



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 Turnover		Group Ownership	Attributable Turnover	
	US\$ million	%		US\$ million	%
PRC agri-business	2,479.8	90.9	25-100	1,889.3	93.9
PRC industrial business	248.9	9.1	28-55	123.2	6.1
	<u>2,728.7</u>	<u>100.0</u>		<u>2,012.5</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)	
	2004 US\$'000	2003 US\$'000	2004 US\$'000	2003 US\$'000
By principal activity:				
Feedmill and poultry operations	1,713,032	1,657,310	(63,747)	(41,544)
Industrial operations	–	–	20,249	6,224
Property holding	4	36	(803)	(902)
Investment holding*	–	–	(18,085)	(26,536)
	<u>1,713,036</u>	<u>1,657,346</u>	<u>(62,386)</u>	<u>(62,758)</u>
By geographical location:				
PRC:				
Hong Kong	4	36	(11,308)	(11,793)
Mainland	1,713,032	1,447,618	(43,498)	(45,223)
	<u>1,713,036</u>	<u>1,447,654</u>	<u>(54,806)</u>	<u>(57,016)</u>
Turkey (discontinued operation)	–	209,692	–	(8,509)
Indonesia	–	–	(7,580)	2,767
	<u>1,713,036</u>	<u>1,657,346</u>	<u>(62,386)</u>	<u>(62,758)</u>

* including Hong Kong headquarters' general expenses



FINANCIAL REVIEW (CONTINUED)

BALANCE SHEET

TOTAL ASSETS BY GEOGRAPHICAL LOCATION

	2004		2003	
	US\$ million	%	US\$ million	%
PRC				
Hong Kong	24.3	2.7	46.7	4.6
Mainland	872.8	97.3	964.9	94.5
	897.1	100.0	1,011.6	99.1
Indonesia	–	–	9.2	0.9
	897.1	100.0	1,020.8	100.0

KEY RATIOS

	2004	2003
	%	%
Debt to equity ratio*	539	417
Long term debt to equity ratio	27	109
Working capital ratio	43	55
Quick ratio	22	31
Net asset value per share	US cents 2.37	US cents 4.65

* 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, 2004:

	PRC		Total US\$'000
	Agri- business US\$'000	Industrial business US\$'000	
Balance Sheet Data:			
Fixed assets	226,950	43,406	270,356
Long term investments	7,431	175	7,606
Long term receivables and other assets	1,405	317	1,722
Current assets	213,623	102,476	316,099
Creditors: Amounts falling due within one year	(426,780)	(63,137)	(489,917)
Net current assets/(liabilities)	(213,157)	39,339	(173,818)
Creditors: Amounts falling due after one year	(5,958)	(10)	(5,968)
	16,671	83,227	99,898
Shareholders' funds	15,836	83,228	99,064
Minority interests	835	(1)	834
	16,671	83,227	99,898
Profit and Loss Account Data:			
Turnover	855,028	248,748	1,103,776
Profit/(Loss) before tax	(83,547)	12,259	(71,288)
Tax	(1,552)	(2,680)	(4,232)
Profit/(Loss) after tax	(85,099)	9,579	(75,520)
Minority interests' share of profits and losses	730	10	740
Profit/(Loss) attributable to shareholders	(84,369)	9,589	(74,780)
Group's proportionate share of profits and losses after tax for the year	(27,953)	3,486	(24,467)



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

	2004 US\$'000	2003 US\$'000
Turnover	1,713,032	1,447,618
Operating costs	<u>(1,734,698)</u>	<u>(1,484,129)</u>
Operating loss	(21,666)	(36,511)
Share of profits and losses of jointly controlled entities and associates	<u>(27,808)</u>	<u>(12,510)</u>
Loss before tax	(49,474)	(49,021)
Tax	<u>(6,409)</u>	<u>(1,534)</u>
Loss after tax	(55,883)	(50,555)
Minority interests' share of profits	<u>(7,864)</u>	<u>(1,378)</u>
Net loss attributable to shareholders	<u><u>(63,747)</u></u>	<u><u>(51,933)</u></u>



FINANCIAL REVIEW (CONTINUED)

COMBINED CONSOLIDATED BALANCE SHEET

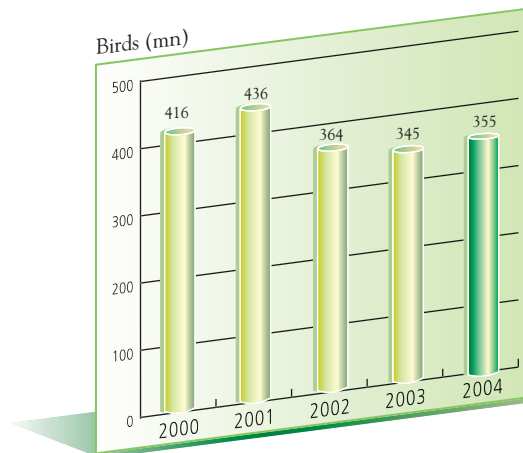
	2004 <i>US\$ million</i>	2003 <i>US\$ million</i>
Fixed assets	460.6	502.6
Jointly controlled entities and associates	22.5	40.4
Other investments	0.5	0.5
Investment properties	3.0	3.7
Deferred tax assets	2.3	2.5
Non-current livestock	4.6	4.8
Goodwill	2.7	2.8
Current assets	323.4	577.8
Current liabilities	<u>(586.4)</u>	<u>(857.6)</u>
Net current liabilities	(263.0)	(279.8)
Term loans	<u>(27.3)</u>	<u>(14.3)</u>
Net operating assets	<u><u>205.9</u></u>	<u><u>263.2</u></u>
Share capital	38.1	34.9
Reserves	(128.2)	(64.4)
Amount due to holding company	<u>244.3</u>	<u>243.7</u>
	154.2	214.2
Minority interests	<u>51.7</u>	<u>49.0</u>
	<u><u>205.9</u></u>	<u><u>263.2</u></u>



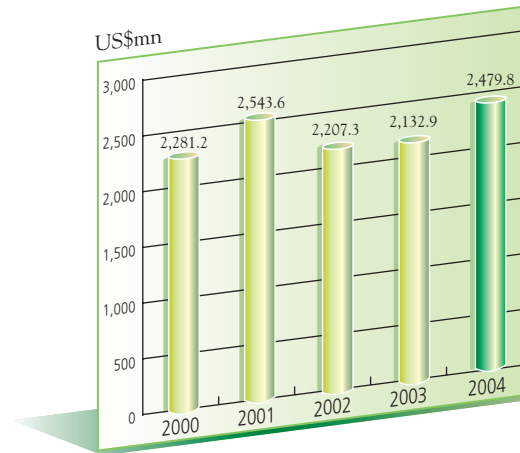
FINANCIAL REVIEW (CONTINUED)

AGRI-BUSINESS PERFORMANCE SUMMARY

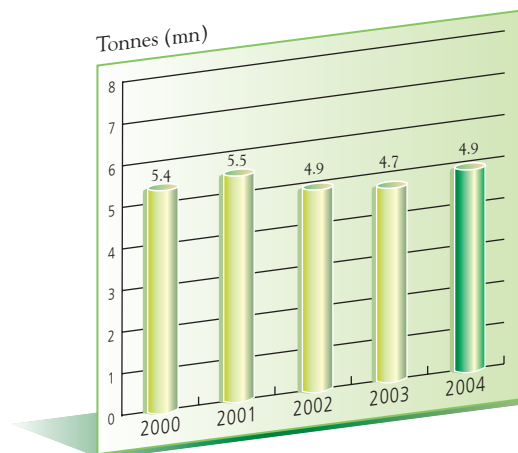
Sales volume of day-old chicks in the PRC



Turnover under management – agri-business projects in the PRC



Sales volume of complete feed in the PRC



TOTAL UNIT SALES OF MAJOR PRODUCTS

For the year ended 31st December, 2004

Complete feed (tonnes)	Concentrate (tonnes)	Premix (tonnes)	Day-old chicks ('000 birds)	Broiler meat (tonnes)
4,868,898	717,920	125,082	355,415	235,316



FINANCIAL REVIEW (CONTINUED)

ANALYSIS OF PRC AGRI-BUSINESS SALES AND PROFITABILITY

Category	Number of Projects	Sales <i>US\$ million</i>
1. Projects which were profitable in both 2003 and 2004	32	769.3
2. Projects which became profitable in 2004	19	498.9
3. Projects which incurred a loss in 2004	58	1,203.7
4. Projects which commenced operation in 2004	1	7.9
Total	110	2,479.8

Category	Number of Projects	Net profit/(loss) <i>US\$ million</i>
1. Projects which were profitable in both 2003 and 2004	32	44.0
2. Projects which became profitable in 2004	19	10.3
3. Projects which incurred a loss in 2004	58	(70.4)
4. Projects which commenced operation in 2004	1	(0.4)
Total	110	(16.5)



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

	2004 US\$'000	2003 US\$'000
Share of net profit of joint ventures	3,331	11,042
Gain on disposal of a jointly controlled entity	20,381	–
Other income	96	314
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	23,808	11,356
Operating expenses	(3,559)	(5,132)
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Net profit	20,249	6,224
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CONSOLIDATED BALANCE SHEET

	2004 US\$'000	2003 US\$'000
Fixed assets	3,671	5,022
Long term investments	39,256	57,495
Current assets	68,388	21,935
Current liabilities	(3,475)	(1,525)
	<hr/>	<hr/>
Net current assets	64,913	20,410
	<hr/>	<hr/>
	107,840	82,927
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Shareholders' fund	107,342	82,429
Minority interests	498	498
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	107,840	82,927
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FINANCIAL REVIEW (CONTINUED)

UNIT SALES

		Unit sales for the		% Increase/ (Decrease) over 2003
		years ended 31st December,	2003	
		2004		
Luoyang Motorcycle	- 50cc model	28,077	26,580	5.6
	- 70cc model	370	700	(47.1)
	- 90cc model	82,190	98,059	(16.2)
	- 100cc model	98,696	93,949	5.1
	- 110cc model	90,719	72,255	25.6
	- 125cc model	53,042	65,696	(19.3)
	- 150cc model	4,233	1,722	145.8
		<u>357,327</u>	<u>358,961</u>	(0.5)
Deni Carburetor	- Motorcycle carburetors	5,469,370	4,477,948	22.1
	- Automotive carburetors	16,498	15,156	8.9