests in the near future. However, should disposal of the PRC property interest be conducted, the potential tax liabilities arising, as advised by the Company, will include the sales tax (5% on sales consideration) and the income tax (33% on profit). Yet, unless and until the completion of disposal of the PRC property interest, the amount of PRC tax liabilities would not be quantifiable nor crystallized. Should the Hong Kong property interest be disposed, it shall be subject to a stamp duty (3.75% on sales consideration) which correspond to the level of the property value.

We have been shown copies of various documents relating to the properties and have caused searches to be made at the Land Registry regarding the property in Hong Kong. However, we have not searched the original documents to verify any amendments which may not appear on the copies handed to us. Due to defects of the land registration system in the PRC, we are unable to search the original documents to verify the existing title of the property in the PRC or any material encumbrances that might be attached to the property. However, we have made reference to the opinion given by the Company's legal advisers on PRC laws in respect of the Group's title to the property in Group II.

The scope of valuations has been determined with reference to the property list provided by the Group. All properties on the list have been included in this valuation certificate.

We have had no reason to doubt the authenticity and accuracy of the information provided to us by the Group. We have also sought and received confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts stated are in Hong Kong Dollars.

The conclusion of values is based on generally accepted valuation procedures and practices that rely extensively on assumptions and considerations, not all of which can be easily quantified or ascertained exactly. While we have exercised our professional judgment in arriving at the valuation, you are urged to consider carefully the nature of such assumptions which are disclosed in this report and should exercise caution when interpreting this report.

We hereby certify that we have neither present nor prospective interest in the Group or the value reported.

Our valuations are summarized below and the valuation certificate is attached.

Yours faithfully,

For and on behalf of

**Castores Magi (Hong Kong) Limited**

**Ernest Cheung Wah Fu**

Member of China Institute of Real Estate Appraisers and Agents

China Registered Real Estate Appraiser

B.Sc., MRICS, MHKIS, RPS, MCI Arb

Director

*Note:* Ernest Cheung Wah Fu is a Registered Professional Surveyor who has over 10 years of experience in valuing properties in Hong Kong and the properties in the PRC.

## SUMMARY OF VALUES

**Group I – Property interest owned and occupied by the Group in Hong Kong**

<b>Property</b>	<b>Capital Value in existing state as at 31st December, 2004 HK\$</b>
1. 21st Floor, Far East Finance Centre, No. 16 Harcourt Road, Admiralty, Hong Kong.	75,600,000
<b>Sub-Total:</b>	<u><u>75,600,000</u></u>

**Group II – Property interest held by the Group in the PRC**

1. A commercial building located at No. 36 Shenxin Dong Road, Tiexi District, Shenyang, Liaoning Province, The PRC.	No commercial value
<b>Sub-Total:</b>	<u>No commercial value</u>
<b>Grand Total:</b>	<u><u>75,600,000</u></u>



## VALUATION CERTIFICATE

## Group I – Property interest owned and occupied by the Group in Hong Kong

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st December, 2004 HK\$
1. 21st Floor, Far East Finance Centre, No. 16 Harcourt Road, Admiralty, Hong Kong.  213/13,200th shares of and in Inland Lot No. 8466 (the "Lot")	<p>The property comprises an office unit on the whole of 21st Floor of a 48-storey commercial building which was completed in about 1983.</p> <p>The property has a gross floor area of about 10,800 sq. ft. (1,003.3 sq. m.).</p> <p>The Lot is held under a Government Lease for a term of 75 years renewable for 75 years commencing from 23rd July, 1980.</p> <p>The current annual Government rent payable for the Lot is HK\$1,000.</p>	The property is currently occupied by the Group for office purpose.	75,600,000

Note: The registered owner of the property is Hannick Limited, a wholly-owned subsidiary of the Group.

**VALUATION CERTIFICATE**

**Group II - Property interest held by the Group in the PRC**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31st December, 2004</b>
1. A commercial building located at No. 36 Shenxin Dong Road, Tiexi District, Shenyang, Liaoning Province, The PRC.	<p>The property comprises the whole block of a 6-storey commercial building which was completed in about 1992.</p> <p>The total gross floor area of the building is about 37,839 sq. m.</p>	The property is currently vacant.	No commercial value

*Notes:*

1. According to a State-owned Land Use Rights Certificate dated 18th August, 2000 which was issued by Shenyang City Tiexi District Buildings and Land Administrative Bureau (瀋陽市鐵西區房屋土地管理局), the followings, among others, were noted:
  - Land User : 易初配銷(沈陽)物業有限公司, (Ek Chor Distribution (Shenyang) Property Co., Ltd.), a wholly-owned subsidiary of the Group
  - Address : No. 36 Shenxin Dong Road, Tiexi District (鐵西區瀋新東路36號)
  - Land Use Rights area : 11,850 sq. m.
  - Nature of Land Use Rights : Administrative Allocation
2. Pursuant to this certificate, it was noted that lease, transfer, pledge, change of use of the land use right must comply with the legal procedure for alternation registration.
3. According to the opinion provided by the Company's PRC legal advisors, the land use rights of the property is administrative allocation in nature and is not freely transferable.
4. Since the land use rights is administrative allocation in nature and is not freely transferable, we have not ascribed any commercial value to the property. We were informed by the Company that a land premium is payable before the land use rights is transferable. Assuming the land premium had been fully paid as at the date of valuation, we were of the opinion that the capital value of the property (as at the date of valuation) was HK\$92,700,000, being the unrestricted capital value of the property without deduction of any land premium.

- B. *The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this circular received from B.I. Appraisals, an independent valuer, in connection with its valuation as at 18th March, 2005 of the property interests held by the Group.*



**B. I. Appraisals Limited**  
**保柏國際評估有限公司**

Registered Professional Surveyors, Valuers & Property Consultants  
Unit B, 38th Floor, Bank of China Tower, 1 Garden Road, Hong Kong  
Tel: (852) 2127 7762 Fax: (852) 2137 9876  
Email: info@biappraisals.com.hk  
Website: www.bisurveyors.com.hk

29th March 2005

The Directors  
C.P. Pokphand Co. Ltd.  
21st Floor  
Far East Finance Centre  
16 Harcourt Road  
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by C.P. Pokphand Co. Ltd. (hereinafter referred to as the “Company”) and/or its subsidiaries and associated companies (hereinafter together referred to as the “Group”) located in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market values of the property interests as at 18th March 2005 (hereinafter referred to as the “date of valuation”).

This letter, forming part of our valuation report, identifies the properties being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

**BASIS OF VALUATION**

Our valuations are our opinion of open market value which we would define as intended to mean “the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

We have valued the property interests on the basis that each of them is considered individually and have not allowed for any discount for the property interests to be sold to a single party nor taken into account any effect on the values if the property interests are to be offered for sale at the same time as a portfolio.

Our valuations have been prepared in accordance with the Guidance Notes on the Valuation of Property Assets (2nd Edition) published by the Hong Kong Institute of Surveyors in March 2000 and under generally accepted valuation procedures and practices, which are in compliance with the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited.

### **VALUATION METHODOLOGY**

The property interests currently held by the Group are mostly for the operation of fowl-runs and industrial complexes with other ancillary activities. Due to the nature of the buildings and structures constructed there are no readily identifiable market comparable, we have adopted the Depreciated Replacement Cost (DRC) Approach in assessing the value of such property interests. This method of valuation is based on an estimate of the open market value for the existing use of the land, plus the current gross replacement costs of the buildings and structures erected thereon with allowances of physical deterioration and all relevant forms of obsolescence as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The DRC Approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparable sales.

In valuing the property interests which are either held and/or occupied by the Group, we have focused our valuation of each of the property interests on an open market basis by the Direct Comparison Approach assuming such property interests are capable of being sold in their existing state on a strata-titled basis and with the benefit of immediate vacant possession. Comparison based on prices realised on actual sales or offerings of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of the property interests in order to arrive at a fair comparison of value.

In valuing property interests which are leased and/or allocated to the Group, we are of the opinion that there are no commercial values due to the fact that they are not freely transferable.

### **VALUATION ASSUMPTIONS**

Our valuations have been based on our experience of valuing property interests in the PRC and made on the assumption that the property interests are sold on the open market in their existing state without the effect of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of such property

interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no forced sale situation is assumed in our valuations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In the course of our valuation, we have neither verify nor taken into account any PRC tax liabilities. We have been advised by the Company that the Company has no intention to dispose of any or all of the property interests in the near future. However, should disposals of any of the property interests be conducted, the potential tax liabilities arising, as advised by the Company, will include the sales tax (5% on sales consideration) and the income tax (33% on profit). Yet, unless and until the completion of disposal of any of the property interests, the amount of PRC tax liabilities would not be quantifiable nor crystallized.

### **TITLE INVESTIGATION**

We have been provided with extracts of documents in relation to the ownership and the title to the property interests in the PRC. However, we have not scrutinized the original documents to ascertain any amendments, which may not appear on the copies handed to us. All documents and leases have been used for reference only.

Due to the nature of the land registration system in the PRC, we are not able to investigate the title to or any liabilities against the property interests in the properties. However, we have been provided with a copy of the legal opinion on PRC law of the Group's legal advisers, Jun He Law Offices (hereinafter referred to as the "PRC Legal Adviser") regarding the ownership and title to the property interests. In the course of our valuations, we have relied on the advices given by the Group and the PRC Legal Adviser regarding the ownership and title to the interests in the properties in the PRC.

### **LIMITING CONDITIONS**

We have inspected the exteriors and, where possible, the interiors of the properties. However, we have not carried out a structural survey. Yet, in the course of our inspections, we did not note any serious defects. We are, however, unable to report that the properties are free from rot, infestation or any other structural defects. No tests have been carried out to any of the services provided to the properties. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions for development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any construction activities to be taken place.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters as identification of relevant properties to be valued, planning approvals or statutory notices, easements, tenure, particulars of occupancy, completion date of buildings, joint venture agreements, building costs, site and floor areas and other relevant information. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents and leases provided to us and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us and we have also been advised that no material facts have been omitted from the information provided.

**REMARKS**

Unless otherwise stated, all monetary amounts stated in our valuation certificates are in Reminbi (RMB) and no allowances have been made for exchange transfers. Where necessary, the exchange rates adopted in our valuations are HK\$1=RMB1.06 and US\$1=HK\$7.8 which were approximately the prevailing exchange rates at the date of valuation.

We hereby confirm that we have neither present nor prospective interests in the Group, the properties valued or the values reported herein.

Our summary of values and valuation certificates are enclosed herewith.

Yours faithfully,  
For and on behalf of  
**B.I. APPRAISALS LIMITED**  
**William C. K. Sham**  
MRICS, MHKIS, RPS (G.P.), MCIREA  
*Executive Director*

*Note:*

Mr. William C.K. Sham is a Chartered Surveyor and a member of China Institute of Real Estate Appraiser who has over 10 years experience in the valuations of properties in the PRC.

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005</b> <i>RMB</i>
1. Qinhuangdao Chia Tai Co., Ltd. (a 77% owned subsidiary of the Group)	
1.1 The industrial complex of Qinhuangdao Chia Tai Co., Ltd. located at Hongwadian Village Shihe Town, Qinhuangdao City, Hebei Province, the PRC	10,200,000
1.2 The industrial complex of Qinhuangdao Chia Tai Co., Ltd. located at No. 30 Guan Cheng Dong Road, Shanhaiguan District, Qinhuangdao, Hebei Province, the PRC	26,200,000
1.3 The office of Qinhuangdao Chia Tai Co., Ltd. located at No. 30 Guan Cheng Dong Road, Shanhaiguan District, Qinhuangdao, Hebei Province, the PRC	1,500,000
1.4 The industrial complex of Qinhuangdao Chia Tai Co., Ltd. located at No. 30 Guan Cheng Dong Road, Shanhaiguan District, Qinhuangdao, Hebei Province, the PRC	11,100,000
1.5 The poultry farm of Qinhuangdao Chia Tai Co., Ltd. located at No. 30 Guan Cheng Dong Road, Shanhaiguan District, Qinhuangdao, Hebei Province, the PRC	20,100,000
1.6 The poultry farm of Qinhuangdao Chia Tai Co., Ltd. located at No. 30 Guan Cheng Dong Road, Shanhaiguan District, Qinhuangdao, Hebei Province, the PRC	14,000,000
2. Xianghe Chia Tai Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
2.1 The industrial complex of Xianghe Chia Tai Co., Ltd. West of Luotun, Xiaan Road, Xianghe County, Langfang City, Hebei Province, the PRC	27,000,000
2.2 The industrial complex of Xianghe Chia Tai Co., Ltd. located at Majiawo, Xianghe County, Langfang City, Hebei Province, the PRC	37,820,000

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005</b>
	<i>RMB</i>
3. Nanjing Chia Tai Livestock Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
3.1 The industrial complex of Nanjing Chia Tai Livestock Co., Ltd. located at No. 12 Puzhu Road, Pukou District, Nanjing City, Jiangsu Province, the PRC	11,560,000
4. Shenyang Chia Tai Livestock Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
4.1 The industrial complex of Shenyang Chia Tai Livestock Co., Ltd. located at Ba Keshu Street, Qianjin village, Dongling District, Shenyang City, Liaoning Province, the PRC	No commercial value
5. Huludao Chia Tai Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
5.1 The industrial complex of Huludao Chia Tai Co., Ltd. located at No. 33 Xinggong Street, Lianshan District, Huludao City, Liaoning Province, the PRC	No commercial value
5.2 No. 1-14#-6-(6-7) (Right) Guangming Small District, Xinggong Street, Lianshan District, Huludao City, Liaoning Province, the PRC	270,000
6. Meihekou Chia Tai Enterprise Co., Ltd. (a 70% owned subsidiary of the Group)	
6.1 The industrial complex of Meihekou Chia Tai Enterprise Co., Ltd. located at Group 3, Xincheng Village, Jiefeng Street, Meihekou City, Tonghua City, Jilin Province, the PRC	10,600,000
7. Dun Hua Chia Tai Enterprises Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
7.1 The industrial complex of Dun Hua Chia Tai Enterprises Co., Ltd. located at Taipingling Xiang, Dun Hua City, Jilin Province, the PRC	No commercial value
7.2 Level 6, Group 2, Jian She Wei, Minzhu Street, Dunhua City, Jilin Province, the PRC	No commercial value



## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005</b> <i>RMB</i>
8. Heilongjiang Chia Tai Enterprise Co., Ltd. (an 80% owned subsidiary of the Group)	
8.1 The industrial complex of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Limin Economic Technology Zone, Harbin City, Heilongjiang Province, the PRC	62,300,000
8.2 The industrial complex of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Limin Economic Technology Zone, Harbin City, Heilongjiang Province, the PRC	64,000,000
8.3 No. 1 Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Wangtai Village, Leye Xiang, Hulan County, Harbin City, Heilongjiang Province, the PRC	18,500,000
8.4 No. 2 Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Xinli Village, Leye Xiang, Hulan County, Harbin City, Heilongjiang Province, the PRC	19,100,000
8.5 No. 3 Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Jicai Village, Leye Xiang, Hulan County, Harbin City, Heilongjiang Province, the PRC	18,700,000
8.6 No. 4 Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Qunxi Village, Taitun Xiang, Hulan County, Harbin City, Heilongjiang Province, the PRC	23,800,000
8.7 No. 5 Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at north of Halabashan, Taitun Xiang, Hulan County, Harbin City, Heilongjiang Province, the PRC	23,100,000
8.8 The industrial complex of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Xinli Village, Leye Xiang, Hulan County, Harbin City, Heilongjiang Province, the PRC	14,800,000
8.9 The Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Shengli Village, Duiqing Town, Hulan County, Harbin City, Heilongjiang Province, the PRC	24,000,000

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005 RMB</b>
8. 8.10 The Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Shuangfeng Village, Duiqing Town, Hulan County, Harbin City, Heilongjiang Province, the PRC	43,000,000
8.11 The Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Changjia Village, Duiqing Town, Hulan County, Harbin City, Heilongjiang Province, the PRC	26,100,000
8.12 The Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Yaobao Village, Yaobao Town, Hulan County, Harbin City, Heilongjiang Province, the PRC	No commercial value
8.13 The Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Yaobao Village, Yaobao Town, Hulan County, Harbin City, Heilongjiang Province, the PRC	No commercial value
9. Jiamusi Chia Tai Co., Ltd. (a 65% owned subsidiary of the Group)	
9.1 The industrial complex of Jiamusi Chia Tai Co., Ltd. located at Jiamusi City Economic and Technology District, Jiamusi City, Heilongjiang Province, the PRC	53,800,000
10. Dalian Chia Tai Enterprise Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
10.1 The industrial complex of Dalian Chia Tai Enterprise Co., Ltd. located at Mahudao Village, Tiexi Office, Pulandian City, Dalian City, Liaoning Province, the PRC	10,900,000
10.2 Units 303 and 304, no. 235 Nanshan Road, Pulandian City, Dalian City, Liaoning Province, the PRC	220,000

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005</b>
	<i>RMB</i>
11. Shenyang Chia Tai Poultry Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
11.1 A fowl-run of Shenyang Chia Tai Poultry Co., Ltd., located at Daxiang Village, Dagou Xiang, Sujiatun District, Shenyang City, Liaoning Province, the PRC	No commercial value
11.2 A fowl-run of Shenyang Chia Tai Poultry Co., Ltd., located at Manggong Village, Dagou Xiang, Sujiatun District, Shenyang City, Liaoning Province, the PRC	No commercial value
11.3 A fowl-run of Shenyang Chia Tai Poultry Co., Ltd., located at Caitun Village, Dagou Xiang, Sujiatun District, Shenyang City, Liaoning Province, the PRC	No commercial value
12. Chia Tai Yongji Enterprise Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
12.1 The industrial complex of Chia Tai Yongji Enterprise Co., Ltd. located at Jihua Street, Kouqian Town, Yongji City, Jilin City, Jilin Province, the PRC	18,000,000
13. Lanzhou Chia Tai Company Limited (a 100% wholly owned subsidiary of the Group)	
13.1 The industrial complex of Lanzhou Chia Tai Company Limited located at no. 155 Xinxing Road, Chengguan Town, Gaolan County, Lanzhou City, Gansu Province, the PRC	No commercial value
13.2 The industrial complex of Lanzhou Chia Tai Company Limited located at Hejia Liang Cun Hao, Xicao Xiang, Yongdeng County, Lanzhou City, Gansu Province, the PRC	No commercial value
14. Shanxi Chia Tai Company Limited (a 60% owned subsidiary of the Group)	
14.1 The industrial complex of Shanxi Chia Tai Company Limited located at No. 16 Zhengcun West Street, Beijing, Taiyuan City, Shanxi Province, the PRC	17,000,000

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005 RMB</b>
15. Shaanxi Chia Tai Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
15.1 The industrial complex of Shaanxi Chia Tai Co., Ltd. located at Zhao Village, Gaoqu Xiang, Sanyuan Courty, Xianyang City, Shaanxi Province, the PRC	15,840,000
15.2 The industrial complex of Shaanxi Chia Tai Co., Ltd. located at Luoli Village, Gaoqu Xiang, Sanyuan Courty, Xianyang City, Shaanxi Province, the PRC	8,460,000
16. Qingdao Chia Tai Company Limited (a 100% wholly owned subsidiary of the Group)	
16.1 Unit 3 on Level 10 of Block 7, North District, No. 1 Zhonghua Road, Shinan District, Qingdao City Shandong Province, the PRC	921,000
16.2 A villa in Nong Mei Yuan Villa, No. 316 Xiang Gang East Road, Laoshan District, Qingdao City, Shandong Province, the PRC	3,570,000
16.3 A livestock farm of Qingdao Chia Tai Company Limited located at Nancun Town, Pingdu City, Shandong Province, the PRC	3,980,000
16.4 A livestock farm of Qingdao Chia Tai Company Limited located at Nancun Town, Pingdu City, Shandong Province, the PRC	4,140,000
16.5 A livestock farm of Qingdao Chia Tai Company Limited located at Chanjia Xiaozhuang Village, Duancun Town, Jimo City, Qingdao City, Shandong Province, the PRC	23,600,000
16.6 A livestock farm of Qingdao Chia Tai Company Limited located at Houtaolin Village, Chengyang Town, Chengyang District, Qingdao City, Shandong Province, the PRC	14,500,000
16.7 The incubation court of Qingdao Chia Tai Company Limited located at Shiliangtang Village, Wangtai Town, Jiaonan City, Qingdao City, Shandong Province, the PRC	1,800,000

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005 RMB</b>
16. 16.8 The fowl-run of Qingdao Chia Tai Company Limited located at Dongfei Village, Huangshan Town, Jiaonan City, Qingdao City, Shandong Province, the PRC	4,400,000
16.9 The fowl-run of Qingdao Chia Tai Company Limited located at Huangshan Town, Jiaonan City, Qingdao City, Shandong Province, the PRC	4,360,000
16.10 The incubation court of Qingdao Chia Tai Company Limited located at Huangshan Town, Jiaonan City, Qingdao City, Shandong Province, the PRC	4,360,000
16.11 The incubation court of Qingdao Chia Tai Company Limited located at Xiaowangjia Zhuang, Huangshan Town, Jiaoan City, Qingdao City, Shandong Province, the PRC	4,350,000
16.12 An office complex of Qingdao Chia Tai Company Limited located at Yangjia Yanquan Village, Duicun Town, Jimo City, Qingdao City, Shandong Province, the PRC	125,000
16.13 The PS1 fowl-run of Qingdao Chia Tai Company Limited located at Daxin Village, Daxincun Xiang, Jimo City, Qingdao City, Shandong Province, the PRC	6,380,000
16.14 The PS2 fowl-run of Qingdao Chia Tai Company Limited located at Quandong Village, Zhujiaguanzhuang Village, Nanquan Town, Jimo City, Qingdao City, Shandong Province, the PRC	5,700,000
16.15 The PS6 & 8 fowl-run of Qingdao Chia Tai Company Limited located at Nan Village, Nuochenghe, Nanquan Town, Jimo City, Qingdao City, Shandong Province, the PRC	15,000,000
16.16 The PSH1 fowl-run of Qingdao Chia Tai Company Limited located at Qiaogezhuang Village, Nanquan Town, Jimo City, Qingdao City, Shandong Province, the PRC	2,800,000
16.17 The industrial complex of Qingdao Chia Tai Company Limited located at a lot of Jianggezhuang Village, west of Duicun Town, Jimo City, Qingdao City, Shandong Province, the PRC	710,000

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005</b> <i>RMB</i>
16. 16.18 The PSH2 fowl-run of Qingdao Chia Tai Company Limited located at Qiaogezhuang Village, Nanquan Town, Jimo City, Qingdao City, Shandong Province, the PRC	3,090,000
16.19 The PS5 fowl-run of Qingdao Chia Tai Company Limited located at Qianlu Village, Qiji Town, Jimo City, Qingdao City, Shandong Province, the PRC	4,000,000
16.20 The PS7 fowl-run of Qingdao Chia Tai Company Limited located at Xinan Village, Qiji Town, Jimo City, Qingdao City, Shandong Province, the PRC	4,600,000
16.21 The PS9 fowl-run of Qingdao Chia Tai Company Limited located at Zhongjianbu Village, Qiji Town, Jimo City, Qingdao City, Shandong Province, the PRC	4,540,000
17. Jinan Chia Tai Company Limited (a 65% owned subsidiary of the Group)	
17.1 The industrial complex of Jinan Chia Tai Company Limited, located at PengZhuang Village, Guodian County, Licheng District, Jinan City, Shandong Province, the PRC	No commercial value
18. Hefei Chia Tai Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
18.1 The industrial complex of Hefei Chia Tai Co., Ltd., North of Fanhua Avenue, West of Tiandu Road, Hefei Economic and Technical Development Zone, Hejing District, Hefei City, Anhui Province, the PRC	24,800,000
18.2 The Fowl-run affiliated to Hefei Chia Tai Co., Ltd., Wushibu Village, Shangpai Town, Feixi County, Hefei City, Anhui Province, the PRC	No commercial value
19. Xuzhou Chia Tai Co., Ltd. (a 65% owned subsidiary of the Group)	
19.1 The industrial complex of Xuzhou Chia Tai Co., Ltd. located at Yangzhuang, Xiadian, Xuzhou City, Jiangsu Province, the PRC	No commercial value

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005 RMB</b>
20. Chu Zhou Chia Tai Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
20.1 The industrial complex of Chu Zhou Chia Tai Co., Ltd. located at Huifeng Road and Fenge South Road, Chuzhou Industrial Zone, Chuzhou City, Anhui Province, the PRC	22,640,000
20.2 The industrial complex affiliated to Chu Zhou Chia Tai Co., Ltd. located at Bei Village, Dingcheng Town, Dingyuan County, Chuzhou City, Anhui Province, the PRC	No commercial value
21. Nantong Chia Tai Co., Ltd. (a 60% owned subsidiary of the Group)	
21.1 The industrial complex of Nantong Chia Tai Co., Ltd. located at No. 32 Youyi West Road, Juegang Town, Rudong County, Nantong City, Jiangsu Province, the PRC	23,430,000
21.2 Units 1007 and 1008, Zhongnan Building Apartment Tower, Renmin Road, Chongchuan District, Nantong City, Jiangsu Province, the PRC	No commercial value
21.3 Twelve Fowl-runs of Nantong Chia Tai Co., Ltd., located at Rudong County, Nantong City, Jiangsu Province, the PRC	155,700,000
22. Huai An Chia Tai Feed Co., Ltd. (a 58% owned subsidiary of the Group)	
22.1 The industrial complex of Huai An Chia Tai Feed Co., Ltd. located at No. 92 Lunyao road, Huaian City, Jiangsu Province, the PRC	No commercial value
23. Tai Zhou Chia Tai Co., Ltd. (a 76% owned subsidiary of the Group)	
23.1 The industrial complex of Tai Zhou Chia Tai Co., Ltd. located at No. 69 Qingnian Road, Taizhou City, Jiangsu Province, the PRC	No commercial value

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005</b>
	<i>RMB</i>
24. Chiatai (Wuhu) Co., Ltd. (a 100% wholly owned subsidiaray of the Group)	
24.1 The industrial complex of Chiatai (Wuhu) Co., Ltd. located at west of Yan'an North Road, Wuhu City, Anhui Province, the PRC	20,120,000
25. Jiangsu Huai Yin Chia Tai Co., Ltd. (a 58% owned subsidiaray of the Group)	
25.1 The industrial complex of Jiangsu Huai Yin Chia Tai Co., Ltd. located at No. 118 Zhengda Road, Agricultural Development Zone, Huaian City, Jiangsu Province, the PRC	34,270,000
26. Nantong Chia Tai Feed Co., Ltd. (a 60% owned subsidiaray of the Group)	
26.1 The industrial complex of Nantong Chia Tai Feed Co., Ltd. located at No. 2 Tongfu South Road, Nantong Economic and Technical Development Zone, Nantong City, Jiangsu Province, the PRC	25,240,000
27. Chia Tai Yueyang Company Limited (a 100% wholly owned subsidiary of the Group)	
27.1 The industrial complex of Chia Tai Yueyang Company Limited. located at Hubin, Yueyanglou District, Yueyang City, Hunan Province, the PRC	35,550,000
28. Yi Chang Chia Tai Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
28.1 The industrial complex of Yi Chang Chia Tai Co., Ltd. located at No. 188 Huting Main Road, Huting District, Yichang City, Hubei Province, the PRC	16,000,000
29. Zhumadian Chia Tai Company Limited (a 55% owned subsidiary of the Group)	
29.1 The industrial complex of Zhumadian Chia Tai Company Limited located at east of Lianjiang Road, Zhumadian City, Henan Province, the PRC	No commercial value
29.2 A parcel of land at 107 State Level Highway, Zhumadian City, Henan Province, the PRC	No commercial value



## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005 RMB</b>
30. Huai Hua Chia Tai Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
30.1 The industrial complex of Huai Hua Chia Tai Co., Ltd. located at No. 38, Yanhe Road, Huaihua, Hunan Province, the PRC	No commercial value
31. Hengyang Chia Tai Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
31.1 The industrial complex of Hengyang Chia Tai Co., Ltd. located at Xiantang Street Quanxi, Hengyang City, Hunan Province, the PRC	No commercial value
32. Pingdingshan Chia Tai Co., Ltd. (a 70% owned subsidiary of the Group)	
32.1 The industrial complex of Pingdingshan Chia Tai Co., Ltd. located at east of Xu Village Huangtai north of Jianshe Road East Section, Weidong District, Pingdingshan City, Henan Province, the PRC	3,000,000
33. Shang Cai Chia Tai Co., Ltd. (a 95% owned subsidiary of the Group)	
33.1 The industrial complex of Shang Cai Chia Tai Co., Ltd. located at the west of Zhoushang Road, Caidu Town, Shanhcai County, Henan Province, the PRC	No commercial value
33.2 No. 1 Fowl-run of Shang Cai Chia Tai Co., Ltd. located at the north of Xishang Road, Daluli Xiang, Shanhcai County, Henan Province, the PRC	No commercial value
33.3 No. 2 Fowl-run of Shang Cai Chia Tai Co., Ltd. located at the north of Xishang Road, Daluli Xiang, Shanhcai County, Henan Province, the PRC	No commercial value
33.4 An incubation court of Shang Cai Chia Tai Co., Ltd. located at the north of Xishang Road, Daluli Xiang, Shanhcai County, Henan Province, the PRC	No commercial value

## SUMMARY OF VALUES

Property	Capital value in existing state as at 18th March 2005 RMB
34. Xiang Fan Chia Tai Co., Ltd. (a 96% owned subsidiary of the Group)	
34.1 The industrial complex of Xiang Fan Chia Tai Co., Ltd. located at No. 1 Haoren Main Road, Zhangwan Town, Xiangyang County, Xiangfan City, Hubei Province, the PRC	No commercial value
34.2 The industrial complex of Xiang Fan Chia Tai Co., Ltd. located at Daqiao Village/ Wubo Village, Chengguan Town, Xiangyang County, Xiangfan City, Hubei Province, the PRC	No commercial value
34.3 The industrial complex of Xiang Fan Chia Tai Co., Ltd. located at Hangkong road, Chengguan Town, Xiangyang County, Xiangfan City, Hubei Province, the PRC	No commercial value
35. Changsha Chia Tai Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
35.1 The industrial complex of Changsha Chia Tai Co., Ltd. located at Huayuan Road, Muyun Town, Changsha City, Hunan Province, the PRC	No commercial value
36. Zhumadian Huazhong Chia Tai Co., Ltd. (a 70% owned subsidiary of the Group)	
36.1 The industrial complex of Zhumadian Huazhong Chia Tai Co., Ltd. located at Jinshan Development Zone, Guanwangmiao, Suiping County, Jinshan Zhumadian City, Henan Province, the PRC	52,000,000
36.2 The units at East Gate and West Gate of level 5, No. 2 of South Block, Chunxiao Road and Wenming Road, Zhumadian City, Henan Province, the PRC	243,000
37. Xiang Fan Chia Tai Agriculture Development Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
37.1 The industrial complex of Xiang Fan Chia Tai Agriculture Development Co., Ltd. located at Wu Bo Village, Zhangwan Town, Xiang Yang County, Xiangfan City, Hubei Province, the PRC	No commercial value

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005</b>
	<i>RMB</i>
37. 37.2 A parcel of land held by Xiang Fan Chia Tai Agriculture Development Co., Ltd. located at Dong bei Jiao Development Zone, Changye City, Hubei Province, the PRC	10,320,000
37.3 A parcel of land held by Xiang Fan Chia Tai Agriculture Development Co., Ltd. located at Zone II, Changye Industrial Zone, Changye City, Hubei Province, the PRC	9,780,000
38. Yi Chang Chia Tai Animal Husbandry Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
38.1 A fowl-run of Yi Chang Chia Tai Animal Husbandry Co., Ltd. located at Dayan Farm, Yidu City, Yichang, Hubei Province, the PRC	No commercial value
39. Wuhan Jinke Biotechnology Co., Ltd. (a 95% owned subsidiary of the Group)	
39.1 The industrial complex of Wuhan Jinke Biotechnology Co., Ltd. located at Hongbei Xiang, Caidian District, Wuhan City, Hubei Province, the PRC	No commercial value
39.2 The industrial complex of Wuhan Jinke Biotechnology Co., Ltd. located at Daqiao Village, Jiuzhen Town, Tianmen City, Hubei Province, the PRC	No commercial value
40. Chongqing Chia Tai Company Limited (a 60% owned subsidiary of the Group)	
40.1 The industrial complex of Chongqing Chia Tai Company Limited located at No. 15 Shimahe Xiahuayuan, Jiangbei District, Chongqing, the PRC	No commercial value
41. Kunming Chia Tai Company Limited (a 100% wholly owned subsidiary of the Group)	
41.1 The industrial complex of Kunming Chia Tai Company Limited located at Taiping Xiang, Anning City, Kunming City, Yunnan Province, the PRC	No commercial value

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005 RMB</b>
42. Nanning Chia Tai Animal Husbandry Company Limited (a 100% wholly owned subsidiary of the Group)	
42.1 A chicken run of Nanning Chia Tai Animal Husbandry Company Limited located at Yanhai Development County, Nanning City, Guangxi Zhuang Autonomous Region, the PRC	69,940,000
43. Nei Jiang Chia Tai Feed & Poultry Co., Ltd. (a 70% owned subsidiary of the Group)	
43.1 The industrial complex of Nei Jiang Chia Tai Feed & Poultry Co., Ltd. located at Neijiang City, Dongxin District, Xilin Development Area, Sichuan Province, the PRC	13,350,000
44. Guanghan Chia Tai Feed Tech Co., Ltd. (a 91% owned subsidiary of the Group)	
44.1 The industrial complex of Guanghan Chia Tai Feed Tech Co., Ltd. located at Sishe, Changhua Cun, Xiangyang Town, Guanghan City, Sichuan Province, the PRC	11,820,000
44.2 The industrial complex of Guanghan Chia Tai Feed Tech Co., Ltd. located at Sishe, Changhua Cun, Xiangyang Town, Guanghan City, Sichuan Province, the PRC	4,140,000
45. Shuangliu Chia Tai Co., Ltd. (a 70% owned subsidiary of the Group)	
45.1 The industrial complex of Shuangliu Chia Tai Co., Ltd. located at Fuxing Village, Baijia Town, Shuangliu County, Changdu City, Sichuan Province, the PRC	19,530,000
46. Chongqing Shuangqiao Chia Tai Co., Ltd. (a 60% owned subsidiary of the Group)	
46.1 The industrial complex of Chongqing Shuangqiao Chia Tai Co., Ltd. located at Liang Feng Ya, Shuangqing District, the PRC	No commercial value
47. Guizhou Chia Tai Enterprise Co., Ltd. (a 88% owned subsidiary of the Group)	
47.1 The industrial complex of Guizhou Chia Tai Enterprise Co., Ltd. located at Chia Tai Road, Long Li County, Guisyang City, Guizhou Province, the PRC	32,500,000

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005 RMB</b>
48. Wenjiang Chia Tai Livestock Co., Ltd. (a 70% owned subsidiary of the Group)	
48.1 The fowl-run farm of Wenjiang Chia Tai Livestock Co., Ltd. located at No. 1 Bai Shu Village, Tian Fu Town, Wenjiang County, Chengdu City, Sichuan Province, the PRC	8,970,000
48.2 The fowl-run farm of Wenjiang Chia Tai Livestock Co., Ltd. located at No. 6 Dequan Village, Tian Fu Town, Wenjiang County, Chengdu City, Sichuan Province, the PRC	9,300,000
48.3 The fowl-run farm of Wenjiang Chia Tai Livestock Co., Ltd. located at Heping Village, Jinma Town, Wenjiang County Chengdu City, Sichuan Province, the PRC	5,493,000
49. Mianyang Chia Tai Co., Ltd. (a 80% owned subsidiary of the Group)	
49.1 The livestock farm of Mianyang Chia Tai Co., Ltd. located at No. 239 Mianxing Road Middle Section, Hi-Tech Zone, Mianyang City, Sichuan Province, the PRC	10,000,000
50. Guilin Chia Tai Co., Ltd. (a 85% owned subsidiary of the Group)	
50.1 The industrial complex of Guilin Chia Tai Co., Ltd. located at no. 88 Guitai Road, Guilin City, Guangxi Zhuang Autonomous Region, the PRC	15,720,000
51. Guang An Chia Tai Co., Ltd. (a 60% owned subsidiary of the Group)	
51.1 The industrial complex of Guang An Chia Tai Co., Ltd. located at No. 56, Daqiao Road, Kuige Jie Dao Office, Guangan District, Guangan City, Sichuan Province, the PRC	1,730,000
52. Jiang Jin Chia Tai Co., Ltd. (a 60% owned subsidiary of the Group)	
52.1 The land of Jiang Jin Chia Tai Co., Ltd. located at Pingqiao, Jijiang Town, Jiangjin City, Chongqing, the PRC	No commercial value

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005 RMB</b>
53. Ningbo Chia Tai Agriculture Company Limited (a 70% owned subsidiary of the Group)	
53.1 The industrial complex of Ningbo Chia Tai Argiculture Company Limited located at Wenqiushan, Dagan Town, Beilun District, Ningbo City, Zhejiang Province, the PRC	No commercial value
53.2 The poultry farm of Ningbo Chia Tai Argiculture Company Limited located at Dongshanmen Village, Chaiqiao Town, Beilun District, Ningbo City, Zhejiang Province, the PRC	No commercial value
53.3 The poultry farm of Ningbo Chia Tai Argiculture Company Limited located at Shangchemen Village, Chaiqiao Town, Beilun District, Ningbo City, Zhejiang Province, the PRC	No commercial value
53.4 The poultry farm of Ningbo Chia Tai Argiculture Company Limited located at Guichi Village, Chaiqiao Town, Beilun District, Ningbo City, Zhejiang Province, the PRC	No commercial value
53.5 The poultry farm of Ningbo Chia Tai Argiculture Company Limited located at Guichi Village, Chaiqiao Town, Beilun District, Ningbo City, Zhejiang Province, the PRC	No commercial value
54. Nanchang Chia Tai Livestock Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
54.1 The animal-run of Nanchang Chia Tai Livestock Co., Ltd. located at Wenbu Town, Anyi County, Nanchang City, Shanxi Province, the PRC	No commercial value
55. Jiu Jiang Chia Tai Feedstuff Co., Ltd. (a 60% wholly owned subsidiary of the Group)	
55.1 The industrial complex of Jiu Jiang Chia Tai Feedstuff Co., Ltd. located at Jiurui Avenue, Jiujiang Economic Development Area, Jiangxi Province, the PRC	19,570,000

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005</b>
	<i>RMB</i>
56. Fuzhou Da Fu Company Limited (a 100% wholly owned subsidiary of the Group)	
56.1 The industrial complex of Fuzhou Da Fu Company Limited located at No. 44 Luoxing Road, Mawei Development Zone, Fuzhou City, Fujian Province, the PRC	19,885,000
57. Xiamen Chia Tai Agriculture Co., Ltd. (a 60% owned subsidiary of the Group)	
57.1 The industrial complex of Xiamen Chia Tai Agriculture Co., Ltd. located at Longtoushan, Anle village, Heshan Town, Huli District, Xiamen City, Fujian Province, the PRC	No commercial value
58. Ganzhou Chia Tai Co., Ltd. (an 80% wholly owned subsidiary of the Group)	
58.1 The industrial complex of Ganzhou Chia Tai Co., Ltd. located at Pinglu Village, Shashi Town Ganzhou City, Jiangxi Province, the PRC	10,800,000
59. Yongan Chia Tai Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
59.1 The industrial complex of Yongan Chia Tai Co., Ltd. located at No. 29 Xiadu West Road, Yongan City, Fujian Province, the PRC	6,200,000
60. Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
60.1 The industrial complex of Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd. located at Luoya Road, Guichi Village, Chaiqiao Town, Beilun District, Ningbo City, Zhejiang Province, the PRC	41,650,000
60.2 Block 48, Qijiashan Villa, Xiao Gang, Ningbo City, Zhejiang Province, the PRC	400,000
60.3 Units 303 and 304 of Block 5, Wei Dou Xin Cun, Xiao Gang, Ningbo City, Zhejiang Province, the PRC	155,000
60.4 Units 301 and 302 and 402 of Block 3, Hong Lian Gui Guan Xin Cun, Xiao Gang, Ningbo City, Zhejiang Province, the PRC	220,000

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005</b>
	<i>RMB</i>
61. Chia Tai (China) Investment Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
61.1 The office unit of Chia Tai (China) Investment Co., Ltd. located at 12th Floor, Tower 1, Bright China Chang an building, 7 Jian Guo Man Street, Beijing, the PRC	43,500,000
61.2 Unit 903, Block 1, Yanhui Garden, no. 824 Jianquomen Wei Da Jie, Chaoyang District, Beijing, the PRC	1,960,000
62. Shandong Chia Tai Ling Hua Bio-Tech Co., Ltd. (a 80% wholly owned subsidiary of the Group)	
62.1 Proposed industrial complex of Shandong Chia Tai Ling Hua Bio-Tech Co., Ltd. located at Jining Hi-Tech Zone Industrial Park, Shandong Province, the PRC	28,000,000
63. Tianjin Chia Tai Agro-Industrial Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
63.1 The industrial complex of Tianjin Chia Tai Agro-Industrial Co., Ltd. located at Ruijia Village, Zhaogezhuang Xiang, Baodi District, Tianjian, the PRC	No commercial value
63.2 The industrial complex of Tianjin Chia Tai Agro-Industrial Co., Ltd. located at West Zone, Baodi Economic Development Zone, Baodi District, Tianjian, the PRC	No commercial value
63.3 The industrial complex of Tianjin Chia Tai Agro-Industrial Co., Ltd. located at Houxiyuan Village, Gaozhuangzhi Xiang, Baodi District, Tianjian, the PRC	No commercial value
64. Shenyang Advance Feed Tech Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
64.1 The industrial complex of Shenyang Advance Feed Tech Co., Ltd. located at No. 2 Qian Ling Hua Area, Shen Yang Zhang Shi Economic & Technical Development District, Shenyang City, Liaoning Province, the PRC	No commercial value



## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005</b> <i>RMB</i>
65. Inner Mongolia Chia Tai Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
65.1 The industrial complex of Inner Mongolia Chia Tai Co., Ltd. located at 1.2 km south of 590 Chu Road, 110 State Level Highway, Tu Zuo Qi, Tu Mo Te Zuo Qi Cheng, Inner Mongolia Autonomous Region, the PRC	No commercial value
65.2 The fowl-run of Inner Mongolia Chia Tai Co., Ltd. located at 8 km of Huxi Road, Dong jiu Jiao, Xincheng District, Hohhot City, Inner Mongolia Autonomous Region, the PRC	No commercial value
66. Yinchuan Chia Tai Co., Ltd. (an 85% owned subsidiary of the Group)	
66.1 The industrial complex of Yinchuan Chia Tai Co., Ltd. located at Liziyuan South Road, Xixia District, Yinchuan City, Ningxin Province, the PRC	No commercial value
67. Yili Chia Tai Livestock Co., Ltd. (a 91% owned subsidiary of the Group)	
67.1 The industrial complex of Yili Chia Tai Livestock Co., Ltd. located at No. 77 Huandong Road, Yining City, Xinjiang Uygur Autonomous Region, the PRC	No commercial value
68. Chu Zhou Advance Feed Tech Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
68.1 The industrial complex of Chu Zhou Advance Feed Tech Co., Ltd. located at No. 82 Ziwei Nan Road, Chuzhou, An Hui Province, the PRC	No commercial value
69. Liuzhou Advance Feed Tech Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
69.1 The industrial complex of Liuzhou Advance Feed Tech Co., Ltd. located at No. 239 Xiangqiao Road, Development Zone, Gu Ting Shan, Liu Zhou, Guangxi Zhuang Autonomous Region, the PRC	No commercial value

## SUMMARY OF VALUES

<b>Property</b>	<b>Capital value in existing state as at 18th March 2005</b> <i>RMB</i>
70. Hangzhou Advance Feed Tech Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
70.1 The industrial complex of Hangzhou Advance Feed Tech Co., Ltd. located at Gongnong Village, Dong Hu Jie Dao, Yu Hang, Hangzhou, Zhejiang Province, the PRC	5,190,000
71. Hainan Chia Tai Animal Husbandry Co., Ltd. (a 100% wholly owned subsidiary of the Group)	
71.1 The industrial complex of Hainan Chia Tai Animal Husbandry Co., Ltd. located at Yingbin Main Road, Laocheng Town, Chengmai County, Hainan Province, the PRC	8,000,000
72. Wide Master Investment Limited (a 100% wholly owned subsidiary of the Group)	
72.1 Apartment M417, M419 and M420 on Level 4 and M615 on Level 6 Jing Bao Garden, No. 183 Andingmen Wei Da jie, Dongcheng District, Beijing, the PRC	6,000,000
72.2 Units 96# and 26#A-5-1A1, Jin Hiu Hua Yuan, No. 68 Renmin South road, Wuhou District, Chengdu City, Sichuan Province, the PRC	2,800,000
73. Hannick Limited (a 100% wholly owned subsidiary of the Group)	
73.1 Units 1401, 1402, 1601 and 1902 Jinghua Apartment, No. 24 Jianguomen Wei Da Jie, Chaoyang District, Beijing, the PRC	9,300,000
74. Ek Chor Investment Company Limited (a 100% wholly owned subsidiary of the Group)	
74.1 15 units in Haifu Garden, No. 1363, Dongfang Road, Pudong New District, Shanghai City, the PRC	26,400,000
Total:	<u><u>1,614,512,000</u></u>

## VALUATION CERTIFICATE

## 1. Qinhuangdao Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
1.1 The industrial complex of Qinhuangdao Chia Tai Co., Ltd., located at Hongwadian Village Shihe Town, Qinhuangdao City, Hebei Province, the PRC	<p>The property comprises a poultry farm occupying a parcel of land with a total site area of approximately 33,869.99 sq.m.</p> <p>The industrial complex comprises 8 buildings of 1-2 storeys with various ancillary structures built about 1996.</p> <p>The land use rights of the property have been granted commencing from 8th October, 1998 expiring 8th October, 2023 for industrial use.</p>	The property is currently occupied by Qinhuangdao Chia Tai Co., Ltd. for production and sale of animal feeds, chicken and processed meat.	RMB10,200,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qinhuangdao Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

1.2 The industrial complex of Qinhuangdao Chia Tai Co., Ltd., located at No.30 Guan Cheng Dong Road, Shanhaiguan District, Qinhuangdao, Hebei Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a total site area of approximately 55,337.79 sq.m.</p> <p>The industrial complex comprises 10 buildings of 1-3 storeys with various ancillary structures built about 1996.</p> <p>The total gross floor area of the property is approximately 14,153.68 sq.m.</p> <p>The land use rights of the property have been granted commencing from 14th November, 2001 expiring 15th February, 2035 for industrial use.</p>	The property is currently occupied by Qinhuangdao Chia Tai Co., Ltd. for production and sale of animal feeds, chickens and processed meat.	RMB26,200,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qinhuangdao Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 1. Qinhuangdao Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
1.3 The office of Qinhuangdao Chia Tai Co., Ltd., located at No.30 Guan Cheng Dong Road, Shanhaiguan District, Qinhuangdao, Hebei Province, PRC	<p>The property comprises an office occupying a parcel of land with a total site area of approximately 3,254.38 sq.m.</p> <p>The office comprises 6 buildings of 1-3 storeys with various ancillary structures built about 1999.</p> <p>The total gross floor area of the property is approximately 642.6 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 15th February 2035.</p>	The property is currently occupied by Qinhuangdao Chia Tai Co., Ltd. for production and sale of animal feeds, chicken and processed meat	RMB1,500,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qinhuangdao Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

1.4 The industrial complex of Qinhuangdao Chia Tai Co., Ltd., located at No.30 Guan Cheng Dong Road, Shanhaiguan District, Qinhuangdao, Hebei Province, PRC	<p>The property comprises an industrial complex occupying a parcel of land with a total site area of approximately 22,066.68 sq.m.</p> <p>The industrial complex comprises 9 buildings of 1-3 storeys with various ancillary structures built within a period from 1998 to 2000.</p> <p>The total gross floor area of the property is approximately 8,055.8 sq.m.</p> <p>The land use rights of the property have been granted for a term commencing from 14th November 2001 expiring 15th February 2035 for industrial use.</p>	The property is currently occupied by Qinhuangdao Chia Tai Co., Ltd. for production and sale of animal feeds, chicken and processed meat	RMB11,100,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qinhuangdao Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 1. Qinhuangdao Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
1.5 The poultry farm of Qinhuangdao Chia Tai Co., Ltd. located at No.30 Guan Cheng Dong Road, Shanhaiguan District, Qinhuangdao, Hebei Province, PRC	The property comprises a poultry farm occupying a parcel of land with a total site area of approximately 71,040.67 sq.m.	The property is currently occupied by Qinhuangdao Chia Tai Co., Ltd. for chicken breeding and ancillary uses.	RMB20,100,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qinhuangdao Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

1.6 The poultry farm of Qinhuangdao Chia Tai Co., Ltd. located at No. 30 Guan Cheng Dong Road, Shanhaiguan District, Qinhuangdao, Hebei Province, the PRC	<p>The property comprises a poultry farm occupying a parcel of land with a total site area of approximately 44,851.74 sq.m.</p> <p>The agricultural complex comprises 11 buildings of 1-5 storeys with various ancillary structures built about 1994.</p> <p>The total gross floor area of the property is approximately 1134.83 sq.m.</p>	The property is currently occupied by Qinhuangdao Chia Tai Co., Ltd. for chicken breeding and ancillary uses.	RMB14,000,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qinhuangdao Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 2. Xianghe Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
2.1 The industrial complex of Xianghe Chia Tai Co. Ltd., west of Luotun, Xiaan Road, Xianghe County, Langfang City, Hebei Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a total site area of approximately 67,553.33 sq.m.</p> <p>The industrial complex comprises 29 blocks of 1-3 storeys building and various ancillary structures built in about 1995.</p> <p>The total gross floor area of the property is approximately 18,210.68 sq.m.</p> <p>The land use rights of the property have been granted for industrial use expiring on 28th December, 2047.</p>	The property is currently occupied by Xianghe Chia Tai Co., Ltd. for production and sale of animal feeds and poultry.	RMB27,000,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Xianghe Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

2.2 The industrial complex of Xianghe Chia Tai Co., Ltd., located at Majiawo, Xianghe County, Langfang City, Hebei Province, the PRC	<p>The property comprises an industrial complex occupying three parcels of land with a total site area of approximately 135,070.00 sq.m.</p> <p>The industrial complex comprises 33 blocks of 1-3 storey building and various ancillary structures built in about 1999.</p> <p>The total gross floor area of the property is approximately 20,140.88 sq.m.</p> <p>The land use rights of the three parcels of land have been granted for industrial use expiring on 28th December, 2047.</p>	The property is currently occupied by Xianghe Chia Tai Co., Ltd. for production and sale of animal feeds and poultry.	RMB37,820,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Xianghe Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

**VALUATION CERTIFICATE**

**3. Nanjing Chia Tai Livestock Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
3.1 The industrial complex of Nanjing Chia Tai Livestock Co., Ltd., located at No. 12 Puzhu Road, Pukou District, Nanjing City, Jiangsu Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site approximately 42,333.55 sq.m. within Jiangpu Economic Development Zone.</p> <p>The industrial complex comprises 6 blocks of buildings built in about 2001.</p> <p>The total gross floor area of the property is approximately 4,362.10 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 18th August, 2052 for industrial use.</p>	<p>The property is currently occupied by Nanjing Chia Tai Livestock Co., Ltd. for production and sale of ducklings uses but the operation has been suspended.</p>	RMB11,560,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Nanjing Chia Tai Livestock Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 4. Shenyang Chia Tai Livestock Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
4.1 The industrial complex of Shenyang Chia Tai Livestock Co., Ltd. located at Ba Keshu Street, Qianjin Village, Dongling District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 64,927.00 sq.m.</p> <p>The industrial complex comprises seventeen blocks of 1 to 5-storey building and various blocks of 1-storey ancillary structures built in the period from 1993 to 1999.</p> <p>The total gross floor area of the buildings (excluding the floor area of the ancillary structures and the improvement works of the buildings) is approximately 10,473.08 sq.m.</p> <p>The land use rights of the land have been leased for a term of 35 years for industrial use.</p>	The property is currently occupied by Shenyang Chia Tai Livestock Co., Ltd. for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shenyang Chia Tai Livestock Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.



## VALUATION CERTIFICATE

## 5. Huludao Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
5.1 The industrial complex of Huludao Chia Tai Co., Ltd. located at No. 33 Xinggong Street, Lianshan District, Huludao City, Liaoning Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 16,895.00 sq.m.</p> <p>The industrial complex comprises 4 blocks of 1 to 6-storey building and various blocks of 1-storey ancillary structures built in the period from 1995 to 1996 respectively.</p> <p>The total gross floor area of the buildings and ancillary structures is approximately 4,925.61 sq.m.</p> <p>The land use rights of the property have been allocated for a term of 40 years from 28th July, 1994 for industrial use.</p>	The property is currently occupied by Huludao Chia Tai Co., Ltd. for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Huludao Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

5.2 No.1-14#-6-(6-7) (Right) Guangming Small District, Xinggong Street, Lianshan District, Huludao City, Liaoning Province, the PRC	<p>The property comprises one residential unit in a 7-storey residential building completed in about 1995.</p> <p>The gross floor area of the property is approximately 123.15 sq.m.</p>	The property is currently occupied by Huludao Chia Tai Co., Ltd. as staff quarter.	RMB270,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Huludao Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

**VALUATION CERTIFICATE**

**6. Meihekou Chia Tai Enterprise Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
6.1 The industrial complex of Meihekou Chia Tai Enterprise Co., Ltd., located at Group 3, Xincheng Village, Jiefeng Street, Meihekou City, Tonghua City, Jilin Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 43,334.18 sq.m.</p> <p>The industrial complex comprises 6 blocks of 1 to 5-storey building and various structures built in about 1996.</p> <p>The total gross floor area of the property is approximately 7,514.00 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 27th December, 2012 for industrial use.</p>	<p>The property is currently occupied by Meihekou Chia Tai Enterprise Co., Ltd. for production and sale of animal feeds, yet, the operation of which has been suspended.</p>	RMB10,600,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Meihekou Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 7. Dun Hua Chia Tai Enterprises Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
7.1 The industrial complex of Dun Hua Chia Tai Enterprises Co., Ltd. located at Taipingling Xiang, Dun Hua City, Jilin Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 41,058.00 sq.m.</p> <p>The industrial complex comprises 8 blocks of buildings and various ancillary structures built in about 1996.</p> <p>The total gross floor area of the property is approximately 4,726.71 sq.m.</p> <p>The land use rights of the land have been leased for a term expiring on 7th July, 2013 for industrial use.</p>	The property is currently occupied by Dun Hua Chia Tai Enterprises Co., Ltd. for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Dun Hua Chia Tai Enterprises Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

7.2 Level 6, Group 2, Jian She Wei, Minzhu Street, Dunhua City, Jilin Province, the PRC	<p>The property comprises a residential unit in a 6-storey residential building.</p> <p>The gross floor area of the property is approximately 77.88 sq.m.</p> <p>The land use rights of the land have been leased for residential use for an unspecified term.</p>	The property is currently occupied by Dun Hua Chia Tai Enterprises Co., Ltd. for staff quarters use.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Dun Hua Chia Tai Enterprises Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

**VALUATION CERTIFICATE**

**8. Heilongjiang Chia Tai Enterprise Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
8.1 The industrial complex of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Limin Economic Technology Zone, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises an industrial complex occupying two parcels of land with a total site area of approximately 165,420.00 sq.m.</p> <p>The industrial complex comprises 38 blocks of building and various ancillary structures built in about 1994 and 1995.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 39,176.37 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring in April 2045 for industrial use.</p>	The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for production and sale of animal feeds, chicken, processed meat and cereal oil products.	RMB62,300,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

8.2 The industrial complex of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Limin Economic Technology Zone, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises an industrial complex occupying two parcels of land with a total site area of approximately 107,862.00 sq.m.</p> <p>The industrial complex comprises 22 blocks of building and various ancillary structures built in about 1995.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 40,485.56 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring in April 2045 for industrial use.</p>	The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for headquarter and meat production uses.	RMB64,000,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

**8. Heilongjiang Chia Tai Enterprise Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
8.3 No. 1 Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Wangtai Village, Leye Xiang, Hulan County, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 68,804.24 sq.m.</p> <p>The agricultural complex comprises 13 blocks of building and various ancillary structures built in about 1994.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 22,377.93 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring in April 2045 for industrial use.</p>	The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for chicken breeding and ancillary uses.	RMB18,500,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

8.4 No. 2 Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Xinli Village, Leye Xiang, Hulan County, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 76,682.24 sq.m.</p> <p>The agricultural complex comprises 13 blocks of building and various ancillary structures built in about 1994 and 1995.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 22,378.19 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring in April 2045 for industrial use.</p>	The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for chicken breeding and ancillary uses.	RMB19,100,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

**VALUATION CERTIFICATE**

**8. Heilongjiang Chia Tai Enterprise Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
8.5 No. 3 Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Jicai Village, Leye Xiang, Hulan County, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 68,804.24 sq.m.</p> <p>The agricultural complex comprises 13 blocks of building and various ancillary structures built in about 1994 and 1995.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 22,433.86 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring in April 2045 for industrial use.</p>	The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for chicken breeding and ancillary uses.	RMB18,700,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

8.6 No. 4 Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Qunxi Village, Taitun Xiang, Hulan County, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 65,692.46 sq.m.</p> <p>The agricultural complex comprises 13 blocks of building and various ancillary structures built in about 1996.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 29,362.22 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring in April 2045 for industrial use.</p>	The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for chicken breeding and ancillary uses.	RMB23,800,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

**VALUATION CERTIFICATE**

**8. Heilongjiang Chia Tai Enterprise Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
8.7 No. 5 Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at north of Halabashan, Taitun Xiang, Hulan County, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 67,116.00 sq.m.</p> <p>The agricultural complex comprises 10 blocks of building and various ancillary structures built in about 1996.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 29,205.37 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring in April 2045 for industrial use.</p>	<p>The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for chicken breeding and ancillary uses.</p>	RMB23,100,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

8.8 The industrial complex of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Xinli Village, Leye Xiang, Hulan County, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 47,316.00 sq.m.</p> <p>The industrial complex comprises 10 blocks of building and various ancillary structures built in about 1994.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 9,615.66 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring in April 2045 for industrial use.</p>	<p>The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for chicken hatching and ancillary uses.</p>	RMB14,800,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

**VALUATION CERTIFICATE**

**8. Heilongjiang Chia Tai Enterprise Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
8.9 The Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Shengli Village, Duiqing Town, Hulan County, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 109,522.00 sq.m.</p> <p>The agricultural complex comprises 29 blocks of building and various ancillary structures built in about 2002.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 26,242.00 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring in December 2047 for rearing use.</p>	The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for chicken breeding and ancillary uses.	RMB24,000,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

8.10 The Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Shuangfeng Village, Duiqing Town, Hulan County, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises an agricultural complex occupying two parcels of land with a site area of approximately 365,749.00 sq.m.</p> <p>The agricultural complex comprises 20 blocks of buildings and various ancillary structures built in about 1994 and 1995.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 266,103 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring in December 2047 for rearing use.</p>	The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for chicken breeding and ancillary uses.	RMB43,000,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.



**VALUATION CERTIFICATE**

**8. Heilongjiang Chia Tai Enterprise Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
8.11 The Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Changjia Village, Duiqing Town, Hulan County, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises a parcel of land with a site area of approximately 206,329.00 sq.m.</p> <p>The agricultural complex comprises 22 blocks of building and various ancillary structures built in about 1996.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 24,465.18 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring in December 2047 for rearing use.</p>	<p>The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for chicken breeding uses.</p>	RMB26,100,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

**8. Heilongjiang Chia Tai Enterprise Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
8.12 The Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Yaobao Village, Yaobao Town, Hulan County, Harbin City, Heilongjiang Province, the PRC	The property comprises four parcels of land with a total site area of approximately 86,108.17 sq.m.  The land use rights of the property have been leased for rearing use.	The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for chicken breeding uses.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

8.13 The Fowl-run of Heilongjiang Chia Tai Enterprise Co., Ltd. located at Yaobao Village, Yaobao Town, Hulan County, Harbin City, Heilongjiang Province, the PRC	The property comprises two parcels of land with a total site area of approximately 335,588. sq.m.  The land use rights of the property have been obtained by way of lease for a term from February 2005 to December 2027 for rearing use.	The property is currently occupied by Heilongjiang Chia Tai Enterprise Co., Ltd. for chicken breeding uses.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Heilongjiang Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 9. Jiamusi Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
9.1 The industrial complex of Jiamusi Chia Tai Co., Ltd. located at Jiamusi City Economic and Technology District, Jiamusi City, Heilongjiang Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 160,052.00 sq.m..</p> <p>The industrial complex comprises 25 blocks of building and various ancillary structures built in the period from 1995 to 1997.</p> <p>The total gross floor area of the property (excluding ancillary structures) is approximately 26,339.79 sq.m..</p> <p>The land use rights of the land have been granted for a term of 50 years expiring on 28th August 2045 for industrial use.</p>	The property is currently occupied by Jiamusi Chia Tai Co., Ltd. for production and sale of animal feeds, cereal and oil products.	RMB53,800,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Jiamusi Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

**VALUATION CERTIFICATE**

**10. Dalian Chia Tai Enterprise Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
10.1 The industrial complex of Dalian Chia Tai Enterprise Co., Ltd. located at Mahudao Village, Tiexi Office, Pulandian City, Dalian City, Liaoning Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 27,091.00 sq.m.</p> <p>The industrial complex comprises 9 blocks of 1 to 3-storey building and various ancillary structures built in the period from 1984 to 2002.</p> <p>The total gross floor area of the property is approximately 6,838.92 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 6th December 2048 for industrial use.</p>	<p>The property is currently occupied by Dalian Chia Tai Enterprise Co., Ltd. for production and sale of animal feeds.</p>	RMB10,900,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Dalian Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

10.2 Units 303 and 304, No. 235 Nanshan Road, Pulandian City, Dalian City, Liaoning Province, the PRC	<p>The property comprises two residential units in a 7-storey residential building built in about 1996.</p> <p>The total gross floor area of the property is approximately 144.82 sq.m.</p>	<p>The property is currently occupied by Dalian Chia Tai Enterprise Co., Ltd. as staff quarters.</p>	RMB220,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Dalian Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper building ownership certificate and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 11. Shenyang Chia Tai Poultry Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
11.1 A fowl-run of Shenyang Chia Tai Poultry Co., Ltd., located at Daxiang Village, Dagou Xiang, Sujiatun District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises a fowl-run occupying a parcel of land with a site area of approximately 23,694 sq.m.</p> <p>The fowl-run comprises 5 blocks of multi-storey buildings and various blocks of 1-storey ancillary structures completed in mid 90's.</p> <p>The total gross floor area of the buildings is approximately 5,298.45 sq.m.</p> <p>The land use rights of the property have been leased for a term until 9th June, 2046.</p>	The property is currently occupied by Shenyang Chia Tai Poultry Co., Ltd. for chicken breeding and ancillary uses.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shenyang Chia Tai Poultry Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

11.2 A fowl-run of Shenyang Chia Tai Poultry Co., Ltd., located at Manggong Village, Dagou Xiang, Sujiatun District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises a fowl-run occupying a parcel of land with a site area of approximately 70,400 sq.m.</p> <p>The fowl-run complex comprises 12 blocks of multi-storey buildings and various blocks of 1-storey ancillary structures completed in mid 90's.</p> <p>The total gross floor area of the buildings is approximately 15,284.45 sq.m.</p> <p>The land use rights of the property have been leased for a term until 9th June, 2046.</p>	The property is currently occupied by Shenyang Chia Tai Poultry Co., Ltd. for chicken breeding and ancillary uses.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shenyang Chia Tai Poultry Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 11. Shenyang Chia Tai Poultry Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
11.3 A fowl-run of Shenyang Chia Tai Poultry Co., Ltd., located at Caitun Village, Dagou Xiang, Sujiatun District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises a fowl-run occupy a parcel of land with a site area of approximately 67,200 sq.m.</p> <p>The fowl-run complex comprises 12 blocks of multi-storey buildings and various blocks of 1-storey ancillary structures completed in mid 90's.</p> <p>The total gross floor area of the buildings is approximately 15,363.45 sq.m.</p> <p>The land use rights of the property have been leased for a term until 23rd March, 2047.</p>	The property is currently occupied by Shenyang Chia Tai Poultry Co., Ltd. for chicken breeding and ancillary uses.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shenyang Chia Tai Poultry Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

**VALUATION CERTIFICATE**

**12. Chia Tai Yongji Enterprise Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
12.1 The industrial complex of Chia Tai Yongji Enterprise Co., Ltd. located at Jihua Street, Kouqian Town, Yongji City, Jilin Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 60,000.00 sq.m.</p> <p>The industrial complex comprises 11 blocks of 1 to 2-storey building and various ancillary structures built in about 1998 and 2000.</p> <p>The total gross floor area of the property is approximately 10,889.78 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 16th September, 2046 for industrial use.</p>	<p>The property is currently occupied by Chia Tai Yongji Enterprise Co., Ltd. for production and sale of animal feeds.</p>	RMB18,000,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Chia Tai Yongji Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 13. Lanzhou Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
13.1 The industrial complex of Lanzhou Chia Tai Company Limited located at No. 155 Xinxing Road, Chengguan Town, Gaolan County, Lanzhou City, Gansu Province, the PRC	<p>The property comprises an industrial complex occupying a site area of approximately 64,066.53 sq.m.</p> <p>The industrial complex comprises a total of 20 blocks and various ancillary structures built in about 2002.</p> <p>The total gross floor area of the buildings is approximately 10,824 sq.m.</p> <p>The land use rights of the property have been allocated for a term from 26th July 1991 for industrial use.</p>	The property is currently occupied by Lanzhou Chia Tai Company Limited for production and sale of animals feeds and chicken.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Lanzhou Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

13.2 The industrial complex of Lanzhou Chia Tai Company Limited located at Hejia Liang Cun Hao, Xicao Xiang, Yongdeng County, Lanzhou City, Gansu Province, the PRC	<p>The property comprises an industrial complex occupying a site area of approximately 202,081 sq.m.</p> <p>The industrial complex comprises a total of 15 blocks and various ancillary structures built in about 2002.</p> <p>The total gross floor area of the buildings is approximately 24,560 sq.m.</p> <p>Land use rights of the property have been allocated until 5th April 2043.</p>	The property is currently occupied by Lanzhou Chia Tai Company Limited for production and sale of animals feeds and chicken.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Lanzhou Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.



## VALUATION CERTIFICATE

## 14. Shanxi Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
14.1 The industrial complex of Shanxi Chia Tai Company Limited located at No. 16 Zhengcun West Street, Beiyong, Taiyuan City, Shanxi Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 44,718.47 sq.m..</p> <p>The industrial complex comprises 25 blocks of building and various ancillary structures built in about 1992.</p> <p>The total gross floor area of the property (excluding ancillary structures) is approximately 18,832.82 sq.m..</p> <p>The land use rights of the land have been granted for a term of 49 years expiring on 27th September, 2049 for industrial use.</p>	The property is currently occupied by Shanxi Chia Tai Company Limited for production and sale of animal feeds and chicken.	RMB17,000,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shanxi Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 15. Shaanxi Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
15.1 The industrial complex of Shaanxi Chia Tai Co., Ltd. located at Zhao Village, Gaoqu Xiang, Sanyuan County, Xianyang City, Shaanxi Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 63,758.43 sq.m.</p> <p>The industrial complex comprises 6 blocks of buildings and various blocks of ancillary structure completed in mid 1998.</p> <p>The total gross floor area of the buildings is approximately 14,910.12 sq.m.</p> <p>The land use rights of the property have been granted for a term of 35 years from 24th June, 1998 for industrial use.</p>	The property is currently occupied by Shaanxi Chia Tai Co., Ltd. for production and sale of animal feeds and chicken.	RMB15,840,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shaanxi Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

15.2 The industrial complex of Shaanxi Chia Tai Co., Ltd. located at Luoli Village, Gaoqu Xiang, Sanyuan County, Xianyang City, Shaanxi Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 43,940.57 sq.m.</p> <p>The industrial complex comprises 3 blocks of building and various blocks of ancillary structure completed in mid 1998.</p> <p>The total gross floor area of the buildings is approximately 5,774.55 sq.m.</p> <p>The land use rights of the property have been granted for a term of 35 years from 24th June, 1998 for industrial use.</p>	The property is currently occupied by Shaanxi Chia Tai Co., Ltd. for production and sale of animal feeds and chicken.	RMB8,460,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shaanxi Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 16. Qingdao Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
16.1 Unit 3 on Level 10 of Block 7, North District, No.1 Zhonghua Road, Shinan District, Qingdao City, Shandong Province, the PRC	<p>The property comprises an apartment unit in a 10-storey residential building having a gross floor area of approximately 153.56 sq.m.</p> <p>The land use rights of the property have been granted for a term commencing from 1st June 2000 expiring 9th December, 2041.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited. for residential use.	RMB921,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

16.2A villa in Nong Mei Yuan Villa, No.316 Xiang Gang East Road, Laoshan District, Qingdao City, Shandong Province, the PRC	<p>The property comprises a 2-storey garden villa having a gross floor area of approximately 297.28 sq.m.</p> <p>The land use rights of the property have been granted for a term commencing from 1st June, 2000 expiring 9th December, 2041.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for residential use.	RMB3,570,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 16. Qingdao Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
16.3 A livestock farm of Qingdao Chia Tai Company Limited located at Nancun Town, Pingdu City, Shandong Province, the PRC	<p>The property comprises a livestock farm occupying a parcel of land with a site area of approximately 44,146.7 sq.m.</p> <p>The livestock farm comprises multi storey buildings and various blocks of 1-storey ancillary structure completed in mid 90's..</p> <p>The land use rights of the property have been granted for a term of 30 years from 8th November, 1994.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB3,980,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

16.4 A livestock farm of Qingdao Chia Tai Company Limited located at Nancun Town, Pingdu City, Shandong Province, the PRC	<p>The property comprises a livestock farm occupying a parcel of land with a site area of approximately 46,000 sq.m.</p> <p>The livestock farm comprises multi storey buildings and various blocks of 1-storey ancillary structure completed in mid 90's.</p> <p>The land use rights of the property have been granted for a term of 30 years from 8th November, 1994.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB4,140,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 16. Qingdao Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
16.5A livestock farm of Qingdao Chia Tai Company Limited at Chanjia Xiaozhuang Village, Duancun Town, Jimo City, Qingdao City, Shandong Province, the PRC	<p>The property comprises a livestock farm occupying a parcel of land with a site area of approximately 137,178.78 sq.m.</p> <p>The industrial complex comprises 13 blocks of multi storey building and various blocks of 1-storey ancillary structure completed in 1999.</p> <p>The total gross floor area of the buildings is approximately 28,139.33 sq.m.</p> <p>The land use rights of the land have been granted for a term of 50 years expiring on 25th July, 2045 for industrial use.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB23,600,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

16.6A livestock farm of Qingdao Chia Tai Company Limited located at Houtaolin Village, Chengyang Town, Chengyang District, Qingdao City, Shandong Province, the PRC	<p>The property comprises a livestock farm occupying a parcel of land with a site area of approximately 69,468.79 sq.m.</p> <p>The livestock farm comprises 22 blocks of multi storey building and various blocks of 1-storey ancillary structure completed in 1999.</p> <p>The total gross floor area of the buildings is approximately 20,562.17 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 15 November, 2019.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB14,500,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 16. Qingdao Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
16.7 An incubation count of Qingdao Chia Tai Company Limited located at Shiliangtang Village, Wangtai Town, Jiaonan City, Qingdao City, Shandong Province, the PRC	<p>The property comprises a livestock farm occupying a parcel of land with a site area of approximately 19,890 sq.m.</p> <p>The livestock farm comprises blocks of multi storey building and various blocks of 1-storey ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 28 December 2045.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB1,800,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

16.8 The fowl-run of Qingdao Chia Tai Company Limited located at Dongfei Village, Huangshan Town, Jiaonan City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 48,400 sq.m.</p> <p>The agricultural complex comprises various blocks of multi-storey building and ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 50 years from 29 December, 1995 (re: 19,730 sq.m. of land) and 23 April, 1996 (re: 28,670 sq.m. of land).</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB4,400,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 16. Qingdao Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
16.9 The fowl-run of Qingdao Chia Tai Company Limited located at Huangshan Town, Jiaonan City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 48,387.4 sq.m.</p> <p>The agricultural complex comprises various blocks of multi-storey building and ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 50 years from 19 December, 1995 (re: 19,533 sq.m. of land) and 23 August, 1996 (re: 28,854.40 sq.m. of land).</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB4,360,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

16.10 The incubation court of Qingdao Chia Tai Company Limited located at Huangshan Town, Jiaonan City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 48,380.3 sq.m.</p> <p>The agricultural complex comprises multi storey buildings and various blocks of ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 50 years.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB4,360,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 16. Qingdao Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
16.11 The incubation court of Qingdao Chia Tai Company Limited located at Xiaowangjia Zhuang, Huangshan Town, Jiaonan City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 48,490.5 sq.m.</p> <p>The agricultural complex comprises various blocks of multi-storey building and ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 50 years.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB4,350,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

16.12 An office complex of Qingdao Chia Tai Company Limited located at Yangjia Yanquan Village, Duicun Town, Jimo City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an office complex occupying a parcel of land with a site area of approximately 1,380.2 sq.m.</p> <p>The office complex comprises various blocks of multi-storey building and ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for office use for a term not specified.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB125,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.



## VALUATION CERTIFICATE

## 16. Qingdao Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
16.13 The PS1 fowl-run of Qingdao Chia Tai Company Limited located at Daxin Village, Daxincun Xiang, Jimo City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 70,847.2 sq.m.</p> <p>The agricultural complex comprises various blocks of multi-storey building and ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 30 years.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB6,380,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

16.14 The PS2 fowl-run of Qingdao Chia Tai Company Limited located at Quandong Village, Zhujiaguanzhuang Village, Nanquan Town, Jimo City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 63,323.6 sq.m.</p> <p>The agricultural complex comprises various blocks of multi-storey building and ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 30 years.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB5,700,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 16. Qingdao Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
16.15 The PS6 & 8 fowl-run of Qingdao Chia Tai Company Limited located at Nan Village, Nuochenghe, Nanquan Town, Jimo City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 167,114.77 sq.m.</p> <p>The agricultural complex comprises various blocks of multi-storey building and ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 30 years.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB15,000,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

16.16 The PSH1 fowl-run of Qingdao Chia Tai Company Limited located at Qiaogezhuang Village, Nanquan Town, Jimo City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 30,822.9 sq.m.</p> <p>The agricultural complex comprises various blocks of multi-storey building and ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 30 years.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB2,800,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 16. Qingdao Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
16.17 The industrial complex of Qingdao Chia Tai Company Limited located at a lot of Jianggezhuang Village, west of Duicun Town, Jimo City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 7,920 sq.m.</p> <p>The industrial complex comprises various blocks of multi-storey building and ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 43 years from 27 December, 1996 to 22 January, 2039.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for industrial and ancillary use.	RMB710,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

16.18 The PSH2 fowl-run of Qingdao Chia Tai Company Limited located at Qiaogezhuang Village, Nanquan Town, Jimo City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 34,286.64 sq.m.</p> <p>The agricultural complex comprises various blocks of multi-storey building and ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 42 years.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited For chicken breeding and ancillary use.	RMB3,090,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 16. Qingdao Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
16.19 The PS5 fowl-run of Qingdao Chia Tai Company Limited located at Qianlu Village, Qiji Town, Jimo City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 44,368 sq.m.</p> <p>The agricultural complex comprises various blocks of multi-storey building and ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 50 years from 26 July, 1995 to 25 July, 2045.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB4,000,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

16.20 The PS7 fowl-run of Qingdao Chia Tai Company Limited located at Xinan Village, Qiji Town, Jimo City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 51,032 sq.m.</p> <p>The agricultural complex comprises various blocks of multi storey building and ancillary structure completed in mid 1990's.</p> <p>The land use rights of the property have been granted for a term of 42 years from 14 November, 1997 to 22 January, 2039.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB4,600,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 16. Qingdao Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
16.21 The PS9 fowl- of Qingdao Chia Tai Company Limited located at Zhongjianbu Village, Qiji Town, Jimo City, Qingdao City, Shandong Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 50,392 sq.m.</p> <p>The agricultural complex comprises various blocks of multi-storey building and ancillary structure completed in mid 90's.</p> <p>The land use rights of the property have been granted for a term of 42 years from 14 November, 1997 to 22 January, 2039.</p>	The property is currently occupied by Qingdao Chia Tai Company Limited for chicken breeding and ancillary use.	RMB4,540,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Qingdao Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 17. Jinan Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
17.1 The industrial complex of Jinan Chia Tai Company Limited, located at PengZhuang Village, Guodian County, Licheng District, Jinan City, Shandong Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 47,497.35 sq.m.</p> <p>The industrial complex comprises forty-one blocks of 1 to 3 storeys building and various blocks of ancillary structure built in the period from 1988 to 1990.</p> <p>The total gross floor area of the buildings and ancillary structures is approximately 9,367.37 sq.m.</p> <p>The land use rights of the property have been allocated for industrial commercial/retailing uses.</p>	The property is currently occupied for production and sale of animal feeds	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Jinan Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation.

**VALUATION CERTIFICATE**

**18. Hefei Chia Tai Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
18.1 The industrial complex of Hefei Chia Tai Co., Ltd., North of Fanhua Avenue, West of Tiandu Road, Hefei Economic and Technical Development Zone, Hejing District, Hefei City, Anhui Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 69,720.00 sq.m.</p> <p>The industrial complex comprises 12 blocks of building completed in about 1996 and 1998.</p> <p>The total gross floor area of the buildings is approximately 11,315.31 sq.m.</p> <p>The land use rights of the land have been granted for a term of 50 years expiring on 13th November, 2044 for industrial use.</p>	The property is currently occupied by Hefei Chia Tai Co., Ltd. for production and sale of animal feeds and chicken.	RMB24,800,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Hefei Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

18.2 The Fowl-run affiliated to Hefei Chia Tai Co., Ltd., Wushibu Village, Shangpai Town, Feixi County, Hefei City, Anhui Province, the PRC	<p>The property comprises an agricultural complex occupying seven parcels of land with a total site area of approximately 116,110.30 sq.m.</p> <p>The agricultural complex comprises 6 sections with a total gross floor area of approximately 38,431.34 sq.m.</p> <p>The land use rights of the land have been allocated for unspecified term.</p>	The property is currently occupied by Hefei Chia Tai Co., Ltd. for fowl-run and ancillary uses.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Hefei Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

**VALUATION CERTIFICATE**

**19. Xuzhou Chia Tai Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
19.1 The industrial complex of Xuzhou Chia Tai Co., Ltd. located at Yangzhuang, Xiadian, Xuzhou City, Jiangsu Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 52,280.30 sq.m.</p> <p>The industrial complex comprises 15 blocks of building built in about 1986 and was renovated in 1993.</p> <p>The total gross floor area of the property (excluding the structures) is approximately 11,038.60 sq.m.</p> <p>The land use rights of the land have been allocated for a term expiring on 1st December, 2050 for industrial use.</p>	<p>The property is currently occupied by Xuzhou Chia Tai Co., Ltd. for production and sale of animal feeds.</p>	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Xuzhou Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.



**VALUATION CERTIFICATE**

**20. Chu Zhou Chia Tai Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
20.1 The industrial complex of Chu Zhou Chia Tai Co., Ltd. at Huifeng Road and Fengle South Road, Chuzhou Industrial Zone, Chuzhou City, Anhui Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 68,333.30 sq.m.</p> <p>The industrial complex comprises 13 blocks of building built in about 2000.</p> <p>The total gross floor area of the property is approximately 10,315.31 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 26th October, 2049 for industrial use.</p>	The property is currently occupied by Chu Zhou Chia Tai Co., Ltd. for production and sale of animal feeds	RMB22,640,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Chu Zhou Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

20.2 The industrial complex affiliated to Chu Zhou Chia Tai Co., Ltd. at Bei Village, Dingcheng Town, Dingyuan County, Chuzhou City, Anhui Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 11,301.50 sq.m.</p> <p>The industrial complex comprises 6 blocks of structure with a gross floor area of approximately 500 sq.m.</p> <p>The land use rights of the property have been allocated for industrial use.</p>	The property is currently owner-occupied for production and sale of animal feeds.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Chu Zhou Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 21. Nantong Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
21.1 The industrial complex of Nantong Chia Tai Co., Ltd. located at No. 32 Youyi West Road, Juegang Town, Rudong County, Nantong City, Jiangsu Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with site area of approximately 82,800 sq.m.</p> <p>The industrial complex comprises 12 buildings built in about 1992.</p> <p>The land use rights of the land have been granted for a term of 50 for industrial use.</p>	The property is currently occupied by Nantong Chia Tai Co., Ltd. for production and sale of animal feeds and chicken.	RMB23,430,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Nantong Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

21.2 Units 1007 and 1008, Zhongnan Building Apartment Tower, Renmin Road, Chongchuan District, Nantong City, Jiangsu Province, the PRC	<p>The property comprises two apartment units in a 28-storey residential building built in about 1996.</p> <p>The total gross floor area of the property is approximately 187.50 sq.m.</p> <p>The land use rights of the land have been appropriated for a term not specified.</p>	The property is currently occupied by Nantong Chia Tai Co., Ltd. for staff quarters use.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Nantong Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 21. Nantong Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
21.3 Twelve Fowl-runs of Nantong Chia Tai Co., Ltd. located at Rudong County, Nantong City, Jiangsu Province, the PRC	<p>The property comprises twelve agricultural complexes occupying twelve individual parcels of land with an aggregate site area of approximately 773,393.27 sq.m.</p> <p>There are 8-15 blocks of building in each of the agricultural complexes with a total of 94 blocks.</p> <p>The total gross floor area of the property is approximately 69,437.82 sq.m.</p> <p>The land use rights of portion of the land having a site area of 266,060 sq.m. have been granted for a term expiring on 1st April 2040 for industrial use whereas the remaining portion having a total site area of 507,333.27 sq.m. is allocated or leased to the company.</p>	The property is currently occupied by Nantong Chia Tai Co., Ltd. for breeding uses.	RMB155,700,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Nantong Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to portion of the property by way of grant and is entitled to transfer the property with the residue term of its land use rights whereas the remaining portion is by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

**VALUATION CERTIFICATE**

**22. Huai An Chia Tai Feed Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
22.1 The industrial complex of Huai An Chia Tai Feed Co., Ltd. located at No. 92 Lunyao Road, Huaian City, Jiangsu Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 33,975.80 sq.m.</p> <p>The industrial complex comprises 18 blocks of building built in about 1987.</p> <p>The total gross floor area of the property is approximately 13,250.67 sq.m.</p> <p>The land use rights of the land have been allocated for a term expiring on 31st December 2040 for industrial use.</p>	<p>The property is currently occupied by Huai An Chia Tai Feed Co., Ltd. for production and sale of animal feeds.</p>	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Huai An Chia Tai Feed Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

**VALUATION CERTIFICATE**

**23. Tai Zhou Chia Tai Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
23.1 The industrial complex of Tai Zhou Chia Tai Co., Ltd. located at No. 69 Qingnian Road, Taizhou City, Jiangsu Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 30,698.03 sq.m.</p> <p>The industrial complex comprises 15 blocks of building and various blocks of structure built in 1995.</p> <p>The total gross floor area of the property (excluding the structures and improvements) is approximately 7,879.32 sq.m.</p> <p>The land use rights of the land have been allocated for industrial use.</p>	<p>The property is currently occupied by Tai Zhou Chia Tai Co., Ltd. for production and sale of animal feeds.</p>	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Tai Zhou Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 24. Chiatai (Wuhu) Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
24.1 The industrial complex of Chiatai (Wuhu) Co., Ltd., located west of Yan'an North Road, Wuhu City, Anhui Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 62,780.41 sq.m.</p> <p>The industrial complex comprises 13 blocks of 1 to 3-storey building completed in about 1996.</p> <p>The total gross floor area of the buildings is approximately 10,551.00 sq.m.</p> <p>The land use rights of the land have been granted for a term of 50 years from April 1996 and expiring in April 2046 for industrial use.</p>	The property is currently occupied by Chiatai (Wuhu) Co., Ltd. for production and sale of animal feeds.	RMB20,120,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Chiatai (Wuhu) Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

**VALUATION CERTIFICATE**

**25. Jiangsu Huai Yin Chia Tai Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
25.1 The industrial complex of Jiangsu Huai Yin Chia Tai Co., Ltd. located at No. 118 Zhengda Road, Agricultural Development Zone, Huaian City, Jiangsu Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with site area of approximately 71,858 sq.m.</p> <p>The industrial complex comprises 12 blocks of building built in about 1998.</p> <p>The total gross floor area of the property is approximately 14,692.37 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 24th August, 2051 for industrial use.</p>	<p>The property is currently occupied by Jiangsu Huai Yin Chia Tai Co., Ltd. for production and sale of animal feeds.</p>	RMB34,270,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Jiangsu Huai Yin Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

**VALUATION CERTIFICATE**

**26. Nantong Chia Tai Feed Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
26.1 The industrial complex of Nantong Chia Tai Feed Co., Ltd. located at No. 2 Tongfu South Road, Nantong Economic and Technical Development Zone, Nantong City, Jiangsu Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 88,075.80 sq.m.</p> <p>The industrial complex comprises 10 blocks of building and various blocks of structure built in about 1998.</p> <p>The total gross floor area of the property is approximately 10,108.08 sq.m.</p> <p>The land use rights of the land have been granted for industrial use.</p>	<p>The property is currently occupied by Nantong Chia Tai Feed Co., Ltd. for production and sale of animal feeds.</p>	RMB25,240,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Nantong Chia Tai Feed Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.



## VALUATION CERTIFICATE

## 27. Chia Tai Yueyang Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
27.1 The industrial complex of Chia Tai Yueyang Company Limited Located at Hubin, Yueyanglou District, Yueyang City, Hunan Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 156,374 sq.m.</p> <p>The industrial complex comprises 50 blocks of multi-storey building and various blocks of 1-storey ancillary structure completed in about 1999.</p> <p>The total gross floor area of the buildings is approximately 18,636.45 sq.m.</p> <p>The land use rights of the property have been granted for industrial uses.</p>	The property is occupied by Chia Tai Yueyang Company Limited for production and sale of animal feeds and chicken.	RMB35,550,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Chia Tai Yueyang Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

**VALUATION CERTIFICATE**

**28. Yi Chang Chia Tai Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
28.1 The industrial complex of Yi Chang Chia Tai Co., Ltd. located at No. 188 Huting Main Road, Huting District, Yichang City, Hubei Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 66,279.90 sq.m.</p> <p>The industrial complex comprises 15 blocks of 1 to 5-storey building and various ancillary structures built in about 1994.</p> <p>The land use rights of the land have been granted for a term expiring on 2042 for industrial use.</p>	<p>The property is currently occupied by Yi Chang Chia Tai Co., Ltd. for production and sale of animal feeds</p>	RMB16,000,000

*Note:*

1. Pursuant to the opinion of the PRC Legal Adviser, Yi Chang Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.
2. We have not been provided with information regarding the superstructures of the property. Hence, we have valued the land only.

## VALUATION CERTIFICATE

## 29. Zhumadian Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
29.1 The industrial complex of Zhumadian Chia Tai Company Limited located at east of Lianjiang Road, Zhumadian City, Henan Province, the PRC	<p>The property comprises an industrial complex occupying three parcels of land with a total site area of approximately 51,379.3 sq.m.</p> <p>The industrial complex comprises 17 blocks of 1 to 5-storey building built in about 1987 and 1988.</p> <p>The total gross floor area of the property is approximately 8,440.04 sq.m.</p> <p>The land use rights of the land have been allocated for industrial use for a term not specified.</p>	The property is currently occupied by Zhumadian Chia Tai Company Limited for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Zhumadian Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

29.2 A parcel of land at 107 State Level Highway, Zhumadian City, Henan Province, the PRC	<p>The property comprises a parcel of land with a site area of approximately 129,333.33 sq.m.</p> <p>The land use rights of the land have been allocated for industrial use for a term not specified.</p>	The property is currently vacant.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Zhumadian Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 30. Huai Hua Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
30.1 The industrial complex of Huai Hua Chia Tai Co., Ltd. located at No. 38, Yanhe Road, Huaihua, Hunan, Province, the PRC	<p>The property comprises an industrial complex.</p> <p>The industrial complex comprises a total of 12 blocks and various ancillary structures built in about 1999.</p> <p>The total gross floor area of the buildings is approximately 12,844.41 sq.m.</p> <p>The land use rights of the land have been allocated for industrial use.</p>	The property is currently occupied by Huai Hua Chia Tai Co., Ltd. for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Huai Hua Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

**31. Hengyang Chia Tai Co., Ltd.**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
31.1 An industrial complex of Hengyang Chia Tai Co., Ltd. located at Xiantang Street, Quanxi, Hengyang City, Hunan Province, the PRC	<p>The industrial complex comprises 10 blocks of multi storey building and various blocks of 1-storey ancillary structure completed in about 2001.</p> <p>The total gross floor area of the buildings is approximately 9,578.80 sq.m.</p> <p>The land use rights of the property have been leased for a term of 20 years from 12th December, 2002 to 11th December, 2022.</p>	The property is currently occupied by Hengyang Chia Tai Co., Ltd. for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Hengyang Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

**32. Pingdingshan Chia Tai Co., Ltd.**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
32.1 An industrial complex of Pingdingshan Chia Tai Co., Ltd. located at the east of Xu Village, Huangtai, north of Jianshe Road East Section, Weidong District, Pingdingshan City, Henan Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 39,157.14 sq.m.</p> <p>The industrial complex comprises 9 blocks of multi-storey building and various blocks of 1-storey ancillary structure completed in about 1999.</p> <p>The total gross floor area of the buildings is approximately 14,575.29 sq.m.</p> <p>The land use rights of the portion of the property having a site area of 35,686.67 sq.m. have been granted for whereas the remaining portion are allocated.</p>	The property is currently occupied by Pingdingshan Chia Tai Co., Ltd. for production and sale of animal feeds.	RMB3,000,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Pingdingshan Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to portion of the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 33. Shang Cai Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
33.1 The industrial complex of Shang Cai Chia Tai Co., Ltd. at the west of Zhoushang Road, Caidu Town, Shangcai County, Henan Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 15,800 sq. m.</p> <p>The industrial complex comprises 9 buildings and various blocks of structures.</p> <p>The total gross floor area of the property (excluding the structures) is approximately 3,300 sq.m.</p> <p>The land use rights of the land have been allocated for mixed use.</p>	The property is currently occupied by Shang Cai Chia Tai Co., Ltd. for production and sale of animal feeds and chicken.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shang Cai Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

33.2 No. 1 Fowl-run of Shang Cai Chia Tai Co., Ltd. at the north of Xishang Road, Daluli Xiang, Shangcai County, Henan Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of 61,800.31 sq.m.</p> <p>The agricultural complex comprises 11 blocks of buildings and various blocks of structures.</p> <p>The total gross floor area of the property (excluding the structures) is approximately 7,083.22 sq.m.</p> <p>The land use rights of the land have been leased by the local partner of Shang Cai Chia Tai Co., Ltd.</p>	The property is currently occupied by Shang Cai Chia Tai Co., Ltd. for fowl-run use.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shang Cai Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 33. Shang Cai Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
33.3 No. 2 Fowl-run of Shang Cai Chia Tai Co., Ltd. at the north of Xishang Road, Daluli Xiang, Shangcai County, Henan Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of 64,333.66 sq m.</p> <p>The agricultural complex comprises 9 blocks of 1 to 2-storey buildings and various blocks of structures.</p> <p>The total gross floor area of the property (excluding the structures) is approximately 6,389.88 sq.m.</p> <p>The land use rights of the land have been leased by the local partner of Shangcai Chia Tai Co., Ltd.</p>	The property is currently occupied by Shang Cai Chia Tai Co., Ltd. for fowl-run use.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shang Cai Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

33.4 An incubation court of Shang Cai Chia Tai Co., Ltd. at the north of Xishang Road, Daluli Xiang, Shangcai County, Henan Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of 41,666.88 sq.m.</p> <p>The agricultural complex comprises 7 blocks of 1 to 2-storey buildings and various blocks of structures.</p> <p>The total gross floor area of the property (excluding the structures) is approximately 5,080.19 sq.m.</p> <p>The land use rights of the land have been leased by the local partner of Shang Cai Chia Tai Co., Ltd.</p>	The property is currently occupied by Shang Cai Chia Tai Co., Ltd. for incubation court use.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shang Cai Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.



**VALUATION CERTIFICATE**

**34. Xiang Fan Chia Tai Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
34.1 The industrial complex of Xiang Fan Chia Tai Co., Ltd. located at No. 1 Haoren Main Road, Zhangwan Town, Xiangyang County, Xiangfan City, Hubei Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 40,146.67 sq.m.</p> <p>The industrial complex comprises 8 blocks of 1 to 2-storey building and various ancillary structures built in about 1996.</p> <p>The total gross floor area of the property is approximately 3,865.53 sq.m.</p> <p>The land use rights of the land have been obtained by way of lease for a term of 45 years expiring in 2042 for industrial use.</p>	The property is currently occupied by Xiang Fan Chia Tai Co., Ltd. for production and sale of animal feeds and chicken.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Xiang Fan Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

34.2 The industrial complex of Xiang Fan Chia Tai Co., Ltd. located at Daqiao Village/ Wubo Village, Chengguan Town, Xiangyang County, Xiangfan City, Hubei Province, the PRC	<p>The industrial complex comprises 15 blocks of building and various ancillary structures built in about 1996.</p> <p>The total gross floor area of the property is approximately 15,034.21 sq.m.</p> <p>The land use rights of the land have been obtained by way of lease for a term expiring on 1st August, 2047 for industrial use.</p>	The property is currently occupied by Xiang Fan Chia Tai Co., Ltd. for production and sale of animal feeds and chicken.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Xiang Fan Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value. Site area of the land could not be identified.

**VALUATION CERTIFICATE**

**34. Xiang Fan Chia Tai Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
34.3 The industrial complex of Xiang Fan Chia Tai Co., Ltd. located at Hangkong Road, Chengguan Town, Xiangyang County, Xiangfan City, Hubei Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 93,003.46 sq.m.</p> <p>The industrial complex comprises 17 blocks of building and various ancillary structures built in about 1996.</p> <p>The total gross floor area of the property is approximately 11,156.45 sq.m.</p> <p>The land use rights of the land have been obtained by way of lease for industrial use.</p>	<p>The property is currently occupied by Xiang Fan Chia Tai Co., Ltd. for production and sale of animal feeds and chicken.</p>	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Xiang Fan Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

**35. Changsha Chia Tai Co., Ltd.**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
35.1 The industrial complex of Changsha Chia Tai Co., Ltd. located at Huayuan Road, Muyun Town, Changsha City, Hunan Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 114,920 sq.m.</p> <p>The industrial complex comprises 14 blocks of multi storey building and various blocks of 1-storey ancillary structure completed in about 1999.</p> <p>The total gross floor area of the buildings is approximately 8,737.16 sq.m.</p> <p>The land use rights of the property have been allocated for industrial purpose.</p>	The property is currently occupied by Changsha Chia Tai Co., Ltd. for production of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Changsha Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

**VALUATION CERTIFICATE**

**36. Zhumadian Huazhong Chia Tai Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
36.1 The industrial complex of Zhumadian Huazhong Chia Tai Co., Ltd. located at Jinshan Development Zone, Guanwangmiao, Suiping County, Zhumadian City, Henan Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 111,225.50 sq.m.</p> <p>The industrial complex comprises 18 blocks of building and various structures built in the period from 1997 to 2004.</p> <p>The total gross floor area of the property (excluding the structures) is approximately 25,078.86 sq.m.</p> <p>The land use rights of the land have been granted for a term of 50 years for industrial use.</p>	<p>The property is currently occupied by Zhumadian Huazhong Chia Tai Co., Ltd. for production and sale of chlortetra.</p>	RMB52,000,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Zhumadian Huazhong Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

36.2 The units at East Gate and West Gate of Level 5, No. 2 of South Block, Chunxiao Road and Wenming Road, Zhumadian City, Henan Province, the PRC	<p>The property comprises two residential units on Level 5 of a residential building completed in the early 1990's.</p> <p>The gross floor area of the property is approximately 162.27 sq.m.</p>	<p>The property is currently occupied by Zhumadian Huazhong Chia Tai Co., Ltd. for staff quarter.</p>	RMB243,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Zhumadian Huazhong Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper building ownership certificate and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

**37. Xiang Fan Chia Tai Agriculture Development Co., Ltd.**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
37.1 An industrial complex of Xiang Fan Chia Tai Agriculture Development Co., Ltd. located at Wu Bo Village, Zhang Wan Town, Xiang Yang County, Xiangfan City, Hubei, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 63,730.12 sq.m.</p> <p>The industrial complex comprises 6 blocks of 1-5 storey building and various blocks of 1-storey ancillary structures and completed in about 1997.</p> <p>The total gross floor area of the buildings is approximately 2,870.87 sq.m.</p> <p>The land use rights of the property have been leased for industrial use.</p>	The property is currently occupied by Xiang Fan Chia Tai Agriculture Development Co., Ltd. for production and sale of seeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Xiang Fan Chia Tai Agriculture Development Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

37.2 A parcel of land held by Xiang Fan Chia Tai Agriculture Development Co., Ltd. located at Dong Bei Jiao Development Zone, Changye City, Hubei Province, the PRC	<p>The property comprises a parcel of land with a site area of approximately 57,333.00 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 7th March 2052 for industrial use.</p>	The property is currently occupied by Xiang Fan Chia Tai Agriculture Development Co., Ltd. for industrial and ancillary uses.	RMB10,320,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Xiang Fan Chia Tai Agriculture Development Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

**37. Xiang Fan Chia Tai Agriculture Development Co., Ltd.**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
37.3 A parcel of land held by Xiang Fan Chia Tai Agriculture Development Co., Ltd. located at Zone II, Changye Industrial Zone, Changye City, Hubei Province, the PRC	The property comprise a parcel of land with a site area of approximately 54,345.66 sq.m.  The land use rights of the land have been granted for a term expiring on 29th January 2053 for industrial use.	The property is currently occupied by Xiang Fan Chia Tai Agriculture Development Co., Ltd. for industrial and ancillary uses.	RMB9,780,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Xiang Fan Chia Tai Agriculture Development Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

**38. Yi Chang Chia Tai Animal Husbandry Co., Ltd.**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
38.1 A fowl-run of Yi Chang Chia Tai Animal Husbandry Co., Ltd. located at Dayan Farm, Yidu City, Yichang, Hubei Province, the PRC	<p>The property comprises a fowl-run occupying a parcel of land with a site area of approximately 70,488.22 sq.m.</p> <p>The fowl-run comprises 27 blocks of 1 to 3-storey buildings and various ancillary structure completed in 1999.</p> <p>The total gross floor area of the buildings is approximately 12,964.20 sq.m.</p> <p>The land use rights of the property have been allocated for term of 50 years for industrial use.</p>	The property is currently occupied by Yi Chang Chia Tai Animal Husbandry Co., Ltd. for animal feeding and ancillary uses.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Yi Chang Chia Tai Animal Husbandry Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 39. Wuhan Jinke Biotechnology Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
39.1 The industrial complex of Wuhan Jinke Biotechnology Co., Ltd. located at Hongbei Xiang, Caidian District, Wuhan City, Hubei Province, the PRC	<p>The property comprises an industrial complex occupying a site area of approximately 74,667.04 sq.m.</p> <p>The industrial complex comprises a total of 7 blocks and various ancillary structures built in about 2002.</p> <p>The total gross floor area of the buildings is approximately 24,266.12 sq.m.</p> <p>The land use rights of the land have been leased for a term of 30 years from 24th June 2002 to 23rd June 2032 for industrial use.</p>	The property is currently occupied by Wuhan Jinke Biotechnology Co., Ltd. for sales and production of seeds and medicine.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Wuhan Jinke Biotechnology Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

39.2 The industrial complex of Wuhan Jinke Biotechnology Co., Ltd, located at Daqiao Village, Jiuzhen Town, Tianmen City, Hubei Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 6,706.4 sq.m.</p> <p>The industrial complex comprises a total of 5 blocks and various ancillary structures built in about 2004.</p> <p>The total gross floor area of the buildings is approximately 1,241.85 sq.m.</p> <p>The land use rights of the property is allocated for industrial use.</p>	The property is currently occupied by Wuhan Jinke Biotechnology Co., Ltd. for sales and production of seeds and medicine.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Wuhan Jinke Biotechnology Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.



## VALUATION CERTIFICATE

## 40. Chongqing Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
40.1 The industrial complex of Chongqing Chia Tai Company Limited located at No. 15 Shimahe Xiahuayuan, Jiangbei District, Chongqing, the PRC.	<p>The property comprises an industrial complex occupying a site area of approximately 38,692 sq.m.</p> <p>The industrial complex comprises a total of 6 blocks of building and various ancillary structures built in about 2002.</p> <p>The total gross floor area of the buildings is approximately 7,390.1 sq.m.</p> <p>The land use rights of the land have been allocated for a term expiring on 26th August, 2026 for industrial use.</p>	The property is currently occupied by Chongqing Chia Tai Company Limited for production and sale of animal feeds and chicken.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Chongqing Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 41. Kunming Chia Tai Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
41.1 The industrial complex of Kunming Chia Tai Company Limited located at Taiping Xiang, Anning City, Kunming City, Yunnan Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 29,669.33 sq.m.</p> <p>The industrial complex comprises 4 blocks of multi-storey building and various blocks of ancillary structures completed in about 1998.</p> <p>The total gross floor area of the buildings is approximately 5,675.94 sq.m.</p> <p>The land use rights of the property have been allocated for a term of 35 years to 2006.</p>	The property is occupied by Kunming Chia Tai Company Limited for production and sale of animal feeds and chicken.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Kunming Chia Tai Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 42. Nanning Chia Tai Animal Husbandry Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
42.1 A chicken run of Nanning Chia Tai Animal Husbandry Company Limited located at Yanhai Development County, Nanning City, Guangxi Zhuang Autonomous Region, the PRC	<p>The property comprises a livestock farm occupying a parcel of land with a site area of approximately 293,714.80 sq.m.</p> <p>The livestock farm comprises 9 blocks of multi storey building and various blocks of 1-storey ancillary structure completed in about 1999.</p> <p>The total gross floor area of the buildings is approximately 21,769 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years to 18th August, 2049.</p>	The property is currently occupied by Nanning Chia Tai Animal Husbandry Company Limited for chicken breeding and ancillary uses.	RMB69,940,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Nanning Chia Tai Animal Husbandry Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 43. Nei Jiang Chia Tai Feed &amp; Poultry Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
43.1 The industrial complex of Nei Jiang Chia Tai Feed & Poultry Co., Ltd, located at Neijiang City, Dongxin District, Xilin Development Area, Sichuan Province, the PRC.	<p>The property comprises an industrial complex occupying a site area of approximately 72,712.67 sq.m.</p> <p>The industrial complex comprises a total of 8 blocks of 1 to 5-storey building and various ancillary structures built in about 1999.</p> <p>The total gross floor area of the buildings is approximately 12,342.37 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 25th January 2045 and 4th November, 2047 respectively for industrial use.</p>	The property is currently occupied by Nei Jiang Chia Tai Feed & Poultry Co., Ltd. for production and sale of animal feeds.	RMB13,350,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Nei Jiang Chia Tai Feed & Poultry Co.,Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 44. Guanghan Chia Tai Feed Tech Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
44.1 The industrial complex of Guanghan Chia Tai Feed Tech Co., Ltd., located at Sishe, Changhua Cun, Xiangyang Town, Guanghan City, Sichuan Province, the PRC.	<p>The property comprises a fowl-run occupying a site area of approximately 26,668 sq.m.</p> <p>The livestock farm comprises approximately 23 blocks of 1 to 2-storey building and various ancillary structures built in about 2001.</p> <p>The total gross floor area of the buildings (excluding the ancillary structures) is approximately 14,251.76 sq.m.</p> <p>The land use rights of the property have been granted for industrial use for a term until 28th June, 2050.</p>	The property is currently occupied by Guanghan Chia Tai Feed Tech Co., Ltd. for production and sale of animal feeds.	RMB11,820,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Guanghan Chia Tai Feed Tech Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

44.2 The industrial complex of Guanghan Chia Tai Feed Tech Co., Ltd., located at Sishe, Changhua Cun, Xiangyang Town, Guanghan City, Sichuan Province, the PRC.	<p>The property comprises a fowl-run occupying a site area of approximately 27,461.61 sq.m.</p> <p>The livestock farm comprises approximately 1 block of workshop of 1-storey built in about 2001.</p> <p>The total gross floor area of the workshop is approximately 39.11 sq.m.</p> <p>The land use rights of the property have been granted for industrial use for a term until 31st December, 2048 of which 794 sq.m. of the land have been granted until 26th April, 2051.</p>	The property is currently occupied by Guanghan Chia Tai Feed Tech Co., Ltd. for production and sale of animal feeds.	RMB4,140,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Guanghan Chia Tai Feed Tech Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 45. Shuangliu Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
45.1 The industrial complex of Shuangliu Chia Tai Co., Ltd, located at Fuxing Village, Baijia Town, Shuangliu County Changdu City, Sichuan Province, the PRC	<p>The property comprises an industrial complex occupying a site area of approximately 61,949.38 sq.m.</p> <p>The industrial complex comprises a total of 4 blocks of 1 to 6-storey building and various ancillary structures built in about 1999.</p> <p>The total gross floor area of the buildings is approximately 20,340.29 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 30th November, 2044 for industrial use.</p>	The property is currently occupied by Shuangliu Chia Tai Co., Ltd for industrial and production and sale of animal feeds and chicken.	RMB19,530,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shuangliu Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

**46. Chongqing Shuangqiao Chia Tai Co., Ltd.**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
46.1 The industrial complex of Chongqing Shuangqiao Chia Tai Co., Ltd., located at Liang Feng Ya, Shuangqiao, Chongqing District, the PRC	<p>The property comprises an industrial complex occupying a site having an area of approximately 57,580 sq.m.</p> <p>The industrial complex comprises various building structures having a total gross floor area of approximately 7,686.04 sq.m.</p> <p>The land use rights of the property have been allocated for a term until 26th June, 2045.</p> <p>The land use rights have been granted commencing from 2nd February, 2001 and expiring on 9th December, 2041.</p>	The property is currently occupied by Chongqing Shuangqiao Chia Tai Co., Ltd. for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Chongqing Shuangqiao Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 47. Guizhou Chia Tai Enterprise Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
47.1 The industrial complex of Guizhou Chia Tai Enterprise Co., Ltd., located at Chia Tai Road, Long Li County, Guisyang City, Guizhou Province, the PRC	<p>The property comprises an industrial complex occupying two parcels of land with a total site area of approximately 185,324.00 sq.m.</p> <p>The industrial complex comprises 46 blocks of 1 to 5-storey building completed in about 1997 and 1998.</p> <p>The total gross floor area of the buildings is approximately 22,500.22 sq.m.</p> <p>The land use rights of the land with a site area of 172,000.00 sq.m. have been granted for a term of 50 years for industrial use, whereas that portion of the land with a site area of 13,324.00 sq.m. have been obtained by way of administrative appropriation.</p>	The property is currently occupied by Guizhou Chia Tai Enterprise Co., Ltd. for production and sale of chemical products.	RMB32,500,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Guizhou Chia Tai Enterprise Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.



## VALUATION CERTIFICATE

## 48. Wenjiang Chia Tai Livestock Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
48.1 The fowl-run farm of Wenjiang Chia Tai Livestock Co., Ltd. located at No. 1 Bai Shu Village, Tian Fu Town, Wenjiang County, Chengdu City, Sichuan Province, the PRC.	<p>The property comprises a fowl-run farm occupying a site area of approximately 61,436.70 sq.m.</p> <p>The livestock farm comprises approximately 10 blocks of 1 to 2-storey building and various ancillary structures built in about 1999.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 130,786.60 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years commencing from 30th July, 1997 to 30th July, 2047 for fowl-run use.</p>	The property is currently occupied by Wenjiang Chia Tai Livestock Co., Ltd. for chicken breeding and ancillary uses.	RMB8,970,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Wenjiang Chia Tai Livestock Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

48.2 The fowl-run of Wenjiang Chia Tai Livestock Co., Ltd. located at No. 6 Dequan Village, Tian Fu Town, Wenjiang County, Chengdu City, Sichuan Province, the PRC.	<p>The property comprises a fowl-run occupying a site area of approximately 65,393.30 sq.m.</p> <p>The livestock farm comprises approximately 10 blocks of 1 to 2 storey building and various ancillary structures built in about 1999.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 122,873.40 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years commencing from 30th July, 1997 to 30th July, 2047 for fowl-run use.</p>	The property is currently occupied by Wenjiang Chia Tai Livestock Co., Ltd. for chicken breeding and ancillary uses.	RMB9,300,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Wenjiang Chia Tai Livestock Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 48. Wenjiang Chia Tai Livestock Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
48.3 The fowl-run of Wenjiang Chia Tai Livestock Co., Ltd. located at Heping Village, Jinma Town, Wenjiang County, Chengdu City, Sichuan Province, the PRC	<p>The property comprises a fowl-run occupying a site area of approximately 51,812.90 sq.m.</p> <p>The livestock farm comprises approximately 10 blocks of 1-storey building and various ancillary structures built in about 1999.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 103,625.80 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years commencing from 30th July, 1997 to 30th July, 2047 for fowl-run use.</p>	The property is currently occupied by WenJiang Chia Tai Livestock Co., Ltd. for chicken breeding and ancillary uses.	RMB5,493,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Wenjiang Chia Tai Livestock Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 49. Mianyang Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
49.1 The livestock farm of Mianyang Chia Tai Co., Ltd. located at No. 239 Mianxing Road Middle Section, Hi-tech Zone, Mianyang City, Sichuan Province, the PRC	<p>The property comprises livestock complex occupying a site area of approximately 82,638.64 sq.m.</p> <p>The livestock farm comprises a total of 4 blocks and various ancillary structures built in about 1999.</p> <p>The total gross floor area of the buildings is approximately 5,272.22 sq.m.</p> <p>The land use rights of the land have been leased for a term of 50 years commencing from 25th August 1995 and expiring on 25th August 2045 for fowl-run use.</p>	The property is currently occupied by Mianyang Chia Tai Co., Ltd for chicken-breeding and ancillary uses.	RMB10,000,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Mianyang Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 50. Guilin Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
50.1 The industrial complex of Guilin Chia Tai Co., Ltd. located at No. 88 Guitai Road, Guilin City, Guangxi Zhuang Autonomous Region, the PRC	<p>The property comprises an industrial complex occupying a site area of approximately 87,294.2 sq.m.</p> <p>The industrial complex comprises a total of 13 blocks and various ancillary structures built in about 1999.</p> <p>The total gross floor area of the buildings is approximately 11,758.44 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 13th June 2047 for industrial use.</p>	The property is currently occupied by Guilin Chia Tai Co., Ltd. for production and sale of animal feeds.	RMB15,720,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Guilin Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 51. Guang An Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005	
51.1	The industrial complex of Guang An Chia Tai Co., Ltd., located at No. 56, Daqiao Road, Kuige Jie Dao Office, Guangan District, Guangan City, Sichuan Province, the PRC.	The property comprises an industrial complex occupying a parcel of land with a total site area of approximately 21,424.43 sq.m.  The industrial complex comprises 4 buildings and various ancillary structures built about 1999.  The total gross floor area of the property is approximately 3,424.89 sq.m.  Portion of the land, having a site area of approximately 544 sq.m. have been granted for a term of 40 years until 10th August, 2040 whereas the remaining portion, having a total site area of 20,880.43 sq.m. is either allocated or leased to the company. The leased portion will expire on 5th June, 2046.	The property is currently occupied by Guang An Chia Tai Co., Ltd. for production and sale of animal feeds and chicken.	RMB1,730,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Guang An Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to portion of the property by way of grant and is entitled to transfer the property with the residue term of its land use rights. In the course of our valuation, we have valued the portion with proper title only.

## VALUATION CERTIFICATE

**52. Jiang Jin Chia Tai Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
52.1 The land of Jiang Jin Chia Tai Co., Ltd, located at Pingqiao, Jijiang Town, Jiangjin City, Chongqing, the PRC.	<p>The property comprises a parcel of land having a site area of approximately 17,945.75 sq.m.</p> <p>The land use rights of the land have been allocated commencing from 7th July 1995 for industrial use.</p>	The property is currently occupied by Jiang Jin Chia Tai Co., Ltd for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Jiang Jin Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 53. Ningbo Chia Tai Agriculture Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
53.1 The industrial complex of Ningbo Chia Tai Agriculture Company Limited located at Wenqiushan, Dagan Town, Beilun District, Ningbo City, Zhejiang Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 53,370.5 sq.m.</p> <p>The industrial complex comprises 5 blocks of multi storey building and ancillary structures completed in 1991.</p> <p>The total gross floor area of the buildings is approximately 16,665.93 sq.m.</p> <p>The land use rights of the property have been allocated expiring on 3rd May 2041.</p>	The property is currently occupied by Ningbo Chia Tai Agriculture Company Limited for production and sale of animal feeds and chicken.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Ningbo Chia Tai Agriculture Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

53.2 The poultry farm of Ningbo Chia Tai Agriculture Company Limited located at Dongshanmen Village, Chaiqiao Town, Beilun District, Ningbo City, Zhejiang Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 26,320.5 sq.m.</p> <p>It comprises 7 blocks of poultry farm and ancillary structures completed in 1992.</p> <p>The total gross floor area of the buildings is approximately 3,478.65 sq.m.</p> <p>The land use rights of the property have been allocated expiring on 3rd May 2041.</p>	The property is currently occupied by Ningbo Chia Tai Agriculture Company Limited for chicken breeding and ancillary uses.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Ningbo Chia Tai Agriculture Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 53. Ningbo Chia Tai Agriculture Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
53.3 The poultry farm of Ningbo Chia Tai Agriculture Company Limited located at Shangchemen Village, Chaiqiao Town, Beilun District, Ningbo City, Zhejiang Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 46,585.4 sq.m.</p> <p>It comprises 9 blocks of poultry farm and ancillary structures completed in 1992.</p> <p>The total gross floor area of the buildings is approximately 8,803.76 sq.m.</p> <p>The land use rights of the property have been allocated expiring on 3rd May 2041.</p>	The property is currently occupied by Ningbo Chia Tai Agriculture Company Limited for chicken breeding and ancillary uses.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Ningbo Chia Tai Agriculture Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

53.4 The poultry farm of Ningbo Chia Tai Agriculture Company Limited located at Guichi Village, Chaiqiao Town, Beilun District, Ningbo City, Zhejiang Province, the PRC	<p>The property comprises an agricultural complex occupy a parcel of land with a site area of approximately 49,186.4 sq.m.</p> <p>It comprises 8 blocks of poultry farm and ancillary structures completed in 1992.</p> <p>The total gross floor area of the buildings is approximately 8,824.76 sq.m.</p> <p>The land use rights of the property have been allocated expiring on 3rd May 2041.</p>	The property is currently occupied by Ningbo Chia Tai Agriculture Company Limited for chicken breeding and ancillary uses.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Ningbo Chia Tai Agriculture Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.



## VALUATION CERTIFICATE

## 53. Ningbo Chia Tai Agriculture Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
53.5 The poultry farm of Ningbo Chia Tai Argiculture Company Limited located at Guichi Village, Chaiqiao Town, Beilun District, Ningbo City, Zhejiang Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 6,498.3 sq.m.</p> <p>It comprises 6 blocks of poultry farm and ancillary structures completed in 1992.</p> <p>The total gross floor area of the buildings is approximately 2,159.81 sq.m.</p> <p>The land use rights of the property have been allocated expiring on 3rd May 2041.</p>	The property is currently occupied by Ningbo Chia Tai Agriculture Company Limited for chicken breeding and ancillary uses.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Ningbo Chia Tai Agriculture Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 54. Nanchang Chia Tai Livestock Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
54.1 The animal-run of Nanchang Chia Tai Livestock Co., Ltd. located at Wenbu Town, Anyi County, Nanchang City, Shanxi Province, the PRC	<p>The property comprises a livestock farm occupying a parcel of land with a site area of approximately 96,363 sq.m.</p> <p>The livestock farm comprises 28 blocks of multi storey building and various blocks of 1-storey ancillary structure completed in about 2001.</p> <p>The total gross floor area of the buildings excluding the ancillary structures is approximately 22,010.78 sq.m.</p> <p>The land use rights of the property have been allocated for a term of 50 years from 19th May 1997 and 31st September 1997 respectively.</p>	The property is currently occupied by Nanchang Chia Tai Livestock Co., Ltd. for animal breeding and ancillary uses.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Nanchang Chia Tai Livestock Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 55. Jiu Jiang Chia Tai Feedstuff Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
55.1 The industrial complex of Jiu Jiang Chia Tai Feedstuff Co., Ltd. located at Jiu Rui Avenue, Jiujiang Economic Development Area, Jiangxi Province, the PRC	<p>The property comprises an industrial complex occupy a site area of approximately 50,000 sq.m.</p> <p>The industrial complex comprises 14 blocks of 1 to 5-storey building having a total gross floor area of approximately 15,179.43 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years from 20th February 1997.</p>	The property is occupied by Jiu Jiang Chia Tai Feedstuff Co., Ltd. for production and sale of animal feeds.	RMB19,570,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Jiu Jiang Chia Tai Feedstuff Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 56. Fuzhou Da Fu Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
56.1 An industrial complex of Fuzhou Da Fu Company Limited located at No. 44 Luoxing Road, Mawei Development Zone, Fuzhou City, Fujian Province, the PRC	<p>The property comprises an industrial complex occupying one parcel of land having a total site area of approximately 58,213.60 sq.m.</p> <p>The industrial complex comprises 11 blocks of building with a total gross floor area of approximately 10,734.66 sq.m.</p> <p>The land use rights of the property have been granted until 15th May 2024.</p>	The property is occupied by Fuzhou Da Fu Company Limited for production and sale of animal feeds and chicken.	RMB19,885,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Fuzhou Da Fu Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 57. Xiamen Chia Tai Agriculture Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
57.1 An industrial complex of Xiamen Chia Tai Agriculture Co., Ltd. located at Longtoushan, Anle Village, Heshan Town, Huli District, Xiamen City, Fujian Province, the PRC	<p>The property comprises an industrial complex occupying a site area of approximately 28,317.40 sq.m.</p> <p>The industrial comprises 15 multi-storey buildings and 1-storey ancillary structures have a total gross floor area of approximately 14,040.37 sq.m.</p> <p>The land use rights of the property have been allocated for industrial and storage purposes.</p>	The property is occupied by Xiamen Chia Tai Agriculture Co., Ltd. for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Xiamen Chia Tai Agriculture Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 58. Ganzhou Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
58.1 The industrial complex of Ganzhou Chia Tai Co., Ltd. located at Pinglu Village, Shashi Town, Ganzhou City, Jiangxi Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 60,000 sq.m.</p> <p>The industrial complex comprises 14 blocks of multi storey building and various blocks of 1-storey ancillary structure completed in mid 90's.</p> <p>The total gross floor area of the buildings is approximately 9,193.56 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years to 26th February, 2046.</p>	The property is currently occupied by Ganzhou Chia Tai Co., Ltd. for production and sale of animal feeds.	RMB 10,800,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Ganzhou Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 59. Yongan Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
59.1 The industrial complex of Yongan Chia Tai Co., Ltd. located at No. 29 Xiadu West Road, Yongan City, Fujian Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 18,911.74 sq.m.</p> <p>The industrial complex comprises 14 blocks of multi storey building and various blocks of 1-storey ancillary structures built in mid 90's.</p> <p>The total gross floor area of the buildings is approximately 6,859.92 sq.m.</p> <p>The land use rights of the land have been granted for a term of 50 years from 17th October, 1997.</p>	The property is occupied by Yongan Chia Tai Co., Ltd. for production and sale of animal feeds.	RMB6,200,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Yongan Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 60. Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
60.1 The industrial complex of Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd. located at Luoya Road, Guichi Village, Chaiqiao Town, Beilun District, Ningbo City, Zhejiang Province, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 200,263.00 sq.m.</p> <p>The agricultural complex comprises 17 blocks of 1 to 7-storey building and various ancillary structures built in about 1995.</p> <p>The total gross floor area of the property (excluding the ancillary structures) is approximately 21,535.96 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 7th April 2044 for office use.</p>	The property is currently occupied by Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd. for production and sale of cereal and oil products	RMB41,650,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

60.2 Block 48, Qijiashan Villa, Xiao Gang, Ningbo City, Zhejiang Province, the PRC	<p>The property comprises a block of 3-storey detached garden villa built in about 1996.</p> <p>The gross floor area of the property is approximately 255.00 sq.m.</p> <p>The land use rights of the property have been granted for a term of 70 years expiring on 17th March 2064.</p>	The property is currently occupied by Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd. as senior staff quarters.	RMB400,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.



## VALUATION CERTIFICATE

**60. Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
60.3 Units 303 and 304 of Block 5, Wei Dou Xin Cun, Xiao Gang, Ningbo City, Zhejiang Province, the PRC	The property comprises two residential units in a multi-storey residential building built in about 1996.  The total gross floor area of the property is approximately 194.04 sq.m.	The property is currently occupied by Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd. as senior staff quarters.	RMB155,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

60.4 Units 301, 302 and 402 of Block 3, Hong Lian Gui Guan Xin Cun, Xiao Gang, Ningbo City, Zhejiang Province, the PRC	The property comprises three residential units in a multi-storey residential building built in about 1996.  The total gross floor area of the property is approximately 276.76 sq.m.	The property is currently occupied by Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd. as senior staff quarters.	RMB220,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 61. Chia Tai (China) Investment Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
61.1 12th Floor, Tower 1, Bright China Chang An Building, 7 Jian Guo Man Street, Beijing, the PRC	<p>The property comprises the whole twelve floor of Bright China Chang An Building.</p> <p>The total gross floor area of the property is approximately 2,096.3 sq.m.</p> <p>The land use rights of the property have been granted from 12th September 1997 and expiring on 1st December 2043 for office use.</p>	The property is currently occupied by Chia Tai (China) Investment Co., Ltd. for office use.	RMB43,500,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Chia Tai (China) Investment Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

61.2 Unit 903, Block 1, Yanhui Garden, No. B24 Jianguomen Wei Da Jie, Chaoyang District, Beijing, the PRC	<p>The property comprises an apartment unit in a high-rise residential building completed in about 2000.</p> <p>The gross floor area of the property is approximately 140.38 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 28th December 2063 for residential use.</p>	The Property is currently occupied by Chia Tai (China) Investment Co., Ltd. as senior staff quarters.	RMB1,960,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Chia Tai (China) Investment Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

**62. Shandong Chia Tai Ling Hua Bio-Tech Co., Ltd.**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
62.1 Proposed industrial complex of Shandong Chia Tai Ling Hua Bio-Tech Co., Ltd. located at Jining Hi-Tech Zone Industrial Park, Shandong Province, the PRC	<p>The property comprises a parcel of land with a site area of approximately 260,871.00 sq.m.</p> <p>The proposed development to be erected will comprise an industrial complex with a total gross floor area of approximately 87,858.00 sq.m.</p> <p>The land use rights of the land have been granted for a term of 50 years until 20th February 2054 for industrial use.</p>	The property is being developed into an industrial complex for the production of animal feeds.	RMB28,000,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shandong Chia Tai Ling Hua Bio-Tech Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

**63. Tianjin Chia Tai Agro-Industrial Co., Ltd.**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
63.1 The industrial complex of Tianjin Chia Tai Agro-Industrial Co., Ltd. located at Ruijia Village, Zhaogezhuang Xiang, Baodi District, Tianjin, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a total site area of approximately 68,160.34 sq.m.</p> <p>The industrial complex comprises 7 buildings of 1-3 storeys with various ancillary structures built in about 1995.</p> <p>The total gross floor area of the property is approximately 1611.95 sq.m.</p> <p>The land use rights of the property have been allocated for a term commencing from 18th January 1996 and expiring on 18th January 2046 for industrial use.</p>	The property is currently occupied by Tianjin Chia Tai Agro-Industry Co., Ltd. for production and sale of animal feeds and chicken.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Tianjin Chia Tai Agro-Industrial Co., Ltd. , being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

**63. Tianjin Chia Tai Agro-Industrial Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
63.2 The industrial complex of Tianjin Chia Tai Agro-Industrial Co., Ltd. located at West Zone, Baodi Economic Development Zone, Baodi District, Tianjin, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a total site area of approximately 58,003 sq.m.</p> <p>The industrial complex comprises 16 buildings of 1-3 storeys with various ancillary structures built about 1995.</p> <p>The total gross floor area of the property is approximately 8,523.51 sq.m.</p> <p>The land use rights of the property have been allocated for a term commencing from 1st May 1996 and expiring on 1st May 2046 for industrial use.</p>	The property is currently occupied by Tianjin Chia Tai Agro-Industry Co., Ltd. for production and sale of animal feeds and chicken.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Tianjin Chia Tai Agro-Industrial Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

63.3 The industrial complex of Tianjin Chia Tai Agro-Industrial Co., Ltd. located at Houxiyuan Village, Gaozhuangzhi Xiang, Baodi District, Tianjin, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a total site area of approximately 26,486.78 sq.m.</p> <p>The industrial complex comprises 10 buildings of 1-2 storeys with various ancillary structures built about 1995.</p> <p>The total gross floor area of the property is approximately 2,798 sq.m.</p> <p>The land use rights of the property have been allocated commencing from 18th January 1996 and expiring on 18th January 2046 for industrial use.</p>	The property is currently occupied by Tianjin Chia Tai Agro-Industry Co., Ltd. for production and sale of animal feeds and chicken.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Tianjin Chia Tai Agro-Industrial Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

**64. Shenyang Advance Feed Tech Co., Ltd.**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
64.1 The industrial complex of Shenyang Advance Feed Tech Co., Ltd. located at No. 2 Qian Ling Hua Area, Shen Yang Zhang Shi Economic & Technical Development District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 18,547.76 sq.m.</p> <p>The industrial complex comprises two blocks of 1-storey building and various blocks of 1 to 7-storey ancillary structures built in the period of 2002 and 2003 respectively.</p> <p>The land use rights of the land have been leased for a term of 20 years from 19th September 2001 to 18th September, 2021 for industrial use.</p>	The property is currently occupied by Shenyang Advance Feed Tech Co., Ltd. for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Shenyang Advance Feed Tech Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 65. Inner Mongolia Chia Tai Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
65.1 An industrial complex of Inner Mongolia Chia Tai Co., Ltd. located at 1.2 km south of 590 Chu Road, 110 State Level Highway, Tu Zuo Qi, Tu Mo Te Zuo Qi Cheng, Inner Mongolia Autonomous Region, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 66,667 sq.m.</p> <p>The industrial complex comprises 13 blocks of multi storey buildings and completed about 1998.</p> <p>The total gross floor area of the buildings is approximately 9,388 sq.m.</p> <p>The land use rights of the property have been allocated for a term of 30 years for commercial use.</p>	The property is currently occupied by Inner Mongolia Chia Tai Co., Ltd. for industrial use.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Inner Mongolia Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

65.2 The fowl-run of Inner Mongolia Chia Tai Co., Ltd. located at 8 km of Huxi Road, Dong Jiu Jiao, Xincheng District, Hohhot City, Inner Mongolia Autonomous Region, the PRC	<p>The property comprises an agricultural complex occupying a parcel of land with a site area of approximately 66,667 sq.m.</p> <p>The agricultural complex comprises 15 blocks of multi storey buildings and completed at the late 90's.</p> <p>The total gross floor area of the buildings is approximately 7,620.35 sq.m.</p> <p>The land use rights of the property have been allocated for a term of 30 years for breeding use.</p>	The property is currently occupied by Inner Mongolia Chia Tai Co., Ltd. for breeding and ancillary uses.	No commercial value
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Inner Mongolia Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

**66. Yinchuan Chia Tai Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
66.1 The industrial complex of Yinchuan Chia Tai Co., Ltd. located at Liziyuan South Road, Xixia District, Yinchuan City, Ningxia Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 26,200 sq.m.</p> <p>The industrial complex comprises 12 blocks of buildings with a total gross floor area of approximately 6,812.26 s.q.m.</p> <p>The property has been leased to Yinchuan Chia Tai Co., Ltd. for a term of 20 years expiring on 31st December 2028.</p>	The property is currently occupied by Yinchuan Chia Tai Co., Ltd. for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Yinchuan Chia Tai Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.



## VALUATION CERTIFICATE

## 67. Yili Chia Tai Livestock Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
67.1 The industrial complex of Yili Chia Tai Livestock Co., Ltd. located at No. 77 Huandong Road, Yining City, Xinjiang Uygur Autonomous Region, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site approximately 19,850.00 sq.m.</p> <p>The industrial complex comprises 13 blocks of buildings and various ancillary structures built in about 1996.</p> <p>The total gross floor area of the property is approximately 3,684.00 sq.m.</p> <p>The property has been leased to Yili Chia Tai Livestock Co., Ltd. for a term of 20 years from 16 August 2002 to 16 August 2022 at an annual rent of RMB128,000.</p>	The property is currently occupied by Yili Chia Tai Livestock Co., Ltd. for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Yili Chia Tai Livestock Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

**68. Chu Zhou Advance Feed Tech Co., Ltd.**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
68.1 The industrial complex of Chu Zhou Advance Feed Tech Co., Ltd. located at No. 82 Ziwei Nan Road, Chuzhou, Anhui Province, the PRC	<p>The property comprises an industrial complex occupying a site area of approximately 12,159.3 sq.m.</p> <p>The industrial complex was built in about 2001.</p> <p>The total gross floor area of the buildings is approximately 1,886.03 sq.m.</p> <p>The land use rights of the land have been allocated for industrial use.</p>	The property is currently occupied by Chu Zhou Advance Feed Tech Co., Ltd. for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Chu Zhou Advance Feed Tech Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of administrative appropriation. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

**69. Liuzhou Advance Feed Tech Co., Ltd.**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
69.1 The industrial complex of Liuzhou Advance Feed Tech Co., Ltd. located at No. 239 Xiangqiao Road, Development Zone, Gu Ting Shan, Liu Zhou, Guangxi Zhuang Autonomous Region, Province, the PRC	<p>The property comprises an industrial complex occupying a site area of approximately 13,086 sq.m.</p> <p>The industrial complex was built in about 2001.</p> <p>The total gross floor area of the buildings is approximately 2,141.75 sq.m.</p> <p>The land use rights of the land have been leased for a term expiring on 28th December 2030 for industrial use.</p>	The property is currently occupied by Liuzhou Advance Feed Tech Co., Ltd. for production and sale of animal feeds.	No commercial value

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Liuzhou Advance Feed Tech Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of lease. In the course of our valuation, we are of the opinion that it has no commercial value.

## VALUATION CERTIFICATE

## 70. Hangzhou Advance Feed Tech Co., Ltd.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
70.1 The industrial complex of Hangzhou Advance Feed Tech Co., Ltd. located at Gongnong Village, Dong Hu Jie Dao, Yu Hang, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises an industrial complex occupying a site area of approximately 12,500.60 sq.m.</p> <p>The industrial complex comprises a total of 2 blocks and various ancillary structures built in about 2003.</p> <p>The total gross floor area of the buildings is approximately 2,116.57 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 16th September 2051 for industrial use.</p>	The property is currently occupied by Hangzhou Advance Feed Tech Co., Ltd. for production and sale of chicken.	RMB5,190,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Hangzhou Advance Feed Tech Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

**VALUATION CERTIFICATE**

**71. Hainan Chia Tai Animal Husbandry Co., Ltd.**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 18th March 2005</b>
71.1 The industrial complex of Hainan Chia Tai Animal Husbandry Co., Ltd. located at Yingbin Main Road, Laocheng Town, Chengmai County, Hainan Province, the PRC	<p>The property comprises an industrial complex occupying a parcel of land with a site area of approximately 66,665.86 sq.m.</p> <p>The industrial complex comprises various blocks of multi-storey buildings and ancillary structures built in about the 1990's.</p> <p>The land use rights of the land have been granted for a term expiring on 13 November 2065 for industrial use.</p>	The property is currently occupied by Hainan Chia Tai Animal Husbandry Co., Ltd. for production and sale of animal feeds.	RMB8,000,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Hainan Chia Tai Animal Husbandry Co., Ltd., being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 72. Wide Master Investment Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
72.1 Apartment M417, M419 and M420 on Level 4 and M615 on Level 6, Jing Bao Garden, No. 183 Andingmen Wei Da Jie, Dongcheng District, Beijing, the PRC	<p>The property comprises 4 apartment units in a high-rise residential building completed in about 1994.</p> <p>The total gross floor area of the property is approximately 593.68 sq.m.</p> <p>The land use rights of the land have been granted for a term expiring on 31 December, 2044 for residential use.</p>	The property is currently occupied by the Group as senior staff quarters.	RMB6,000,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Wide Master Investment Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.

72.2 Units 96# and 26#A-5-1#I, Jin Xiu Hua Yuan, No. 68 Renmin South Road, Wuhou District, Chengdu City, Sichuan Province, the PRC	<p>The property comprises 2 residential units in Jin Xiu Hua Yuan which was built in about 2001.</p> <p>The total gross floor area of the property is approximately 587.30 sq.m.</p>	The property is currently vacant and for domestic use.	RMB2,800,000
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*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Wide Master Investment Limited, being a subsidiary of the Group, is in possession of a proper building ownership certificate and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 73. Hannick Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
73.1 Units 1401, 1402, 1601 and 1902, Jinghua Apartment, No. 24 Jianguomen Wei Da Jie, Chaoyang District, Beijing, the PRC	<p>The property comprises 4 apartment units in a high-rise residential building completed in about 1989.</p> <p>The total gross floor area of the property is approximately 664.30 sq.m..</p>	The property is currently occupied by the Group as senior staff quarters.	RMB9,300,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Hannick Limited, being a subsidiary of the Group is in possession of a proper building ownership certificate and is entitled to transfer the property with the residue term of its land use rights.

## VALUATION CERTIFICATE

## 74. Ek Chor Investment Company Limited

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 18th March 2005
74.1 15 units in Haifu Garden, No. 1363, Dongfang Road, Pudong New District, Shanghai City, the PRC	<p>The property comprises 15 residential units together with 15 car parking spaces in Haifu Garden which is a development complex completed in about 1995 and comprises 4 residential and 2 mixed-use blocks, and a 5-storey retail space with amenity including car parking facility, swimming pool and tennis court etc.</p> <p>The total gross floor areas of the property (excluding the car parking spaces) is approximately 2,403.71 sq.m.</p> <p>The land use rights of the land have been granted for a term from 17th February, 1993 and expiring on 16th February, 2063.</p>	The property is currently vacant and for domestic use.	RMB26,400,000

*Note:*

Pursuant to the opinion of the PRC Legal Adviser, Ek Chor Investment Company Limited, being a subsidiary of the Group, is in possession of a proper legal title to the property by way of grant and is entitled to transfer the property with the residue term of its land use rights.



**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to Worth Access) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those relating to Worth Access) have been arrived at after due and careful consideration and there are no other facts (other than those relating to Worth Access) not contained in this circular the omission of which would make any statement contained herein misleading.

The directors of Worth Access jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their respective knowledge, opinions expressed in this circular (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Group) not contained in this circular, the omission of which would make any statement in this circular misleading.

**SHARE CAPITAL**

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:–

<i>Authorised capital:</i>	<i>US\$</i>
<u>3,000,000,000</u> shares of US\$0.05 each	<u>150,000,000</u>
<i>Issued capital:</i>	
<u>2,158,480,786</u> shares of US\$0.05 each	<u>107,924,039.30</u>

All issued Shares rank pari passu with each other in terms of capital, dividend and voting. Since 31st December, 2003 and up to the Latest Practicable Date, no Shares have been issued by the Company.

Save for Share Options to subscribe for Shares in the Company, as at the Latest Practicable Date, the Company had no convertible securities, options, derivatives or warrants outstanding and had not entered into any agreement for the issue of any convertible securities, options, derivatives or warrants of the Company.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS  
IN SHARES, UNDERLYING SHARES OR DEBENTURES**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he is taken or deemed to have under such provisions of the SFO), recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

**(i) Long position in shares or underlying shares of the Company**

Name of Directors	Capacity/Nature of Interest		Total number of Shares in the Company	Approximate percentage of issued share capital of the Company
	Beneficial Owner	Interest of Controlled Corporations		
Mr. Jaran Chiaravanont	843,750	-	843,750	0.04
Mr. Sumet Jiaravanon	1,004,014,695	-	1,004,014,695	46.51

**Long position in shares of an associated corporation**

Name of Director	Name of associated corporation in which notifiable interest is held	Number of Shares held
Mr. Thanakorn Seriburi	Chia Tai Quanzhou Company Limited	20,000

**(ii) Directors' interests in share options granted by the Company**

Pursuant to the old share option scheme (the "Old Scheme") adopted on 10th April, 1992 which expired on 10th April, 2002 and the existing share option scheme (the "Existing Scheme") adopted by the Company on 26th November, 2002, certain Directors were granted share options. As at the Latest Practicable Date, the interests of the Directors of the Company in options to subscribe for shares in the capital of the Company under the Old Scheme and the Existing Scheme were as follows:

<b>Name of Directors</b>	<b>Date of Grant</b>	<b>Number of shares issuable upon exercise of options held as at Latest Practicable Date</b>	<b>Price per share to be paid on exercise of options (HK\$)</b>
Mr. Dhanin Chearavanont	26th February, 2003	12,800,000	0.39
	3rd May, 2004	12,800,000	0.39
Mr. Sumet Jiaravanon	26th February, 2003	12,800,000	0.39
	3rd May, 2004	12,800,000	0.39
Mr. Prasert Poongkumarn	26th February, 2003	21,584,807	0.39
	3rd May, 2004	20,000,000	0.39
Mr. Min Tieworn	26th February, 2003	21,584,807	0.39
	3rd May, 2004	20,000,000	0.39
Mr. Thirayut Phitya-Isarakul	10th August, 1998	25,000,000	0.3875
	26th February, 2003	21,584,807	0.39
	3rd May, 2004	20,000,000	0.39
Mr. Thanakorn Seriburi	10th August, 1998	17,500,000	0.3875
	26th February, 2003	21,584,807	0.39
	3rd May, 2004	20,000,000	0.39
Mr. Veeravat Kanchanadul	26th February, 2003	21,584,807	0.39
	3rd May, 2004	20,000,000	0.39

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he is taken or deemed to have under such provisions of the SFO), recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

**SHAREHOLDERS****(A) Interests in the Company**

Save as disclosed in the section headed “Directors’ and chief executive’s interests and short positions in shares, underlying shares or debentures” above, as at the Latest Practicable Date, no other Directors have interest in the shareholdings of the Company, save for the Directors’ shareholding interests hold through CPI as detailed in the shareholding structure of the Company set out on page 19 of this circular, the only Director holding voting rights is Mr. Jaran Chiaravanont (843,750 Shares as at the Latest Practicable Date). Given that he is part of the same concert group as Worth Access, he will abstain from voting at the Special General Meeting in respect of his shareholdings in the Company.

As at the Latest Practicable Date:

- (i) no subsidiaries of the Company, or any pension fund of the Group, owned or controlled any securities in the Company;
- (ii) no adviser to the Company as specified in class (2) of the definition of associates in the Takeover Code had any interests in any securities of the Company.
- (iii) there were no such irrevocable commitments referred to in paragraph 4 (iv) of Schedule I to the Takeovers Code.
- (iv) no person had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of the “associate” under the Takeovers Code; and
- (v) there is no shareholding in the Company which is managed on a discretionary basis by fund managers connected with the Company;

As at the Latest Practicable Date:

- (i) Worth Access together with the parties acting in concert with it collectively hold 1,067,506,584 Shares, representing approximately 49.46% of the issued share capital of the Company;
- (ii) the directors of Worth Access were not interested in any securities in the Company;
- (iii) save as disclosed in (i), no person acting in concert with Worth Access owned or controlled any securities in the Company; and
- (iv) no person had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with Worth Access or any person acting in concert with it.

**(B) Interests in Worth Access**

As at the Latest Practicable Date, save for the shareholding interests held by the executive Directors as detailed in the shareholding structure of Worth Access set out on page 18 of this circular, neither the Company nor any Directors had any interest in the securities of Worth Access.

**DEALINGS****(A) Company**

During the period commencing on the date falling six months prior to the date of the Announcement and ended on the Latest Practicable Date (the “Relevant Period”), save for a series of transfers (the “Transfers”) to CPI from parties acting in concert with CPI, namely Charoen Pokphand Overseas Investment Company Limited, Chia Tai International Investment Company Limited and Pakeman Co., Inc. of 862,249 Shares, 1,463,640 Shares and 60,322,250 Shares respectively at the consideration of approximately HK\$0.19 per Share in December 2004 (The Executive confirmed that the Transfers would not be regarded as disqualifying transactions under Schedule VI to the Takeovers Code):

- (i) Worth Access did not deal for value in any securities of the Company;
- (ii) None of the Directors dealt for value in any securities of the Company during the Relevant Period;
- (iii) the directors of Worth Access did not deal for value in the securities of the Company;
- (iv) no person acting in concert with Worth Access had dealt for value in the securities of the Company.

**(B) Worth Access**

During the Relevant Period:

- (i) the Company has not dealt for value in the securities of Worth Access; and
- (ii) the Directors have not dealt for value in the securities of Worth Access.

**SERVICE CONTRACTS**

None of the Directors has entered into any service contracts with the Company or any of its subsidiaries or associated companies in force which (i) have more than 12 months to run and (ii) have been entered into or amended within 6 months before the date of the Announcement. No benefit (other than statutory compensation) has been or will be given to any Director as compensation for loss of office in any member of the Group or otherwise in connection with the Subscription and the Whitewash Waiver.

**PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had the following interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

<b>Name</b>	<b>Capacity/ Nature of Interest</b>	<i>Notes</i>	<b>Number of shares of the Company</b> <i>Note 1</i>	<b>Approximate percentage of issued share capital</b>
Krung Thai Bank Public Company Limited	Person having a security interest in shares	2	1,004,014,695 (L)	46.51
CPI Holding Co., Ltd.	Beneficial owner	3	1,066,662,834 (L) 1,004,014,695 (S)	49.42 46.51
C.P. Intertrade Co., Ltd.	Interest of a controlled corporation	3	1,066,662,834 (L) 1,004,014,695 (S)	49.42 46.51
Worth Access Trading Limited	Beneficial owner	4	1,309,190,000 (L)	37.75
Charoen Pokphand Group Company Limited	Interest of a controlled corporation	4	1,309,190,000 (L)	37.75
Charoen Pokphand Holding Company Limited	Interest of a controlled corporation	4	1,309,190,000 (L)	37.75

*Notes:*

1. The letter "L" denotes a long position whilst the letter "S" denotes a short position.
2. 1,004,014,695 shares were held by Krung Thai Bank Public Company Limited as security.
3. CPI Holding Co., Ltd. beneficially owned 1,066,662,834 shares. It also has a short position in 1,004,014,695 shares. C.P. Intertrade Co., Ltd. has declared an interest in these shares by virtue of its shareholding in CPI Holding Co., Ltd.
4. Worth Access Trading Limited has a long position in 1,309,190,000 shares. Charoen Pokphand Holding Company Limited has declared an interest in these same 1,309,190,000 shares by virtue of its shareholding in Worth Access Trading Limited whilst Charoen Pokphand Group Company Limited also declared an interest in such number of shares by virtue of its shareholding in Charoen Pokphand Holding Company Limited.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person (not being a Director or chief executive of the Company) had an interest or a short position in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### **COMPETING INTERESTS**

As at the Latest Practicable Date, the Directors were not aware that any of the Directors has interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which falls to be disclosed under the Listing Rules.

### **MATERIAL CONTRACT**

The following contract (not being contracts entered into in the ordinary course of business) has been entered into by the Company within the two years immediately preceding the date of the Announcement up to the Latest Practicable Date which is or may be material:

- \* the Subscription Agreement.

### **LITIGATION**

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the directors of the Company to be pending or threatened by or against the Company or any of its subsidiaries.

**MARKET PRICES**

The table below show the closing prices on the Stock Exchange of the Shares (i) at the end of each of the 6 calendar months preceding the date of the Announcement (ii) on the last trading day immediately preceding the date of the Announcement and (iii) on the Latest Practicable Date:

<b>Date</b>	<b>Closing Price</b> <i>(HK\$)</i>
(i) 30th September, 2004	0.144
29th October, 2004	0.168
30th November, 2004	0.225
31st December, 2004	0.239
31st January, 2005	0.420
24th February, 2005	0.410
(ii) 24th February, 2005	0.410
(iii) 24th March, 2005	0.385

The highest and lowest closing prices of the Shares as recorded on the Stock Exchange during the Relevant Period were respectively HK\$0.430 on 17th March, 2005 and HK\$0.144 on 30th September, 2004 respectively.

**CONSENTS**

Each of Kingsway, B.I. Appraisals and Castores has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and the references to its name included herein in the form and context in which they are respectively included.

**MISCELLANEOUS**

- (a) As at the Latest Practicable Date, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Subscription and/or the Whitewash Waiver or otherwise connected therewith.
- (b) As at the Latest Practicable Date, no agreement, arrangement or understanding (including any compensation arrangement) existed between Worth Access or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders of the Company having any connection with or dependence upon the Subscription and/or the Whitewash Waiver.



**GENERAL**

- (a) No existing or proposed service contracts have been entered into between any of the Directors and the Proposed Directors and any member of the Group, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).
- (b) No Director is materially interested in any contract or arrangement subsisting at the date hereof which is significant to the business of the Group taken as a whole.
- (c) Save for (i) certain Directors (being Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Dhanin Chearavanont, Mr. Sumet Jiaravanon, Mr. Prasert Poongkumarn, Mr. Min Tieworn, and Mr. Thirayut Phitya-Isarakul) who had indirect interests in the parent company of C.P. Aquaculture (Hainan) Co., Ltd. to which the Group in August 2003 leased certain production facilities located in Hainan Province, the PRC for a term of five years (being the subject of an announcement issued by the Company on 12th August, 2003); and (ii) an executive Director's interests in the disposals of shares in companies listed on the Jakarta Stock Exchange (being the subject of an announcement issued by the Company on 26th March, 2004), since 31st December, 2003, the date to which the latest published audited consolidated accounts of the Group have been made up, none of Kingsway, B.I. Appraisals and Castores or any of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to, any member of the Group.
- (d) As at the Latest Practicable Date, each of Kingsway, B.I. Appraisals and Castores was not interested beneficially or non-beneficially in any shares in the Company or any of its subsidiaries or any rights or option to subscribe for or nominate persons to subscribe for any shares in the Company or any of its subsidiaries.
- (e) The secretary of the Company is Ms. Choi Yi Mei. She is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries.
- (f) The qualified accountant of the Group is Mr. Cheung Shek Lun, who is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (g) The branch share registrars of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (h) The English text of this circular shall prevail over the Chinese text.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the principal place of business in Hong Kong of the Company at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong up to and including 21st April, 2005:

- (1) the memorandum of association and Bye-laws of the Company;

- (2) the memorandum of association and articles of association of Worth Access;
- (3) the annual reports of the Company for each of the two years ended 31st December, 2003;
- (4) the interim report of the Company for the six months ended 30th June, 2004;
- (5) the letter from Kingsway;
- (6) the letter from the Independent Board Committee;
- (7) the property valuation report and certificates by B.I. Appraisals, the text of which is set out in appendix III to this circular;
- (8) the property valuation report and certificates by Castores, the text of which is set out in appendix III to this circular;
- (9) the material contract referred to in the paragraph headed “Material Contract” in this appendix; and
- (10) the written consents referred to in paragraph headed “Consents” in this appendix.

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## NOTICE OF SPECIAL GENERAL MEETING

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# C.P. POKPHAND CO. LTD.

*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 43)

**NOTICE IS HEREBY GIVEN** that a special general meeting of C.P. Pokphand Co. Ltd. (the “Company”) will be held at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong on 21st April, 2005 at 9:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions of which the resolution numbered (1) will be proposed as a special resolution and the resolutions numbered (2) to (5) will be proposed as ordinary resolutions:

### **SPECIAL RESOLUTION**

(1) **“THAT:–**

- (A) with effect from 9:30 a.m. (Hong Kong time) on the Business Day (as defined below) following the day on which this resolution is duly passed (the “Effective Date”) and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares of US\$0.01 each in the capital of the Company to be issued upon the Capital Reorganisation (as defined below) becoming unconditional and effective:
- (a) the paid-up capital and nominal value of each of the issued shares of US\$0.05 each (“Share”) be reduced from US\$0.05 to US\$0.01 by cancelling paid-up capital to the extent of US\$0.04 on each issued Share so that each issued Share in the capital of the Company shall be treated as one fully paid-up share of US\$0.01 each in the capital of the Company (the “Capital Reduction”);
  - (b) subject to and forthwith upon the Capital Reduction taking effect, the credit arising from the Capital Reduction be applied to the contributed surplus account of the Company, where it may be utilised in accordance with the Bye-laws of the Company and all applicable laws, including to eliminate the accumulated losses of the Company;
  - (c) subject to and forthwith upon the Capital Reduction becoming effective, all the authorised but unissued Shares be cancelled and forthwith upon such cancellation, the authorised share capital of the Company be immediately increased to its original level of US\$150,000,000 by the creation of the requisite number of shares of US\$0.01 each in the capital of the Company (the foregoing, including the Capital Reduction, collectively the “Capital Reorganisation”);

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## NOTICE OF SPECIAL GENERAL MEETING

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- (d) the directors of the Company be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate to effect and implement any of the foregoing; and
  - (e) for the purpose of this resolution, “Business Day” means a day (other than a Saturday) on which banks in Hong Kong are generally open for business; and
- (B) the existing Bye-law 3(A) of the Bye-laws of the Company be deleted in its entirety and the existing Bye-laws 3(B) and 3(C) be renumbered as Bye-laws 3(A) and 3(B) respectively.”

### ORDINARY RESOLUTIONS

- (2) “**THAT**, conditional upon the resolution set out as resolution numbered (1) in the notice convening this meeting being passed:
- (a) the subscription agreement (the “Subscription Agreement”) entered into between the Company and Worth Access Trading Limited (“Worth Access”) dated 2nd March, 2005 in relation to the subscription by Worth Access of 731,250,000 new shares (each a “Subscription Share”) of US\$0.01 each (each a “Share”) in the capital of the Company with warrants (the “Warrants”) entitling the holder(s) of the Warrants to subscribe for up to 577,940,000 Shares (the “Warrant Exercise Shares”), a copy of which has been produced to this meeting and marked “A” and initialled by the chairman of this meeting for the purpose of identification, and the transactions contemplated thereby, be and are hereby approved, confirmed and ratified;
  - (b) the allotment and issue of the Subscription Shares and the Warrants to Worth Access pursuant to the terms of the Subscription Agreement and the related transactions contemplated thereby be and are hereby approved; and
  - (c) any one or more directors of the Company be and are hereby authorised to allot and issue the Subscription Shares, the Warrants and (if applicable) the Warrant Exercise Shares in accordance with the terms of the Subscription Agreement and to do all such acts and things as they consider necessary or expedient for the purpose of giving effect to the Subscription Agreement and completing the transactions contemplated thereby.”
- (3) “**THAT** conditional upon the resolutions set out as resolutions numbered (1) and (2) in the notice convening this meeting being passed, the waiver granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission to Worth Access Trading Limited and any party acting in concert with it pursuant to Note 1 of the Notes on Dispensations from Rule 26 of the Code on Takeovers and Mergers of Hong Kong from an obligation to make a general offer for all the shares and outstanding share options not already owned by them as a result of the subscription of 731,250,000 shares of the Company pursuant to the Subscription Agreement (as defined in the resolution set out as resolution numbered (2) in the notice convening this meeting) be and is hereby approved.”

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## NOTICE OF SPECIAL GENERAL MEETING

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- (4) “**THAT**, subject to the Capital Reorganisation (as defined in the resolution set out as resolution numbered (1) in the notice convening this meeting) becoming effective:
- (a) the general mandate granted to the directors of the Company (the “Directors”) to exercise the powers of the Company to allot, issue and otherwise deal with the shares in the capital of the Company as approved by the shareholders of the Company at the annual general meeting held on 18th June, 2004, to the extent not already exercised, be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
  - (b) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
  - (c) the approval in paragraph (b) of this resolution shall authorise the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period (as defined below);
  - (d) the aggregate nominal amount of the shares in the capital of the Company 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 (b) of this resolution otherwise than pursuant to (i) a rights issue (as defined below); or (ii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, or (iii) the exercise of rights of conversion or subscription under the terms of any securities which are convertible into shares of the Company or the share option scheme or similar arrangement of the Company for the time being adopted for the grant or issue to persons selected by the Directors, including directors and/or employees of the Company and/or any of its subsidiaries, of shares or rights to acquire shares of the Company, shall not exceed the aggregate of: (aa) 20% of the aggregate nominal amount of the issued share capital of the Company in issue immediately following the Capital Reorganisation (as defined in the resolution set out as resolution numbered (1) in the notice convening this meeting) becoming effective and (bb) if the Directors are so authorised by a separate resolution of the shareholders of the Company to purchase issued shares in the capital of the Company, the nominal amount of share capital of the Company purchased by the Company subsequent to the passing of this resolution up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following the Capital Reorganisation (as so defined) becoming effective and the said approval shall be limited accordingly; and

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## NOTICE OF SPECIAL GENERAL MEETING

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(e) 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 Bermuda law or the Company’s Bye-laws to be held; and
- (iii) the revocation or variation of the approval given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“rights issue” means an offer of share in the capital of the Company open for a period fixed by the Directors to holders of shares on the register of members 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, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong).”

(5) “**THAT**, subject to the Capital Reorganisation (as defined in the resolution set out as resolution numbered (1) in the notice convening this meeting) becoming effective:

- (a) the general mandate granted to the directors of the Company (the “Directors”) to exercise the powers of the Company to purchase shares in the capital of the Company as approved by the shareholders of the Company at the annual general meeting held on 18th June, 2004 to the extent not already exercised, be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
- (b) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase shares in the capital of the Company be and is hereby generally and unconditionally approved;
- (c) the aggregate nominal amount of the shares in the capital of the Company which the Company is authorised to purchase pursuant to the approval in paragraph (b) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following the Capital Reorganisation (as defined in the resolution set out as resolution numbered (1) in the notice convening this meeting) becoming effective, and the said approval shall be limited accordingly; and

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## NOTICE OF SPECIAL GENERAL MEETING

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(d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this ordinary 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 Bermuda law or the Company's Bye-laws to be held; and
- (iii) the revocation or variation of the approval given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

By order of the Board  
**Choi Yi Mei**  
Company Secretary

Hong Kong, 29th March, 2005

Notes:–

1. A form of proxy for use at the meeting is being despatched to the shareholders of the Company together with a copy of this notice.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized to sign the same.
3. Any shareholder entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's Registrar in Hong Kong at Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Completion and deposit of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
7. Pursuant to the existing Bye-law 59 of the Company's Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded (i) by the chairman of the meeting; or (ii) by at least three shareholders of the Company present in person or by proxy and entitled to vote; or (iii) by any shareholder or shareholders of the Company present in person or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all shareholders of the Company having the right to attend and vote at the meeting; or (iv) by a shareholder or shareholders of the Company present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.