

# NOTES TO FINANCIAL STATEMENTS

31st December, 2005

## LIST OF PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES SUBSIDIARIES

Details of the principal subsidiaries are as follows:

Name of company	Nominal value of issued/paid-up registered share capital	Place of incorporation/registration and operations	Percentage of equity capital held		Principal activities
			2005	2004	
Advance Motorcycle Co., Ltd.	US\$50,000	British Virgin Islands	80%*	80%*	Investment holding
Advance Motorcycle Investment Co., Ltd.	US\$100	British Virgin Islands	100%*	100%*	Investment holding
Beijing Heng Da Breed Tech Co., Ltd.	RMB5,785,430	PRC	100%*	100%*	Production and sale of chickens
C.P. Enterprises Cereal and Oil Industrial Limited	HK\$10,000	Hong Kong	100%*	100%*	Investment holding
C.P. Standard Resources Limited	HK\$2,000,000	Hong Kong	100%*	100%*	Trading
C.T. Progressive (H.K.) Ltd.	HK\$1,000,000	Bermuda	100%	100%	Investment holding
C.T. Progressive (Investment) Ltd.	US\$1,000	British Virgin Islands	100%	100%	Investment holding
C.T. Progressive (Trading) Ltd.	HK\$1,000,000	Bermuda	100%	100%	Investment holding
Changsha Chia Tai Co., Ltd.	US\$4,100,000	PRC	100%*	100%*	Production and sale of animal feeds
Chengdu Chia Tai Company Limited	US\$6,300,000	PRC	70%*	70%*	Production and sale of animal feeds and chickens
Chia Tai (China) Agro-Industrial Ltd.	HK\$1,000,000	Bermuda	100%	100%	Investment holding
Chia Tai (China) Investment Co., Ltd.	US\$40,000,000	PRC	100%	100%	Investment holding and trading
Chia Tai (Fuzhou) Company Limited	US\$10,000	Hong Kong	100%*	100%*	Investment holding
Chia Tai Feedmill Company Limited	US\$1,000 and US\$2,500,000**	Hong Kong	66%*	66%*	Investment holding
Chia Tai Food and Beverage (Beijing) Co., Ltd.	RMB8,276,500	PRC	100%*	-	Food catering



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## LIST OF PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued) SUBSIDIARIES (continued)

Name of company	Nominal value of issued/paid-up registered share capital	Place of incorporation/ registration and operations	Percentage of equity capital held		Principal activities
			2005	2004	
Chia Tai Food Product (Shanghai) Co., Ltd.	US\$3,000,000	PRC	100%	100%	Sale of agricultural products
Chia Tai Hainan Feedmill Company Limited	US\$10,000	British Virgin Islands	100%*	100%*	Investment holding
Chia Tai Hebei Company Limited	HK\$2	Hong Kong	100%*	100%*	Investment holding
Chia Tai Henan Company Limited	US\$1,000	Hong Kong	100%*	100%*	Investment holding
Chia Tai Hubei Company Limited	HK\$10,000	Hong Kong	100%*	100%*	Investment holding
Chia Tai Hunan Company Limited	US\$2 and US\$2**	Hong Kong	100%*	100%*	Investment holding
Chia Tai Jiangxi Company Limited	HK\$10,000	Hong Kong	100%*	100%*	Investment holding
Chia Tai Jilin Company Limited	US\$1,800,000	Hong Kong	90%*	90%*	Investment holding
Chia Tai Jinxi Company Limited	HK\$2	Hong Kong	100%*	100%*	Investment holding
Chia Tai Livestock Company Limited	US\$500,000	Hong Kong	100%*	100%*	Investment holding
Chia Tai Neimenggu Company Limited	HK\$2	Hong Kong	100%*	100%*	Investment holding
Chia Tai Poultry Company Limited	US\$100	British Virgin Islands	100%*	100%*	Investment holding
Chia Tai Quanzhou Company Limited	US\$1,000,000	Hong Kong	100%*	95%*	Investment holding
Chia Tai Shandong Company Limited	US\$100	British Virgin Islands	100%*	100%*	Investment holding
Chia Tai Shanghai Company Limited	US\$1,800,000	Hong Kong	100%*	100%*	Investment holding
Chia Tai Shenyang Company Limited	HK\$1,000,000	Hong Kong	100%*	100%*	Investment holding



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Name of company	Nominal value of issued/paid-up registered share capital	Place of incorporation/registration and operations	Percentage of equity capital held		Principal activities
			2005	2004	
Chia Tai Taiyuan Company Limited	HK\$10,000	Hong Kong	100%*	100%*	Investment holding
Chia Tai Urumqi Company Limited	HK\$10,000	Hong Kong	100%*	100%*	Investment holding
Chia Tai Xiamen Company Limited	US\$100,000	Hong Kong	100%*	100%*	Investment holding
Chia Tai Yongji Enterprise Co., Ltd.	RMB47,500,000	PRC	100%*	100%*	Production and sale of animal feeds
Chia Tai Yueyang Company Limited	US\$9,550,000	PRC	100%*#	100%*#	Production and sale of animal feeds and chickens
Chiatai (Wuhu) Co., Ltd.	RMB40,000,000	PRC	100%*	100%*	Production and sale of animal feeds
Chongqing Chia Tai Company Limited	RMB30,000,000	PRC	60%*	60%*	Production and sale of animal feeds and chickens
Chia Tai (Wuhan) Institute of Life Science	RMB5,000,000	PRC	100%*	100%*	Operation of seeds
Chongqing Shuangqiao Chia Tai Co., Ltd.	RMB10,000,000	PRC	70%*	60%*	Production and sale of animal feeds
Chu Zhou Chia Tai Co., Ltd.	RMB35,000,000	PRC	100%*	100%*	Production and sale of animal feeds
Chu Zhou Advance Feed Tech Co., Ltd.	RMB6,000,000	PRC	100%*	100%*	Production and sale of animal feeds
Dalian Chia Tai Enterprise Co., Ltd.	RMB20,000,000	PRC	100%*	100%*	Production and sale of animal feeds and chickens



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Name of company	Nominal value of issued/paid-up registered share capital	Place of incorporation/registration and operations	Percentage of equity capital held		Principal activities
			2005	2004	
Dun Hua Chia Tai Enterprises Co., Ltd.	RMB25,501,580	PRC	100%*	100%*	Production and sale of animal feeds
Ek Chor China Motorcycle Co., Ltd.	US\$1,195,200	Bermuda	100%	100%	Investment holding
Ek Chor Company Limited	HK\$27,800,000	Hong Kong	100%*	100%*	Investment holding
Ek Chor Development Limited	US\$1	British Virgin Islands	100%*	100%*	Investment holding
Ek Chor Distribution (Shenyang) Property Company Limited	HK\$2	Hong Kong	100%*	100%*	Property investment
Ek Chor Investment Company Limited	HK\$28,300,000	Hong Kong	100%*	100%*	Investment holding
Ek Chor Research and Management Co., Ltd.	US\$100,000	British Virgin Islands	100%*	100%*	Investment holding
Fuzhou Da Fu Company Limited	RMB44,000,000	PRC	100%*	100%*	Production and sale of animal feeds and chickens
Ganzhou Chia Tai Co., Ltd.	RMB18,000,000	PRC	80%*	80%*	Production and sale of animal feeds
Grand Great Investments Limited	US\$100	British Virgin Islands	100%*	100%*	Investment holding
Guang An Chia Tai Co., Ltd.	RMB4,500,000	PRC	60%*	60%*	Production and sale of animal feeds and chickens
Guanghan Chia Tai Feed Tech Co., Ltd.	RMB7,000,000	PRC	91%*	91%*	Production and sale of animal feeds
Guide Luck Limited	HK\$10,000	Hong Kong	100%*	100%*	Property investment
Guilin Chia Tai Co., Ltd.	RMB31,000,000	PRC	85%*	85%*	Production and sale of animal feeds



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Name of company	Nominal value of issued/paid-up registered share capital	Place of incorporation/registration and operations	Percentage of equity capital held		Principal activities
			2005	2004	
Guizhou Chia Tai Enterprise Co., Ltd.	RMB80,500,000	PRC	88%*	88%*	Production and sale of chemicals
Hainan Chia Tai Animal Husbandry Co., Ltd.	US\$4,000,000 and RMB20,000,000	PRC	100%*	100%*	Production and sale of animal feeds
Hangzhou Advance Feed Tech Co., Ltd.	RMB5,000,000	PRC	100%*	100%*	Production and sale of animal feeds
Hannick Limited	HK\$2	Hong Kong	100%*	100%*	Property investment
Hefei Chia Tai Co., Ltd.	RMB135,000,000	PRC	100%*	100%*	Production and sale of animal feeds and chickens
Heilongjiang Chia Tai Enterprise Co., Ltd.	US\$30,080,000	PRC	80%*	80%*	Production and sale of animal feeds, chickens, processed meat and cereal and oil product
Heilongjiang Yongyuan Animal Technology Co., Ltd.	US\$1,000,000	PRC	97%*	97%*	Production and sale of chickens
Hengyang Chia Tai Co., Ltd.	US\$5,100,000	PRC	100%*#	100%*#	Production and sale of animal feeds
Huai An Chia Tai Feed Co., Ltd.	RMB13,000,000	PRC	58%*	58%*	Production and sale of animal feeds
Huai Hua Chia Tai Co., Ltd.	US\$4,587,000	PRC	100%*#	100%*#	Production and sale of animal feeds
Huludao Chia Tai Husbandry Co. Ltd.	RMB12,500,000	PRC	100%*	100%*	Production and sale of animal feeds



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Name of company	Nominal value of issued/paid-up registered share capital	Place of incorporation/registration and operations	Percentage of equity capital held		Principal activities
			2005	2004	
Inner Mongolia Chia Tai Co., Ltd.	US\$4,325,000	PRC	100%*	100%*	Production and sale of animal feeds
Jiamusi Chia Tai Co., Ltd.	US\$6,000,000	PRC	65%*	65%*	Production and sale of animal feeds, cereal and oil products
Jiang Jin Chia Tai Co., Ltd.	RMB7,000,000	PRC	60%*	60%*	Production and sale of animal feeds
Jiangsu Huai Yin Chia Tai Co., Ltd.	RMB30,000,000	PRC	58%*	58%*	Production and sale of animal feeds
Jinan Chia Tai Company Limited	RMB10,500,000	PRC	65%*	65%*	Production and sale of animal feeds
Jiu Jiang Chia Tai Feedstuff Co., Ltd.	RMB34,000,000	PRC	60%*	60%*	Production and sale of animal feeds
Kunming Chia Tai Company Limited	US\$6,405,300	PRC	100%*	100%*	Production and sale of animal feeds and chickens
Lanzhou Chia Tai Company Limited	RMB35,000,000	PRC	100%*	100%*	Production and sale of animal feeds and chickens
Liuzhou Advance Feed Tech Co., Ltd.	RMB5,000,000	PRC	100%*	100%*	Production and sale of animal feeds
Meihekou Chia Tai Enterprise Co., Ltd.	RMB25,000,000	PRC	70%*	70%*	Production and sale of animal feeds



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Name of company	Nominal value of issued/paid-up registered share capital	Place of incorporation/registration and operations	Percentage of equity capital held		Principal activities
			2005	2004	
Mianyang Chia Tai Co., Ltd.	US\$4,000,000	PRC	80%*	80%*	Production and sale of animal feeds
Nanchang Chia Tai Livestock Co., Ltd.	RMB32,550,000	PRC	100%*#	100%*#	Production and sale of animal feeds and chickens
Nanjing Chia Tai Livestock Co., Ltd.	RMB16,000,000	PRC	100%*	100%*	Production and sale of ducklings
Nanning Chia Tai Animal Husbandry Company Limited	RMB36,008,000	PRC	100%*#	100%*#	Production and sale of animal feeds and chickens
Nantong Chia Tai Co., Ltd.	US\$16,500,000	PRC	60%*	60%*	Production and sale of animal feeds and chickens
Nantong Chia Tai Feed Co., Ltd.	RMB30,000,000	PRC	60%*	60%*	Production and sale of animal feeds
Nantong Chia Tai Tech Feed Co., Ltd.	RMB3,000,000	PRC	60%*	60%*	Production and sale of animal feeds
Nanyang Chia Tai Co., Ltd.	RMB20,000,000	PRC	100%*#	100%*#	Production and sale of animal feeds
Nei Jiang Chia Tai Feed & Poultry Co., Ltd.	US\$3,900,000	PRC	70%*	70%*	Production and sale of animal feeds
Ningbo Chia Tai Agriculture Company Limited	RMB35,000,000	PRC	70%*	70%*	Production and sale of animal feeds and chickens
Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd.	US\$40,000,000	PRC	100%*	100%*	Production and sale of cereal and oil products



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Name of company	Nominal value of issued/paid-up registered share capital	Place of incorporation/ registration and operations	Percentage of equity capital held		Principal activities
			2005	2004	
Pingdingshan Chia Tai Co., Ltd.	US\$2,761,321	PRC	70%*	70%*	Production and sale of animal feeds
Pucheng Chia Tai Biochemistry Co., Ltd.	RMB100,000,000	PRC	69%*	69%*	Production and sale of chlortetra
Qingdao Chia Tai Company Limited	US\$30,000,000	PRC	100%*	100%*	Production and sale of animal feeds, chickens and processed meat
Qingdao Chia Tai Feed Co., Ltd.	US\$3,000,000	PRC	100%*	100%*	Production and sale of animal feeds
Qingdao Taifeng Livestock Technology Co., Ltd.	US\$1,000,000	PRC	100%*	100%*	Production and sale of chickens
Qinhuangdao Chia Tai Co., Ltd.	RMB86,900,000	PRC	77%*	77%*	Production and sale of animal feeds, chickens and processed meat
Quanzhou Daquan L-Lysine Company Limited	RMB45,750,000	PRC	55%*	52%*	Manufacture and distribution of L-Lysine
Shaanxi Chia Tai Co., Ltd.	US\$6,124,900	PRC	100%*#	100%*#	Production and sale of animal feeds and chickens
Shandong Chia Tai Ling Hua Bio-tech Co., Ltd.	RMB120,000,000	PRC	55%*	52%*	Manufacture and distribution of L-Lysine
Shang Cai Chia Tai Co., Ltd.	RMB33,100,000	PRC	95%*	95%*	Production and sale of animal feeds and chickens
Shanxi Chia Tai Company Limited	US\$11,673,200	PRC	60%*	60%*	Production and sale of animal feeds and chickens





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Name of company	Nominal value of issued/paid-up registered share capital	Place of incorporation/registration and operations	Percentage of equity capital held		Principal activities
			2005	2004	
Shenyang Advance Feed Tech Co., Ltd.	RMB5,000,000	PRC	100%*	100%*	Production and sale of animal feeds
Shenyang Chia Tai Livestock Co., Ltd.	US\$5,600,000	PRC	88%*	88%*	Production and sale of animal feeds
Shenyang Chia Tai Poultry Co., Ltd.	US\$4,690,000	PRC	88%*	88%*	Production and sale of chickens
Shijiazhuang Chia Tai Company Limited	RMB22,000,000	PRC	100%*#	100%*#	Production and sale of animal feeds
Shuangliu Chia Tai Co., Ltd.	US\$4,000,000	PRC	70%*	70%*	Production and sale of animal feeds and chickens
Smart Gateway Limited	US\$100	British Virgin Islands	100%*	100%*	Investment holding
Smart Universe Investments Limited	US\$100	British Virgin Islands	100%*	100%*	Investment holding
Standard Union Limited	HK\$1,000,000	Hong Kong	100%*	100%*	Investment holding
Tai Zhou Chia Tai Co., Ltd.	RMB17,500,000	PRC	76%*	76%*	Production and sale of animal feeds
Tianjin Chia Tai Agro-Industrial Co., Ltd.	RMB48,000,000	PRC	100%*	100%*	Production and sale of animal feeds and chickens
Tianjin Chia Tai Feed Tech Company Limited	US\$4,211,349	PRC	100%*	100%*	Production and sale of animal feeds
Urumqi Chia Tai Company Limited	RMB34,250,000	PRC	100%*#	100%*#	Production and sale of animal feeds and chickens



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Name of company	Nominal value of issued/paid-up registered share capital	Place of incorporation/registration and operations	Percentage of equity capital held		Principal activities
			2005	2004	
Wenjiang Chia Tai Livestock Co., Ltd.	RMB43,400,000	PRC	70%*	70%*	Production and sale of chickens
Wide Master Investment Limited	HK\$2	Hong Kong	100%*	100%*	Property investment
World Home Limited	HK\$10,000	Hong Kong	100%*	100%*	Property investment
Wuhan Chia Tai Co., Ltd.	RMB22,000,000	PRC	100%**	100%**	Production and sale of animal feeds
Wuhan Chia Tai Food Co., Ltd.	RMB81,850,000	PRC	90%*	90%*	Production and sale of chickens
Wuhan Jinke Biotechnology Co., Ltd.	RMB10,000,000	PRC	81%*	81%*	Production and sale of seeds and medicine
Xiamen Chia Tai Agriculture Co., Ltd.	RMB30,400,000	PRC	60%*	60%*	Production and sale of animal feeds and chickens
Xiang Fan Chia Tai Agriculture Development Co., Ltd.	RMB60,000,000	PRC	85%*	85%*	Production and sale of seeds
Xiang Fan Chia Tai Co., Ltd.	RMB59,000,000	PRC	96%*	96%*	Production and sale of animal feeds and chickens
Xianghe Chia Tai Co., Ltd.	US\$6,900,000	PRC	100%*	100%*	Production and sale of animal feeds and poultry
Xiping Chia Tai Agriculture Development Co., Ltd.	RMB10,000,000	PRC	100%*	100%*	Operation of swine farms
Xuzhou Chia Tai Co., Ltd.	RMB16,000,000	PRC	65%*	65%*	Production and sale of animal feeds



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Name of company	Nominal value of issued/paid-up registered share capital	Place of incorporation/registration and operations	Percentage of equity capital held		Principal activities
			2005	2004	
Yi Chang Chia Tai Co., Ltd.	RMB57,000,000	PRC	100%*	100%*	Production and sale of animal feeds and operation of swine farms
Yi Chang Chia Tai Animal Husbandry Co., Ltd.	RMB11,000,000	PRC	100%*	100%*	Operation of swine farms
Yili Chia Tai Livestock Co., Ltd.	RMB5,000,000	PRC	91%*	91%*	Production and sale of animal feeds
Yinchuan Chia Tai Co., Ltd.	RMB6,000,000	PRC	85%*	85%*	Production and sale of animal feeds
Yongan Chia Tai Co., Ltd.	RMB7,000,000	PRC	100%*	100%*	Production and sale of animal feeds
Yueyang Chia Tai Agriculture and Animal Husbandry Development Co., Ltd.	RMB40,000,000	PRC	100%*	100%*	Production and sale of animal feeds
Zhumadian Chia Tai Company Limited	RMB28,060,318	PRC	55%*	55%*	Production and sale of animal feeds
Zhumadian Huazhong Chia Tai Co., Ltd.	RMB72,000,000	PRC	70%*	70%*	Production and sale of chlortetra

Notes:

\* Held by subsidiaries.

\*\* Deferred share capital.

\* 100% of the share capital is held, but the Group is only entitled to 85% of the subsidiary's earnings. The remaining 15% is attributable to a PRC entity.

All subsidiaries have their place of operation in Hong Kong except for those subsidiaries which are incorporated or registered in Mainland China which operate in their respective places of incorporation/registration.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.



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Details of the principal jointly controlled entities are as follows:

Name of company	Percentage of equity capital held		Principal activities
	2005	2004	
Beijing Chia Tai Feedmill Limited	33.2%	33.2%	Production and sale of animal feeds
Beijing Chia Tai Livestock Co. Limited	33.2%	33.2%	Production and sale of animal feeds
Beijing Dafa Chia Tai Co., Ltd.	50.0%	50.0%	Production and sale of animal feeds, chickens and processed meat
Beijing Poultry Breeding Company Limited	36.0%	36.0%	Production and sale of chickens
Chia Tai Group (Tianjin) Enterprise Co., Ltd.	50.0%	50.0%	Production and sale of soybean products
Chia Tai Group (Tianjin) Real Estate Co., Ltd.	50.0%	50.0%	Property investment
Chia Tai Tianjin Livestock Machinery Co., Ltd.	50.0%	–	Investment holding
ECI Metro Investment Co., Ltd.	50.0%	50.0%	Investment holding and trading of machinery and spare parts
ECI Metro Trading (Shanghai) Co., Ltd.	50.0%	50.0%	Trading of Caterpillar products
Gansu ECI – Metro Engineering Machinery Service Co., Ltd.	50.0%	50.0%	Provision of Caterpillar machinery repair and maintenance services
Guizhou ECI – Metro Machinery Co., Ltd.	50.0%	50.0%	Provision of Caterpillar machinery repair and maintenance services
Han Dan Chia Tai Feed Co., Ltd.	50.0%	50.0%	Production and sale of animal feeds
Henan East Chia Tai Co., Ltd.	50.0%	50.0%	Production and sale of animal feeds and operation of swine farms
Hunan Chia Tai Animal Husbandry Co., Ltd.	50.0%	50.0%	Operation of swine farms
Hunan Chia Tai Rice Industry Co., Ltd.	40.0%	40.0%	Production and sale of quality rice
Jiangsu Chia Tai Seeds Co., Ltd.	60.0%*	60.0%*	Production and sale of seeds
Jilin Chia Tai Company Limited	45.0%	45.0%	Production and sale of animal feeds and chickens
Jilin Chia Tai Enterprise Co., Ltd.	50.0%	50.0%	Production and sale of animal feeds
Jilin Da He Feedmill Co., Ltd.	29.3%	29.3%	Production and sale of animal feeds
Kaifeng Chia Tai Company Limited	50.0%	50.0%	Production and sale of animal feeds, chickens and cereal and oil products



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#### JOINTLY CONTROLLED ENTITIES (continued)

Name of company	Percentage of equity capital held		Principal activities
	2005	2004	
Luoyang Northern Ek Chor Motorcycle Company Limited	55.0%*	55.0%*	Production and sale of motorcycles
Qinghai ECI-Metro Engineering Machinery Service Co., Ltd.	50.0%	50.0%	Production of Caterpillar machinery repair and maintenance services
Shaanxi ECI-Metro Engineering Machinery Service Co., Ltd.	50.0%	50.0%	Production of Caterpillar machinery repair and maintenance services
Sichuan ECI-Metro Machinery Co., Ltd.	50.0%	50.0%	Provision of Caterpillar machinery repair and maintenance services
Tangshan Chia Tai Feedmill Co., Ltd.	38.3%	38.3%	Production and sale of animal feeds
Tianjin Chia Tai Machinery Company Limited	50.0%*	50.0%*	Production and sale of machinery
Yue Thai Industrial (Tianjin) Company Limited	50.0%*	50.0%*	Investment holding
Yunnan ECI Metro Engineering Machinery Service Co., Ltd.	50.0%	50.0%	Provision of Caterpillar machinery repair and maintenance services
Zhan Jiang Deni Carburetor Co., Ltd.	28.0%	28.0%	Production and sale of motorcycle and automotive carburetors

\* Since neither the Group nor its joint venture partner is in a position to exercise unilateral control over the economic activity of these joint venture companies, the Group's interests therein are classified as interests in jointly controlled entities.

#### ASSOCIATES

Details of the associates are as follows:

Name of company	Percentage of equity capital held		Principal activities
	2005	2004	
Conti Chia Tai International Limited	50.0%	50.0%	Production and sale of animal feeds and premix and operation of chicken and swine farms
Lotus Distribution International Limited	30.0%	30.0%	Investment holding

