



Chairman's Statement

Dear Shareholders,

The Financial Year 2002 has been another milestone year for People's Food Holdings Limited (the "Company") and its subsidiaries (the "Group"). Not only did it mark the second year of our listing on the Singapore Stock Exchange, but it also marked our listing on the Hong Kong Stock Exchange on 28 October 2002. This dual primary listing has not only raised the Group's profile, but coupled with active coverage of our stock, has resulted in a broader shareholders base. The management is also pleased to note that the listing was well received and the trading volumes of Singapore counter remains active and healthy. The management remains committed to continue our growth path so as to deliver long-term value to our shareholders and other stakeholders.

In FY2002, the Group continued to grow at a rapid pace. Our sales rose 19.4% from RMB4.2 billion to RMB5.1 billion and net profit increased 33.8% from RMB614.8 million to RMB822.8 million. As the demand for our products continues to grow, we increased the number of our manufacturing plants in China to seven to date. Simultaneously, we have also upgraded and expanded the existing facilities in our headquarter plant in Linyi, Shandong to meet the increasing demand. On 23 January 2003, we announced that the Group has

leased its sixth and seventh plants in Henan Province and Heilongjiang Province respectively which will further add to our production capacity down the road.

Over the past few years, we have been able to grow our business in the People's Republic of China ("China" or "PRC") and the Group remains profitable due to our sound strategy, our quality products, good geographical coverage as well as the commitment and hard work that the management and workers have put in to drive the Group forward. As a result, the Group has reaped the rewards and I believe that we will attain greater heights in the years ahead.

As part of our ongoing development as a publicly listed company, on 7 January 2003, we appointed Singapore Ambassador-at-large Dr Ow Chin Hock as an independent and non-executive director on our board. Dr Ow's appointment is part of our continuing effort to further enhance the corporate governance of the Group. I would like to take this opportunity to welcome his vast experience and expertise and look forward to his contribution.

FINANCIAL RESULTS

In FY2002, sales rose by 19.4% over the past year to RMB5.1 billion and net profit was RMB822.8 million,

“by understanding... ...our markets”



recording a rise of 33.8%. The management is pleased with the results achieved this year and remains optimistic that the Group will continue to grow and expand as planned next year.

All the product segments performed well. Sales of High Temperature Meat Product (HTMP) grew from RMB1.32 billion to RMB1.65 billion in FY2002, accounting for 32.6% of total sales, while sales of Fresh Pork and Low Temperature Meat Product (LTMP) in aggregate grew by 17.1% to RMB486.9 million accounting for a combined 9.6% of total sales. Turnover of Frozen Pork rose by 20.4% to RMB1.54 billion, while Pig By-Products grew by 13.9% to RMB1.24 billion.

Overall annual pig processing capacity of the Group increased by 160,000 tonnes to 720,000 tonnes as at end of December 2002. The average utilization rate of the Group stands at about 88.9% on a weighted average capacity basis for all five plants in 2002. The Daqing plant was operating at about 46% utilization rate on a weighted average capacity basis as at year end December 2002 and has contributed RMB192 million in terms of turnover so far. We are optimistic in ramping up the plant's production and have targeted the plant's utilization capacity to increase steadily in the second year of operation.

The fifth plant in Daqing has started to contribute to the Group's turnover for 2002 and with the new sixth and seventh plants expected to be in operation in 2003, this is expected to translate into growth for the Group as a whole in 2003, in terms of turnover and production contribution from the seven plants. Our target to

increase the Group's annual processing capacity to 1.1 million tonnes by 2004 remains on track.

Our financials remain healthy:

- Our earnings per share rose 26.6% to RMB0.76 in 2002.
- Our Return on Shareholders' Equity (ROE) was high at 40.5% in 2002.
- Our Return on Assets (ROA) remained strong at 39.5% in 2002 compared to 48.3% in 2001.
- Net cash rose to about RMB484.8 million as at December 2002.

GROWTH STRATEGY

As the pace of the industry consolidation quickens, the overall growth strategy of the Group is to expand our production capacity and market share. We will continue to ramp up our production capacity to serve the consumer demand for our products in various regions in China.

We have announced on 23 January 2003 that the sixth plant in Henan Province and the seventh plant in Heilongjiang Province will be leased from Shangqiu Fuyuan Food Enterprise Group Limited in Henan Province and the XingLong Forestry Bureau of Heilongjiang Province respectively. The management will continue to adopt a pragmatic approach in deciding whether to obtain productive capacity based on a cost



and benefit analysis of the feasibility of buying or leasing options. All due diligence conducted on each potential new plant, including a market survey on suppliers of pigs, the plant's production capacity, state of existing facilities, and the demand for products, will be done prior to any negotiations with any leasing or selling party. Any investment must satisfy our investment criteria of payback period not more than three years. As we increase our production capacity by adding new plants, our foremost philosophy is to continue to maintain a high level of product quality synonymous with our "Jinluo" brand and this will be our foremost concern in all our assessments.

Over the past year, the Group has been actively engaged in the marketing and advertising of its products under its "Jinluo" brand, which the Group considers as one of its most valuable assets. Our brand's assurance of hygienic and quality products has earned us a loyal group of consumers, and we are confident this positioning will help reaching out to new consumers as well. In addition to the brand awareness created, we will also continue to expand our sales force and distribution network to boost our topline. Moreover, one of the latest developments in terms of distribution is that we are already in the process of introducing our products into medium-scale supermarkets in those regions where we already have a presence.

Due to the urbanization and consequently rising purchasing power of the China market, the LTMP and fresh pork segments have seen a steady rise in demand. We will therefore continue to focus on ramping up production and sales in these product categories. To

date, our Fresh Pork production capacity has expanded from 20,000 tonnes to 100,000 tonnes per annum, whereas our LTMP production capacity rose from 20,000 tonnes to reach 50,000 tonnes per annum.

CERTIFICATIONS AND AWARDS

I am also happy to report that on 1 September 2002, the Group's "Jinluo" brand was officially recognised as one of the top brands in China in 2002 for our HTMP. The award presentation ceremony was conducted in The Great Hall of the People in Beijing and broadcasted nationwide on the China Central Television Network, thereby giving us nationwide awareness. The award was part of a nationwide survey conducted by the China Brands Strategic Promotions Committee under the authorization of the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China.

OUTLOOK

The outlook for the Group remains positive. The board of directors of the Company (the "Board") is optimistic about the Group's performance in 2003. According to the Economist Intelligence Unit, China's GDP will grow at an average annual rate of approximately 7.8% for the period 2003 to 2006. China's growth rate translates into higher disposable incomes, which will augur well for our business. In addition, pork still remains part of the staple diet in China, accounting for approximately 68% of total meats consumed. According to the PRC Meat Association, total meat consumption in China is forecasted to grow by approximately 12% between

“Outlook for the Group remains positive...”

2000 and 2005. The Board and I believe that with our sound business strategy, the recognition of the “Jinluo” brand, and our wide geographical spread of operations, the Group will be able to take advantage of China’s growing domestic economy and rising consumer affluence. We will also likely capitalize on the anticipated consolidation of the meat processing industry in the coming years.

RELATIONSHIP WITH SHAREHOLDERS

We welcomed additional shareholders through our listing by introduction on the Hong Kong Stock Exchange in FY2002. However, our stock has been affected by the market sentiments towards Chinese companies as a whole, as well as the dismal global economic conditions. Despite this weak overall market sentiment, our stock managed to garner strong support. In 2003, we will continue our concerted efforts to not only improve on the business front, but also to increase shareholders value by further enhancing our corporate governance and transparency.

The Group is committed to continue to deliver on our promises and maintain open communications with the investment community. At the same time, we will be mindful of selective disclosure as we are now subject to the stringent regulations of the two exchanges in Singapore and in Hong Kong. In terms of investor relations, we worked closely with our consultants in Hong Kong and Singapore over the past year to reach out to analysts and fund managers. These ongoing efforts as well as our strong track record, have led to

greater exposure for the Group in both Singapore and Hong Kong as well as internationally.

DIVIDEND

Therefore, in appreciation of our shareholders, the Board had recommended a final dividend of RMB0.190 per share. Together with the interim dividend of RMB0.139 per Share, the total dividend is RMB0.329 per share for the year 2002. On a yearly basis, the total dividend for FY2002 represents dividend payout of 45%. We have kept to our previous commitment and kept our dividend policy at not less than 30% of profit after tax.

APPRECIATION

No company can do well without a good pool of labour, resources and management, especially in such challenging times. It is therefore appropriate for me to take this opportunity to extend my heart-felt thanks to all the people who have once again helped us along or contributed to our success in one way or another. I would like to also extend my deepest gratitude to all our shareholders for their continued faith and support, as we strive for better years ahead.

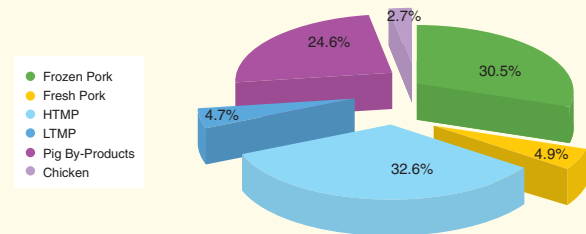
Ming Kam Sing

Chairman

18 March 2003



Turnover by Products (2002)



	2002 RMB'000	2001 RMB'000	% Change
Turnover			
Frozen Pork	1,540,286	1,279,575	20.4
Fresh Pork	248,816	216,777	14.8
High Temperature Meat Products ("HTMP")	1,649,320	1,319,416	25.0
Low Temperature Meat Products ("LTMP")	238,120	199,069	19.6
Pig's by products	1,241,447	1,089,841	13.9
Chicken	138,774	132,202	5.0
Total	5,056,763	4,236,880	19.4
Profit before tax			
Frozen Pork	265,867	202,777	31.1
Fresh Pork	65,367	53,355	22.5
HTMP	347,394	271,683	27.9
LTMP	65,769	53,541	22.8
Pig's by products	193,573	156,712	23.5
Chicken	18,671	16,050	16.3
Total	956,641	754,118	26.9