

## Chairman's Statement

I am pleased to present the annual results of COFCO International Limited ("the Company" or "COFCO International") and its subsidiaries (together the "Group") for the year ended 31 December 2001.

### RESULTS

Consolidated turnover of the Group for the year ended 31 December 2001 was HK\$6,205,430,000, representing an increase of 378% over year 2000. Profit attributable to shareholders amounted to HK\$211,766,000, increased by 134% compared to year 2000. During the year under review and taking into account the changes in the Company's issued share capital, the basic earnings per share were 17.5 HK cents. (2000: 13.7 HK cents)

### DIVIDENDS

The Directors recommend the payment of a final dividend of 5 HK cents per share for the year ended 31 December 2001. Together with the payment of an interim dividend of 4 HK cents per share paid during the year, the aggregate dividend for the year would amount to 9 HK cents per share (2000: 7 HK cents). Subject to final approval at the Annual General Meeting to be held on 13 May 2002, the proposed final dividend will be payable on 27 May 2002 to shareholders whose names appear on the Register of Members of the Company on 13 May 2002.

### BUSINESS REVIEW

Year 2001 was one of significant expansion for the Group. During the year, the Company acquired the edible oils, wineries, trading and confectionery businesses of its parent company, COFCO (Hong Kong) Limited ("COFCO (HK)"). The Group's activities now encompass five large-scale food-related businesses, namely, edible oils, wineries, trading, confectionery and flour milling.

As a result of the restructuring plan of China National Cereals, Oils & Foodstuffs Import & Export Corporation ("COFCO"), the Company's ultimate holding company, the Company has become its only listed flagship company responsible for the further expansion and development of food related businesses.



**Zhou Mingchen**

*Chairman*

## Chairman's Statement (cont'd)

The Company's name was changed from China Foods Holdings Limited to COFCO International Limited, effective from 16 May 2001, to reflect this status.

The Group has become the largest edible oil manufacturer in China following completion of the acquisition of the edible oil businesses of COFCO (HK). Our market share has been enhanced significantly as a result.

The Group's wineries business now consists of a 50% interest in China Great Wall Wine Co., Ltd, a 100% interest in Huaxia Winery Co., Ltd. and a 60% interest in Yantai COFCO Winery Co., Ltd. During the year, the Group implemented new marketing strategies and strengthened purchasing and production management. This move further established the brand image of "Great Wall Wine". Profitability was also enhanced through lower production costs and expanded sales.

During the year under review, turnover of the Group's trading business amounted to HK\$2,340,632,000 and its profit also saw significant growth. With the substantial experience and diverse trading channels of the Group's subsidiary, China Foods Trading Limited ("China Foods Trading"), the Group was able to grasp the opportunities offered by the demand for imported sugar in China. China Foods Trading thus recorded a turnover of HK\$1,978,874,000 resulting in a significant profit contribution to the Group.

In order to increase market share and improve long-term profitability, the Group actively promoted its "Le Conte" branded chocolate products through advertising campaigns. The Group plans to expand its production capacity to cope with anticipated market demand.

The Group's flour milling business recorded considerable growth in turnover despite adverse market conditions. However, overall profits declined as compared with the previous year due to intense competition and higher production and raw material costs.

### PROSPECTS

The Chinese market will be further opened up following China's accession to the World Trade Organization (the "WTO"). Food is an essential part of life and as the population becomes more affluent, it will demand better quality and premium food products. The Group is well positioned to cater for the anticipated demand through its range of branded and premium products. Management believes that with our strengths, the Group will become one of the most influential food and beverage enterprises in the Asia-Pacific region. I would like to take this opportunity to express my appreciation to the shareholders for their continual support and to our staff for their hard work over the year.

**Zhou Mingchen**

*Chairman*

Hong Kong, 8 April 2002