



RESULTS

The Group continued to face challenging market conditions in the wake of the global economic downturn. Consolidated turnover was US\$1,449.5 million (2000: US\$1,418.9 million). Consolidated operating profit was US\$57.3 million (2000: US\$16.3 million). Loss after tax for the year was US\$1.4 million (2000: US\$46.6 million). Net loss attributable to shareholders was US\$10.3 million (2000: US\$51.2 million).

DIVIDENDS

The Directors do not recommend a final dividend for the year ended 31st December, 2001 (2000: nil).

RESTRUCTURING

The Company entered into the formal Group Restructuring Agreement (the "Agreement") with its bank creditors on 28th February, 2001. Subsequently, an amended reduction schedule for the scheme indebtedness and an extension of the period of restructuring for twelve months to 31st December, 2003 have been agreed with the creditors and the First Amendment Agreement to the Agreement has been signed on 5th December, 2001. The Company has made three distributions amounting to a total of US\$216.8 million to the creditors during the year. The closing date of the Group restructuring will occur on 28th March, 2002.

As a result of the successful conclusion of the Agreement, the Group's borrowings, including bank loans and floating rate notes, have been classified in the financial statements in accordance with the revised terms specified in the restructuring documents as at 31st December, 2001 and the audited financial statements have been prepared on a going concern basis.

Your attention is also drawn to the Report of the Auditors on pages 36 and 37 and note 1 to the financial statements on pages 45 to 47 which highlight the Group's measures to generate additional working capital for the purpose of reducing its indebtedness.

TURNOVER

Consolidated turnover was US\$1,449.5 million (2000: US\$1,418.9 million). Only the turnover of the Company and its subsidiaries is shown in the financial highlights section on page 3, thus excluding the turnover of all of our PRC jointly controlled entities and associates, which are major business entities in their own right. On the other hand, the table on page 11 which shows the "Total and Attributable Turnover Under Management" of the Company represents the turnover of the Group's business whether as subsidiaries, jointly controlled entities or associates. As the table illustrates, our agri-business in the PRC continues to be the dominant part of the Group's activities.



Chairman's Review (continued)

DIVISIONAL PERFORMANCE

AGRI-BUSINESS

PRC – CT AGRO AND CT INVESTMENT

During the year under review, Chia Tai (China) Agro-Industrial Ltd. ("CT Agro") and Chia Tai (China) Investment Co., Ltd. ("CT Investment"), the two wholly-owned subsidiaries which run our agri-business operations in the PRC, saw a 4.3% increase in turnover.

Turnover on a consolidated basis was US\$1,346.5 million (2000: US\$1,271.6 million). Together with the turnover of the jointly controlled entities and associates, turnover under management was US\$2,543.6 million (2000: US\$2,281.2 million). Unit sales of our two main products, complete feed and day-old chicks were 5.5 million tonnes (2000: 5.4 million tonnes) and 436.4 million units (2000: 416.1 million units), increases of 1.9% and 4.9% respectively.

The total consolidated profit attributable to shareholders of CT Agro and CT Investment during the year was US\$4.5 million (2000: loss of US\$25.8 million).

Our operating results have been materially affected by a number of adverse factors. The Avian flu in Hong Kong during the year together with the import ban on Chinese poultry products imposed by Korea and Japan in June 2001 had affected our sales of day-old chicks and chicken meat in the domestic and export markets. Although the ban was released in August 2001, the PRC government has imposed strict controls over the exportation such that we have to divert most of our chicken meat products to the domestic market and faced severe competition with the local producers. Moreover, the epidemic disease of swine in some areas and the drastic increase in cost of major raw materials also affected our growth in the sales of feeds and the gross profit contribution.

The Group will continue to focus on value-added meat processing products. We will also explore the potential markets in Europe and develop in the domestic aqua feed market.

During the year, the Group disposed of 40,326,024 shares of Shanghai Dajiang (Group) Stock Co., Ltd. at an average price of US\$0.73 per share, and recorded a gain of US\$26.0 million.

The performance of our PRC agri-business ventures is presented on pages 14 to 17.



TURKEY

Our Turkish operation still sustained a loss in 2001. Loss after tax of this division was US\$3.9 million (2000: US\$4.2 million). As there is a tendency to tighten the control of environmental protection in Western Europe, part of the poultry production has recently been shifted to Eastern Europe and the Middle East. Thus, our Turkish operation is expected to benefit in the near future.

THAILAND

During the year under review, the Group received a dividend of US\$1.7 million (2000: US\$15.7 million) from its investment in Charoen Pokphand Foods Public Company Limited ("CPF") and has disposed of its entire shareholding in CPF, resulting in a gain of disposal of US\$4.6 million (2000: nil).

INDONESIA

The Group maintains a 19.75% interest in P.T. Surya Hidup Satwa and a 14.17% interest in P.T. Central Proteinaprima, both of which are expected to be sold in the open market in 2002. Due to a change of requirement in International Accounting Standards, the Group has restated the fair value of the Indonesian investments to US\$6.4 million.

INDUSTRIAL BUSINESS

PRC – EK CHOR CHINA

During the year under review, the motorcycle business of Ek Chor China Motorcycle Co. Ltd. ("Ek Chor China"), our 68.20%-owned New York-listed subsidiary, continued to face difficult business conditions. However, the operating results of our parts manufacturing ventures were satisfactory taking into consideration the competitive market environment. Net income for Ek Chor China was RMB38.3 million (US\$4.6 million) (2000: RMB28.0 million/US\$3.4 million). Basic earnings per share was RMB2.19 (US\$0.26) (2000: RMB1.60/US\$0.19).

Luoyang Northern Ek Chor Motorcycle Company Limited reported a net loss of RMB25.0 million (US\$3.0 million) for the year under review (2000: net income of RMB0.7 million/US\$0.1 million).

Shanghai-Ek Chor General Machinery Co., Ltd. reported a net income of RMB133.4 million (US\$16.1 million) during the year, an increase of 26.6% from 2000 (2000: RMB105.4 million/US\$12.7 million).



Chairman's Review (continued)

Zhan Jiang Deni Carburetor Co. Ltd. reported a net income of RMB25.8 million (US\$3.1 million) during the year (2000: RMB26.9 million/US\$3.2 million).

ECI Metro Investment Co., Ltd. ("ECI Metro"), the 50%-owned venture in the dealership business of Caterpillar products, reported a net income of RMB1.8 million (US\$0.2 million) (2000: RMB7.3 million/US\$0.9 million) during the year. Strong competition in the second half of the year led to a drop in sales. In January, 2002, ECI Metro was awarded with four additional provinces by Caterpillar in its dealership territory.

Summarised financial information of Ek Chor China is presented on pages 18 to 21.

OUTLOOK

With the recent entry to the World Trade Organization ("WTO") by the PRC, certain laws and regulations will be under review in order to satisfy the requirement of the WTO. At the moment, the impact is yet to be anticipated, but we expect the impact to our feed business would be neutral. The Group will closely monitor the development of market conditions and formulate strategic plans to cope with the challenges ahead.

Sumet Jiaravanon

Chairman

Hong Kong

27th March, 2002