

“Fortune” edible oils again increased its market share, supported by an excellent operating track record spanning many years, to maintain second place in the sector, taking 20% of the consumer-pack oils business.



Chairman's Statement



Mr. Zhou Mingchen
Chairman

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 2003.

Results

The Group's consolidated turnover was HK\$13,694,462,000, representing an increase of 23% over the corresponding period last year. Profit attributable to shareholders amounted to HK\$409,909,000, a 2% increase; excluding last year's non-recurring gains, the increase in profits is 25% when compared to last year. Earnings per share were 25.1 HK cents, compared with 25.6 HK cents in the previous year.

Dividend

The Directors recommend a final dividend of 5 HK cents per share for the year ended 31 December 2003. Together with the interim dividend of 4.5 HK cents per share already paid during the year, the aggregate dividend for 2003 would be 9.5 HK cents per share. The aggregate dividend for 2002 was 9 HK cents per share. Subject to shareholders' approval at the Annual General Meeting to be held on 10 May 2004, the proposed final dividend will be paid on 17 May 2004 to shareholders whose names appear on the Register of Members of the Company on 10 May 2004.

Review and Prospects

COFCO International, the flagship of China National Cereals, Oils & Foodstuffs Import & Export Corporation, carries on food-related businesses in the PRC and is now the only listed company under our parent company after the privatisation of Top Glory International Holdings Limited became effective in August 2003.

The consistent and robust growth of China's economy in 2003 bolstered the Group's business of consumer foods. Despite the effects of SARS in the first half of the year and price increases in soyabeans and other raw materials during the second half, the Group was able to report continuous growth in turnover and profit over 2002. This success can be attributed to the Group's excellent management, clear corporate strategy, strong market position, comprehensive sales network and increasingly popular brand names.

The improvement in overall operating results shows that the Group has effectively honored its promise of maximizing value for shareholders through an effective corporate strategy.

Future competition in the market is expected to be fierce, but in recent years, the Group has been able to develop its business despite a difficult environment. Therefore, the Group is well placed to benefit from China's strong economic growth and the corresponding rises in purchasing power of Chinese consumers and overall living standards. A byproduct of this growth is the huge potential market in consumer-pack edible oil, wine, chocolates and confectionery, and high-end wheat flour. To capture this expanding market, the Group will continue with its strategy of building up recognition and consumer loyalty of its three national brands: "Fortune" consumer-pack edible oil, "Great Wall" wine and "Le Conte" confectionery and chocolate. The Group will also seek growth through mergers and acquisitions, and the introduction of strategic partners. With these strategies in place, and within a stable business environment, the Group will be able to continue to develop its market and generate greater returns for shareholders.

Lastly, I would like to thank each shareholder for his/her constant support and offer my heartfelt gratitude to all staff members for their continuous hard work over the year!

Zhou Mingchen

Chairman

Hong Kong, 31 March 2004