



FINANCIAL REVIEW

THE COMPANY

TOTAL AND ATTRIBUTABLE TURNOVER UNDER MANAGEMENT

The following table summarises the total and attributable turnover under the Company's management. This table includes 100% of the turnover of all of the business we have invested in, whether as subsidiaries, jointly controlled entities or associates, and is designed to give you a better picture of the range and size of our activities.

	Total		Group Ownership %	Attributable	
	US\$ million	%		US\$ million	%
PRC agri-business	2,132.9	77.3	25-100	1,624.5	80.8
Turkey agri-business	209.7	7.6	85	178.2	8.9
PRC industrial business	416.4	15.1	28-55	207.6	10.3
	<u>2,759.0</u>	<u>100.0</u>		<u>2,010.3</u>	<u>100.0</u>

ANALYSIS OF TURNOVER AND NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS BY PRINCIPAL ACTIVITY AND GEOGRAPHICAL LOCATION OF OPERATIONS

	Turnover		Net Profit/(Loss)	
	2003 US\$'000	2002 US\$'000	2003 US\$'000	2002 US\$'000
By activity:				
Feedmill and poultry operations	1,657,310	1,542,090	(41,544)	106,215
Industrial operations	–	–	6,224	4,369
Property holding	36	106	(902)	(3,429)
Investment holding*	–	–	(26,536)	(14,553)
	<u>1,657,346</u>	<u>1,542,196</u>	<u>(62,758)</u>	<u>92,602</u>
By geographical location:				
PRC:				
Hong Kong	36	106	(11,793)	(17,982)
Mainland	1,447,618	1,415,510	(45,223)	100,694
	<u>1,447,654</u>	<u>1,415,616</u>	<u>(57,016)</u>	<u>82,712</u>
Turkey	209,692	126,580	(8,509)	8,019
Indonesia	–	–	2,767	1,292
Thailand	–	–	–	579
	<u>1,657,346</u>	<u>1,542,196</u>	<u>(62,758)</u>	<u>92,602</u>

* including Hong Kong headquarters' general expenses



FINANCIAL REVIEW (CONTINUED)

BALANCE SHEET

GEOGRAPHICAL BREAKDOWN OF TOTAL ASSETS

	2003		2002	
	US\$ million	%	US\$ million	%
PRC				
Hong Kong	46.7	4.6	21.2	1.9
Mainland	964.9	94.5	1,031.3	93.0
	1,011.6	99.1	1,052.5	94.9
Turkey	–	–	48.9	4.4
Indonesia	9.2	0.9	7.7	0.7
	1,020.8	100.0	1,109.1	100.0

KEY RATIOS

	2003	2002
	%	%
Debt to equity ratio*	417	283
Long term debt to equity ratio	109	74
Working capital ratio	55	58
Quick ratio	31	34
Net asset value per share	US cents 4.65	US cents 7.02

* Debt to equity ratio = Total debt/Net asset value



FINANCIAL REVIEW (CONTINUED)

JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

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

	PRC		Total US\$'000
	Agri- business US\$'000	Industrial business US\$'000	
Balance Sheet Data:			
Fixed assets	196,817	71,460	268,277
Long term investments	6,791	14,444	21,235
Long term receivables and other assets	1,704	1,360	3,064
Current assets	272,816	174,113	446,929
Creditors: Amounts falling due within one year	(379,046)	(130,883)	(509,929)
Net current assets/(liabilities)	(106,230)	43,230	(63,000)
Creditors: Amounts falling due after one year	(9,552)	(18,947)	(28,499)
	89,530	111,547	201,077
Shareholders' funds	89,530	109,968	199,498
Minority interests	–	1,579	1,579
	89,530	111,547	201,077
Profit and Loss Account Data:			
Turnover	540,604	416,431	957,035
Profit/(Loss) before tax	(32,929)	33,819	890
Tax	(494)	(7,134)	(7,628)
Profit/(Loss) after tax	(33,423)	26,685	(6,738)
Minority interests' share of losses/(profits)	224	(299)	(75)
Profit/(Loss) attributable to shareholders	(33,199)	26,386	(6,813)
Group's proportionate share of profits and losses after tax for the year	(12,284)	12,316	32



FINANCIAL REVIEW (CONTINUED)

DIVISIONAL PERFORMANCE

CHINA AGRO AND CHINA INVESTMENT

The combined consolidated profit and loss account and balance sheet of China Agro and China Investment are set out as follows:

COMBINED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	2003 US\$'000	2002 US\$'000
Turnover	1,447,618	1,415,510
Operating costs	(1,484,129)	(1,317,639)
Operating profit/(loss)	(36,511)	97,871
Share of profits and losses of jointly controlled entities and associates	(12,510)	7,865
Profit/(Loss) before tax	(49,021)	105,736
Tax	(1,534)	(9,362)
Profit/(Loss) after tax	(50,555)	96,374
Minority interests' share of profits	(1,378)	(49)
Net profit/(loss) attributable to shareholders	(51,933)	96,325



FINANCIAL REVIEW (CONTINUED)

COMBINED CONSOLIDATED BALANCE SHEET

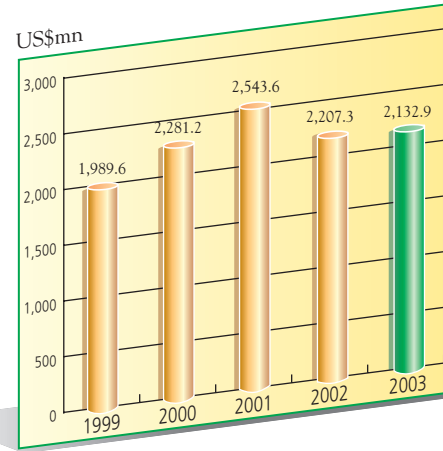
	2003 US\$'000	2002 US\$'000
Fixed assets	502.6	540.0
Jointly controlled entities and associates	40.4	59.6
Other investments	0.5	0.5
Investment properties	3.7	0.3
Deferred tax assets	2.5	–
Biological assets	4.8	–
Goodwill	2.8	3.7
Current assets	577.8	489.2
Current liabilities	<u>(857.6)</u>	<u>(738.5)</u>
Net current liabilities	(279.8)	(249.3)
Term loans	<u>(14.3)</u>	<u>(18.9)</u>
Net operating assets	<u>263.2</u>	<u>335.9</u>
Share capital	34.9	33.1
Reserves	(64.4)	(12.4)
Amount due to holding company	<u>243.7</u>	<u>266.5</u>
Minority interests	214.2	287.2
	<u>49.0</u>	<u>48.7</u>
	<u>263.2</u>	<u>335.9</u>



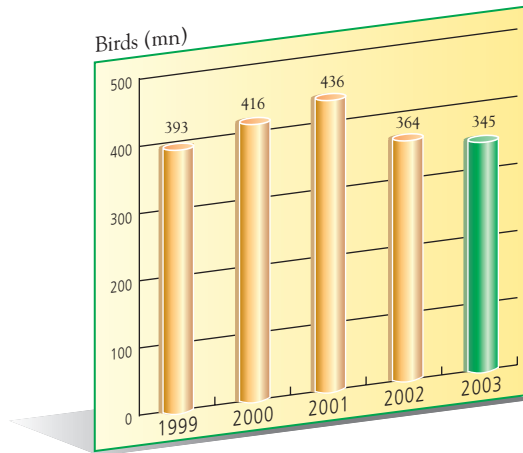
FINANCIAL REVIEW (CONTINUED)

AGRI-BUSINESS PERFORMANCE SUMMARY

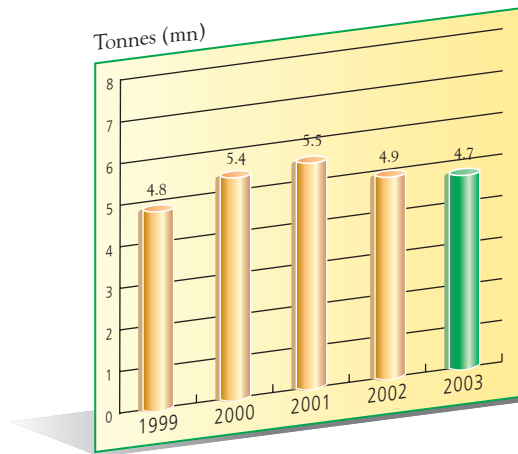
Turnover under management – agri-business projects in the PRC



Sales volume of day-old chicks in the PRC



Sales volume of complete feed in the PRC



TOTAL UNIT SALES OF MAJOR PRODUCTS

For the year ended 31st December, 2003

Complete feed (tonnes)	Concentrate (tonnes)	Premix (tonnes)	Day-old chicks ('000 birds)	Broiler meat (tonnes)
4,657,130	761,952	105,967	344,992	273,257



FINANCIAL REVIEW (CONTINUED)

ANALYSIS OF PRC AGRI-BUSINESS SALES AND PROFITABILITY

Category	Number of Projects	Sales RMB million
1. Projects which were profitable in both 2002 and 2003	33	5,358
2. Projects which became profitable in 2003	3	244
3. Projects which incurred a loss in 2003	74	11,829
4. Projects which commenced operation in 2003	5	272
Total	115	17,703

Category	Number of Projects	Net profit/(loss) RMB million
1. Projects which were profitable in both 2002 and 2003	33	305
2. Projects which became profitable in 2003	3	3
3. Projects which incurred a loss in 2003	74	(637)
4. Projects which commenced operation in 2003	5	(43)
Total	115	(372)



FINANCIAL REVIEW (CONTINUED)

EK CHOR CHINA

The consolidated profit and loss account and balance sheet are set out as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	2003 US\$'000	2002 US\$'000
Share of net profit of joint ventures and associated companies	11,042	9,286
Gain on disposal of an associated company	–	1,851
Other income	314	434
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Operating expenses	11,356 (5,132)	11,571 (3,341)
Provision for investments	–	(1,993)
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Profit before minority interest	6,224	6,237
Minority interests	–	160
	<hr/>	<hr/>
Net profit	6,224	6,397

CONSOLIDATED BALANCE SHEET

	2003 US\$'000	2002 US\$'000
Fixed assets	5,022	5,242
Long term investments	57,495	56,755
Current assets	21,935	41,907
Current liabilities	(1,525)	(1,488)
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Net current assets	20,410	40,419
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	82,927	102,416
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Shareholders' fund	82,429	101,948
Minority interests	498	468
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	82,927	102,416



FINANCIAL REVIEW (CONTINUED)

UNIT SALES

		Unit sales for the years ended 31st December,		% Increase/ (Decrease) over 2002
		2003	2002	
Luoyang Motorcycle	– 50cc model	26,580	23,013	15.5
	– 70cc model	700	367	90.7
	– 90cc model	98,059	98,200	(0.1)
	– 100cc model	93,949	77,131	21.8
	– 110cc model	72,255	44,739	61.5
	– 125cc model	65,696	50,454	30.2
	– 150cc model	1,722	936	84.0
		<hr/>	<hr/>	
		358,961	294,840	21.7
Shanghai Machinery	– Air conditioner compressors	1,428,304	998,749	43.0
	– Receiver-dryers	852,396	567,490	50.2
Deni Carburetor	– Motorcycle carburetors	4,477,948	3,445,470	30.0
	– Automotive carburetors	15,156	14,896	1.7