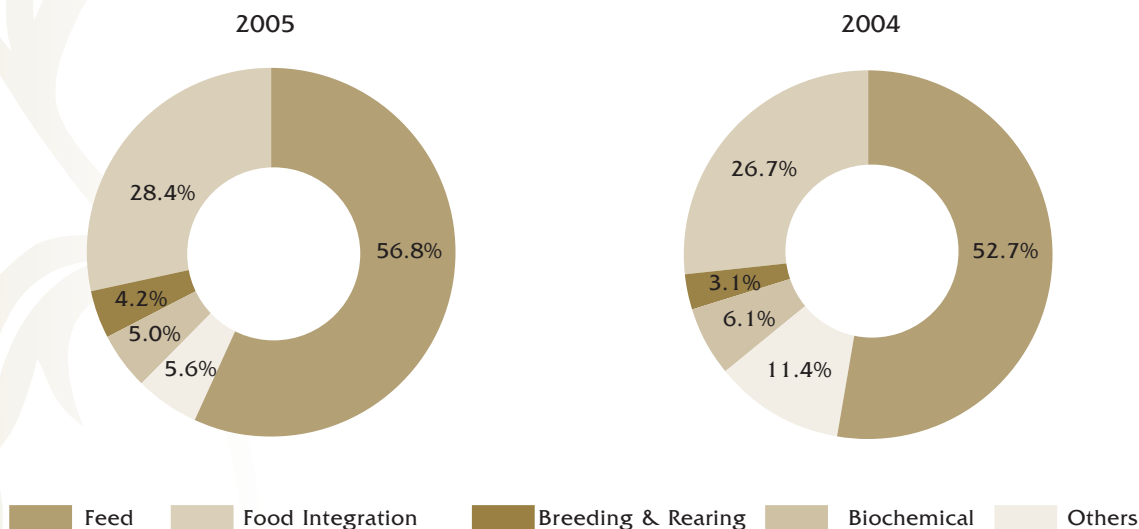


BUSINESS REVIEW**Consolidated turnover analysis-by activity****Agribusiness**

The Group's complementary agribusiness model has four major segments – feed, food integration, breeding and rearing, and biochemical. During the period under review, the agribusiness operations recorded a turnover of US\$846.9 million, compared with US\$734.5 million in the corresponding period of 2004.

Feed

Feed remained as the largest sales contributor to the Group, accounting for 56.8% of the Group's total turnover (2004: 52.7%). The Group's feed products comprise chicken, swine, aqua, cattle and duck. In the first half of 2005, alleviation of the bird flu saw the demand for feed of chickens and swine rising, while raw material prices for feed production fell. As a result, the gross profit margin of the segment improved to 15.4% (2004: 10.7%).

Food Integration

Sales from food integration accounted for 28.4% of the Group's total turnover (2004: 26.7%). The raw food and cooked food products sold by the Group include fresh, raw or further-processed food of chicken meat, pork, duck meat, poultry eggs and aqua products. The increase in average selling price of raw food products and the reduced cost of raw materials such as chicken feed, led to an encouraging improvement in gross profit margin of the segment to 5.4% (2004: 1.2%).

Breeding & Rearing

This segment accounted for 4.2% of the Group's total turnover (2004: 3.1%). The rampant bird flu that affected the segment's performance last year receded and sales returned on the growth track, recording an increase of 56.7%. The unit price of DOC also rose to an average of RMB2.3, doubling gross profit as a result.





BUSINESS REVIEW (CONTINUED)

Biochemical

In the first half of 2005, the turnover of biochemical operation accounted for 5.0% of the Group's total turnover. L-Lysine, which accounts for about 12.0% of the turnover of this segment, had seen domestic price dropped by 49.0%, a result of new capacities coming on stream. Overall, this segment remains profitable.

Food Safety and Compliance with International Standards

As a responsible agri-products provider, the Group makes food safety one of its core pursuits. Its products are well recognized by consumers and trusted as "Healthy & Safe". Leveraging the modern farming practice from its mother company in Thailand, the farms of the Group are scientifically managed. Strict veterinary epidemic prevention programmes are implemented. In addition, the staff and the contracted farmers are provided with routine education programmes to ensure their operations live up to high hygienic and safety standards.

The Group ensures that its products and production processes are in strict compliance with different standards of different countries and have already achieved the following benchmarks.

- HACCP – prevention of food contamination
- GMP – award for quality manufacturing
- ISO9002, EST/TH – traceable documentation on operating and production managements
- OHSAS – an international occupational health and safety management system specification
- ISO14001 – environmental management
- ISO18001 – safety and welfare of employees

Industrial Business

The Group's industrial business is operated by the Group's jointly controlled entities. In the first half of 2005, the industrial business line reported a turnover of US\$121.5 million, compared with US\$142.9 million in the corresponding period of 2004.

The infrastructure development projects being undertaken in western China are stimulating demand for construction machinery and the Group has been granted the sole distributor of Caterpillar Inc.'s products there. Taking all such favourable factors into account, sales of the segment will remain strong in the future.

Others

The Group's other non-core businesses, including soybean oil, with sales amounted to US\$47.5 million, compared to US\$84.1 million in the corresponding period of 2004. This accounted for 5.6% of the Group's total turnover.