



The Group supplemented its traditional range of “Fortune” brand of consumer-pack oil products by introducing the new high-end “Vitoil” brand of edible oil products.



Chairman's Statement



I am pleased to present the annual results of COFCO International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2004.

Results

For the year ended 31 December 2004, the Group's consolidated turnover was HK\$16,792,623,000, representing an increase of 23% over the corresponding period of the previous year. Profit attributable to shareholders amounted to HK\$300,702,000, a 27% decrease over 2003. During the year, earnings per share were 17.1 HK cents, compared with 25.3 HK cents (restated) in the previous year.

Dividend

The directors recommend a final dividend of 3.74 HK cents per share for the year ended 31 December 2004. Together with the interim dividend of 2.76 HK cents per share already paid during the year, the aggregate dividend for 2004 would be 6.5 HK cents per share. The aggregate dividend for 2003 was 9.5 HK cents per share. Subject to shareholders' approval at the Annual General Meeting to be held on 9 May 2005, the proposed final dividend will be paid on 18 May 2005 to shareholders whose names appear on the Register of Members of the Company on 9 May 2005.

Business Review and Prospects

The Company is the only listed flagship of China National Cereals, Oils & Foodstuffs Corporation ("COFCO"), a leading player in the foodstuffs industry in China. The soaring price of soya bean and other raw materials in the first half of 2004 brought great challenges to the Company and had serious negative impact on the overall performance of the Company. However, our distinctive market position, extensive sales network, strong brand name and effective management allowed us to seize the market opportunity and harvest great achievements in the second half of

2004. The spotlight can be focused on our edible oil business which began to earn profit and successfully increased the sales proportion of more lucrative consumer-pack oils in the second half of the year. It is encouraging to see that our winery, confectionery and flour milling business recorded double-digit growth in sales.

The Company aspires to be the market leader in branded consumer foodstuffs industry in China. Thus, the Company will stick to its strategy of brand development and continue to promote such nationwide renowned brand names as "Fortune" and "Vitoil" brands of consumer-pack oils, "Great Wall" brand of wines and "Le Conte" brand of chocolate and nurture customer loyalty to these brands. The Company will continue to proactively adjust the product mixes of edible oils, wines and chocolate, invest more on technological research and development, and turn the various business units in the Group into engines for higher profit margins.

The edible oils, wines and chocolate market in mainland China has tremendous potential as the economy keeps growing and consumers are eager to improve their standards of living and are willing to spend more for branded foodstuffs; at the same time, competition in the market will be more fierce. I will apply my experience with China Resources Enterprise Limited to maintain continuous growth of the Company on the basis of a practical yet ambitious strategy, with the ultimate goal of turning the Company into a leader in the foodstuffs industry with a distinctive market position and diversified strong brands.

On behalf of all directors, I would like to take this opportunity to express our gratitude to our former chairman, Mr. Zhou Mingchen, for his valuable contribution to the Group. Mr. Zhou has set a solid foundation for COFCO and the Company, and I will continue energetically to develop the business of the Company, to achieve sustainable results and generate profitable return for shareholders.

We also warmly welcome two new members to the board, independent non-executive directors Mr. Stephen Edward Clark and Mr. Tan Man Kou. We believe they will provide a new propelling force to the growth of the Company with their rich experience in capital market, accounting, corporate management and public service.

Last but not least, I would like to thank each shareholder for his/her continuous support and offer my heartfelt gratitude to all staff members for their hard work over the year!

Ning Gaoning
Chairman

Hong Kong, 6 April 2005