

Chairman's Statement



The Group supplemented its traditional range of “**Fortune**” brand of consumer-pack oil products by introducing the new high-end “**Vitoil**” brand of edible oil products.



Chairman's Statement



Mr. Ning Gaoning
Chairman

I am pleased to present the annual results of COFCO International Limited (the "Company" or "COFCO International") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2005.

Results

For the year ended 31 December 2005, the Group's consolidated turnover was HK\$17,588 million representing an increase of 4.7% over 2004. Profit attributable to shareholders amounted to HK\$429 million, a 50.1% increase over 2004 (restated). Basic earnings per share during the review period were 24.4 HK cents, compared with 16.3 HK cents (restated) in the previous year.

Dividend

The directors recommend a final dividend of 4.35 HK cents per share for the year ended 31 December 2005. Together with the interim dividend of 4.35 HK cents per share already paid during the year, the aggregate dividend for 2005 will be 8.7 HK cents per share. The aggregate dividend for 2004 was 6.5 HK cents per share. Subject to shareholders' approval at the annual general meeting to be held on 25 May 2006, the proposed final dividend will be paid on 30 June 2006 to shareholders whose names appear on the register of members of the Company on 25 May 2006.

Business Review and Prospects

In 2005, the winery and trading businesses achieved outstanding and encouraging performances. The edible oils business also gradually emerged from its cloudy state while the flour business remained stable. Although the earnings of the confectionery business were constrained by the price of raw materials and heavy promotional expenses, the Group believes that these effects are temporary, and various measures have been adopted to ensure the long-term growth.

The Group is the only listed flagship of China National Cereals, Oils & Foodstuffs Corporation ("COFCO Group") in

Hong Kong. During the year, the management conducted a number of strategy and positioning surveys, seeking to set long-term development directions for each of the Company's businesses. We also studied ways to create synergies and enhance effectiveness between our different businesses. COFCO Group, our parent company, has also completed a great deal of work in this direction. Both COFCO Group and COFCO International will be adjusting their strategies and repositioning themselves. Based on regular communications with staff on the subject, we have placed transformation and reorganization of the Group as our first priority. Although work is still in its preliminary stage at the present moment, we believe that the blueprint for the entire transformation and reorganization process should be established gradually. As a listed company, every step we take will be made only after careful and detailed planning, supported by meticulous research, as shareholder benefits will always be our first consideration.

As the PRC economy continues to grow and a growing number of people in China are becoming more affluent, Chinese consumers are increasingly looking for branded food items. COFCO Group and COFCO International, as leading players in the cereals, oils and foodstuffs industry in China, are committed to grasping these new business opportunities to ensure continuous growth of the Group. Built on our practical yet ambitious strategies, our ultimate goal is to become a leader in the food industry with a prominent market position in China.

On behalf of all the directors, I would like to take this opportunity to express our gratitude to our former managing director Mr Yu Guangquan, and former independent non-executive director Mr Liang Shangli, for their valuable contribution to the Group in the past. I would also like to pay tribute to former executive director Mr. Ng Eng Leong, who sadly passed away on 31 October 2005. The directors join me in expressing our profound sorrow on Mr. Ng's passing. At the same time, we would like to take this opportunity to express our gratitude for Mr. Ng Eng Leong's valuable contribution to the Group over the years.

We also warmly welcome a new member to the board, executive director Mr. Yu Xubo. We believe that Mr. Yu Xubo will make a valuable contribution to the business growth of the Company with his extensive experience in the industry.

Last but not least, we would like to thank each of our shareholders for their continuous support and we also offer our heartfelt gratitude to every member of staff for their hard work over the past year.

Ning Gaoning
Chairman

Hong Kong, 7 April 2006