

CHAIRMAN'S STATEMENT



Zhou Mingchen, Chairman

I am pleased to present the annual results of COFCO International Limited (“the Company” or “COFCO International”) and its subsidiaries (together, the “Group”) for the year ended 31 December 2002.

Chairman's Statement

RESULTS

Consolidated turnover of the Group for the year ended 31 December 2002 was HK\$11,110,532,000, representing an increase of 79% over 2001. Profit attributable to shareholders amounted to HK\$405,603,000, representing an increase of 92% compared to 2001. Basic earnings per share for the year under review was 25.8 HK cents, compared to 17.5 HK cents per share last year.

DIVIDENDS

The Directors recommend the payment of a final dividend of 6 HK cents per share for the year ended 31 December 2002. Together with the interim dividend of 3 HK cents per share already paid during the year, the aggregate dividend for 2002 will be 9 HK cents per share. The aggregate dividend for 2001 was 9 HK cents per share. Subject to shareholders' approval at the Annual General Meeting to be held on 16 May 2003, the recommended final dividend will be paid on 30 May 2003 to shareholders of the Company whose names appear on the Register of Members of the Company on 16 May 2003.

BUSINESS REVIEW

The Group has five established food-related core businesses: edible oils, soyabean meal and related products; wineries; confectionery; trading; and flour milling. The Group is the only listed company within China National Cereals, Oils & Foodstuffs Import & Export Corporation engaged in the foodstuffs business.

The Group is the largest edible oils and fats, and soyabean meal manufacturer in China and its market share continues to increase.

For the year ended 31 December 2002, the Group held 50%, 100% and 60% interests in China Great Wall Wine Co., Ltd., Huaxia Winery Co., Ltd. and Yantai COFCO Winery Co., Ltd., respectively. During the year, with the increase in demand for wines and lower duties for the import of bulk wine on the Mainland, the "Great Wall" winery grew by 20% supported by the Group's improvement in production management and cost control. Profitability of the winery remained high. To cope with the expected severe competition within the wine market following China's accession to the World Trade Organization ("WTO"), the Group acquired the remaining 50% of China Great Wall Wine Co., Ltd. on 19 March 2003, making the company a wholly owned subsidiary. It was certainly an important step for the Group's consolidation in its "Great Wall" wine business. This strategic consolidation is expected to provide strong momentum for the Group's future growth.

As for the trading business, the Group recorded a turnover of HK\$3,043,793,000 during the year under review with earnings increasing significantly. Supported by extensive experience in foodstuffs trading, well-established international trading networks and diversified businesses, the Group's two subsidiaries, China Foods Trading Limited and COFCO International (Beijing) Ltd. generated considerable profit.

Chairman's Statement

During the year, the Group produced and distributed chocolate products through its 86% interest in Shenzhen Le Conte Foodstuff Co., Ltd.. The Group launched new chocolate products during the second half of the year, enabling penetration into different market segments and helping to maintain strong growth in its confectionery business.

Notwithstanding the rises in raw materials and the production cost of flour, as well as the decline in selling prices, overall gross profit margins were comparable to the preceding year due to implementing effective cost-control measures, enhancing management and monitoring product quality. Overall profits of the flour-milling business increased significantly over the previous year.

PROSPECTS

China's accession to the WTO has created tremendous business opportunities for the Group. Food has always played an important part in Chinese culture and tradition. As the economy continues to develop, the living standard will improve and the demand for premium, better quality food products will increase accordingly. The Group has undertaken its "Brand Re-engineering Project" to cater for this anticipated demand through its range of branded premium products. Management believes that, based on our many strengths, the Group will become the largest food and related-products enterprise in Asia Pacific, with an extensive choice of branded premium goods. I would like to take this opportunity to express my appreciation to the shareholders for their support and to our staff for their hard work over the year.

Zhou Mingchen

Chairman

Beijing, 7 April 2003