



CHAIRMAN'S STATEMENT

Mr. Sumet Jiaravanon

For the Group, the year 2005 represented both challenges, as well as ample opportunities.

Despite the threat of the spreading of bird flu, CPP's agribusiness in China still managed to sustain steady growth in 2005. The favourable operating environment between January and September 2005 provided for expansion in many of CPP's business areas. The Group also managed a smooth transition when bird flu became more prevalent between October and December. Overall, we achieved significant improvements in 2005 when compared with 2004.

Over the year, the Group continued to expand its integrated food business. Aiming at strengthening sales, the Group focused on researching and developing new products and improving product quality to boost the "Chia Tai Food" product brand.

Since it became established in China, the Group has been actively promoting advanced disease prevention concepts to the agricultural sector and has managed its facilities using scientific measures and enclosed farming methods. These management models have not only won acclaim from senior local and central government officials, but have also become industry benchmarks considered worthy of reference by agricultural ministries of different Southeast Asian countries.

An improving living standard plus the recent threat of bird flu outbreak have changed the public's requirements regarding food. Chinese consumers are asking for more than just food to fill their stomachs, but foods that are safe for consumption, nutritious, health-enhancing and hygienic. We are convinced that this growing consumer preference will benefit the Group in the long run, especially when the Group is known in the PRC for its diligence towards running an ethical business and putting out products renowned for their integrity. These attributes have won for the Group many awards from both government bodies and industry organizations in the past year.

The year 2006 marks the beginning of the PRC's "Eleventh Five-Year Plan", as well as the start of the country's pursuit to construct the "new socialist village". The "Eleventh Five-Year Plan" is extensive in coverage. It advocates the grooming of a new generation of farmers who understand both agricultural techniques and business operations. This new type of farmer is a critical building block of the new socialist village and key to a modernized agricultural industry. It is thus essential in timing for the Group to begin providing farmers with different kinds of training in order to build their knowledge, as well as to help increase their income, and ultimately to raise the overall competitiveness of the agricultural industry in China. The Group is committed to educating farmers on modern breeding and rearing techniques and scientific management expertise. It has been introducing farmers to new breeds, helping them to develop sales channels and supporting them on top of organizing regular training programmes and seminars for them. In addition, we will apply our extensive agribusiness experience in China to aid the development of the country's agricultural industry.

Food is man's essential source of energy, and that means agribusiness has everlasting value and will continue to thrive. Looking to 2006, the Group will strive for breakthroughs in four major areas, namely, industrialization of aqua breeding and egg products farming, live swine commercialization and advanced food processing. In line with the PRC embracing fair competition and stopping the subsidy of agribusiness, this development roadmap will see the Group seize business opportunities that promise lucrative returns.

We would like to extend our gratitude to our staff for their contribution during the year. Their diligence and the continuous support from our shareholders, farmer partners, customers and suppliers are what braced our success. We are confident that we will be able to share the fruit of our efforts with all our supporters in the near future.



Sumet Jiaravanon
Chairman

Hong Kong, 31st March, 2006