



On behalf of the board of the Directors (the "**Board**"), I hereby announce the annual results of the Group for the financial year ended 31 December 2005.

2005 was a challenging year to the Group. Despite that the Group has a solid foundation built over years, unusual fluctuations of the spot and futures soyabean oil prices during the year challenged its risk management procedures and hedging mechanism and the Group's performance was affected. In combat, the management promptly reviewed the Group's hedging mechanism, increased the proportion of raw material procured from the PRC, improved cash flow management, cost control and revised the Group's capital expenditure plan. These initiatives saw the Group's performance picked up notably in the second half of 2005.

The Group has long been recognized for its quality products. Attributed to the support from its customers, the Group managed to maintain stable operation against the tough environment. The Group recorded satisfactory soyabean oil and palm oil sales and maintained significant market share.

Following the PRC's accession to the WTO, the central government laid down in 2006 the market mechanism for edible oils in the country which will bring the prices of the PRC edible oil products in line with international levels. This development will help to boost the Group's competitive advantage. In addition, the PRC has a tremendous demand for quality edible oils supported by a strong consumer base. Taking these factors into consideration, the Group is very optimistic about the prospects of the market in 2006.

The Group launched its own oil products in branded small packs during the year. They are being sold in the markets in Northern China and are providing the Group with valuable experience and a good foundation for developing end-products market. The launch of small pack oils was a milestone for the Group and is expected to help enhance its profitability in the years to come.

Pursuant to an agreement dated 24 March 2006, Central Grain Reserve Guangdong Xingshagang Depot, a subsidiary of the state-owned enterprise China Grain Reserve Management Company, agreed, subject to certain conditions, to subscribe the proposed increase in the registered capital of China Force Oils & Grains Industrial (Dongguan) Co., Ltd ("**China Force (Dongguan)**") which will represent 49% of the enlarged registered capital of China Force Dongguan. The Group is confident that this cooperation will bring synergy among its different business areas including oil processing, sales and logistics, and also foster the development of the oils and fats business of both companies, paving the way for the Group's future growth and boosting its long term profitability.

Looking forward, the Group will continue to seize every opportunity to develop its business, strengthen its competitiveness, modify its operation and sales strategy, enlarge its market share in the PRC, strive for steady growth of its small pack oil products and heighten market recognition of its brand. It will also improve the quality of its products and grow the retail market, and seek to lower costs and expenses in its bid to become a premium brand in the market and bring attractive return to the shareholders of the Company (the “**Shareholders**”).

APPRECIATION

On behalf of the Board, I thank our customers, suppliers, bankers, investors and business partners for their support over the years. My special thanks also go to every member of the management team and staff for their unreserved efforts and contribution to the Group in the past year.

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Chairman

24 April 2006