

PINE AGRITECH LIMITED

Third Quarter Financial Statements and Dividend Announcement for the Period Ended 30 September 2008

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	Three months ended 30.09.2008 (Unaudited) RMB'000	Three months ended 30.09.2007 (Unaudited) RMB'000	% change +/-	Nine months ended 30.09.2008 (Unaudited) RMB'000	Nine months ended 30.09.2007 (Unaudited) RMB'000	% change +/-
Revenue	415,755	365,121	13.9	1,214,567	1,163,836	4.4
Costs of sales	<u>(334,357)</u>	<u>(226,790)</u>	47.4	<u>(916,572)</u>	<u>(643,021)</u>	42.5
Gross profit	81,398	138,331	(41.2)	297,995	520,815	(42.8)
Other revenue	9,049	12,023	(24.7)	24,320	16,881	44.1
Selling and distribution expenses	(4,736)	(16,233)	(70.8)	(46,012)	(47,267)	(2.7)
Administrative expenses	(3,138)	(3,437)	(8.7)	(13,272)	(11,335)	17.1
Other operating expenses	<u>(554)</u>	<u>(2,001)</u>	(72.3)	<u>(11,452)</u>	<u>(4,770)</u>	140.1
Profit from operations	82,019	128,683	(36.3)	251,579	474,324	(47.0)
Finance costs	<u>(24,001)</u>	<u>(16,182)</u>	48.3	<u>(70,620)</u>	<u>(16,182)</u>	336.4
Profit before taxation	58,018	112,501	(48.4)	180,959	458,142	(60.5)
Taxation	<u>(6,068)</u>	<u>(19,540)</u>	(68.9)	<u>(5,523)</u>	<u>(74,920)</u>	(92.6)
Profit for the period	<u>51,950</u>	<u>92,961</u>	(44.1)	<u>175,436</u>	<u>383,222</u>	(54.2)

N.M. : Not meaningful

Note:

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 7 September 2004 and was listed in the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 11 May 2005. The principal activity of the Company is that of an investment holding company.

The Group’s profit before taxation is arrived at after charging:

	<u>Group</u>		<u>Group</u>	
	Three months ended 30.09.2008 <u>(Unaudited)</u> RMB'000	Three months ended 30.09.2007 <u>(Unaudited)</u> RMB'000	Nine months ended 30.09.2008 <u>(Unaudited)</u> RMB'000	Nine months ended 30.09.2007 <u>(Unaudited)</u> RMB'000
Amortisation of land use rights	902	597	2,706	1,791
Depreciation	20,607	11,856	55,371	32,119
Research and development costs	434	1,899	9,341	4,407
Loss on disposal of property, plant and equipment	258	45	513	260
Interest expenses on convertible bonds	24,001	16,177	70,620	16,177

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	30.09.2008	31.12.2007	30.09.2008	31.12.2007
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	992,920	979,262	-	-
Deposits	-	8,831	-	-
Land use rights	140,264	142,970	-	-
Investment in subsidiaries	-	-	225,988	225,988
	<u>1,133,184</u>	<u>1,131,063</u>	<u>225,988</u>	<u>225,988</u>
Current assets				
Inventories	223,127	252,486	-	-
Trade receivables	38,910	35,817	-	-
Amount due from subsidiaries	-	-	2,410,744	2,436,988
Prepayment, other receivables and deposits	28,807	78,307	776	776
Cash and bank balances	2,536,458	2,367,926	52	56
	<u>2,827,302</u>	<u>2,734,536</u>	<u>2,411,572</u>	<u>2,437,820</u>
TOTAL ASSETS	<u><u>3,960,486</u></u>	<u><u>3,865,599</u></u>	<u><u>2,637,560</u></u>	<u><u>2,663,808</u></u>
EQUITY AND LIABILITIES				
Total equity				
	<u>1,828,106</u>	<u>1,679,670</u>	<u>621,353</u>	<u>706,431</u>
Current liabilities				
Trade payables	10,372	11,376	-	-
Accrued liabilities and other payables	112,287	202,353	6,481	6,481
Amount due to a subsidiary	-	-	5,243	4,493
Provision for taxation	5,238	25,797	-	-
	<u>127,897</u>	<u>239,526</u>	<u>11,724</u>	<u>10,974</u>
Non-current liabilities				
Convertible bonds	1,924,653	1,854,033	1,924,653	1,854,033
Deferred Tax liabilities	79,830	92,370	79,830	92,370
	<u>2,004,483</u>	<u>1,946,403</u>	<u>2,004,483</u>	<u>1,946,403</u>
Total liabilities	<u>2,132,380</u>	<u>2,185,929</u>	<u>2,016,207</u>	<u>1,957,377</u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,960,486</u></u>	<u><u>3,865,599</u></u>	<u><u>2,637,560</u></u>	<u><u>2,663,808</u></u>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30.09.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	4,600	-	4,600

Amount repayable after one year

As at 30.09.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	1,924,653	-	1,854,033

Details of any collateral

The unsecured borrowings represents the liability component of the convertible bonds issued by the Company on 27 July 2007. Details of the convertible bonds are set out in paragraph 1(d)(ii).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Nine months ended 30.09.2008 (Unaudited) RMB'000	Nine months ended 30.09.2007 (Unaudited) RMB'000
Cash flows from operating activities		
Profit before taxation	180,959	458,142
Adjustments for:		
Interest income	(24,319)	(10,721)
Interest expense	70,620	16,182
Amortisation of land use rights	2,706	1,791
Depreciation	55,371	32,119
Loss on disposal of property, plant and equipment	513	260
Operating profit before working capital changes	285,850	497,773
Decrease in inventories	29,359	91,664
(Increase)/decrease in trade receivables	(3,093)	205,903
Decrease/(increase) in prepayment, other receivables and deposits	49,500	(43,569)
(Decrease)/increase in trade payables	(1,004)	9,675
Decrease in accrued liabilities, and other payables	(90,066)	(32,033)
Cash generated from operations	270,546	729,413
Income taxes paid	(38,622)	(92,143)
Interest paid	-	(5)
Net cash generated from operating activities	231,924	637,265
Cash flows from investing activities		
Purchases of property, plant and equipment	(60,711)	(184,008)
Interest received	24,319	10,721
Deposits paid for acquisition of property, plant and equipment	-	(31,633)
Net cash used in investing activities	(36,392)	(204,920)
Cash flows from financing activities		
Proceeds from issuance of convertible bonds	-	2,000,000
Expenses paid for issuance of convertible bonds	-	(43,179)
Dividend paid	(27,000)	(165,000)
Net cash (used in) /generated from financing activities	(27,000)	1,791,821
Net increase in cash and cash equivalents	168,532	2,224,166
Cash and cash equivalents at beginning of year	2,367,926	334,576
Cash and cash equivalents at end of period	2,536,458	2,558,742
Analysis of balances of cash and cash equivalents		
Cash and bank balances	2,536,458	2,558,742

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Issued capital	Proposed dividends	Share premium	Statutory reserves	Merger reserve	Convertible bonds equity reserve	Retained profits/ Accumulated loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<u>Group</u>								
Balance at 1 January 2007	301,408	108,000	327,755	91,213	135,709	-	402,459	1,366,544
Dividend paid - 2006 Final	-	(108,000)	-	-	-	-	-	(108,000)
Proposed dividend - 2007 Interim	-	57,000	-	-	-	-	(57,000)	-
Dividend paid - 2007 Interim	-	(57,000)	-	-	-	-	-	(57,000)
Issue of convertible bonds	-	-	-	-	-	142,102	-	142,102
Profit for the period	-	-	-	-	-	-	383,222	383,222
Transfer to statutory reserves	-	-	-	38,422	-	-	(38,422)	-
Balance at 30 September 2007	<u>301,408</u>	<u>-</u>	<u>327,755</u>	<u>129,635</u>	<u>135,709</u>	<u>142,102</u>	<u>690,259</u>	<u>1,726,868</u>
Balance at 1 January 2008	301,408	27,000	327,755	139,907	135,709	42,662	705,229	1,679,670
Dividend paid - 2007 Final	-	(27,000)	-	-	-	-	-	(27,000)
Profit for the period	-	-	-	-	-	-	175,436	175,436
Transfer to statutory reserves	-	-	-	23,683	-	-	(23,683)	-
Balance at 30 September 2008	<u>301,408</u>	<u>-</u>	<u>327,755</u>	<u>163,590</u>	<u>135,709</u>	<u>42,662</u>	<u>856,982</u>	<u>1,828,106</u>
<u>Company</u>								
Balance at 1 January 2007	301,408	108,000	327,755	-	-	-	6,411	743,574
Dividend paid - 2006 Final	-	(108,000)	-	-	-	-	-	(108,000)
Proposed dividend - 2007 Interim	-	57,000	-	-	-	-	(57,000)	-
Dividend paid - 2007 Interim	-	(57,000)	-	-	-	-	-	(57,000)
Issue of convertible bonds	-	-	-	-	-	142,102	-	142,102
Profit for the period	-	-	-	-	-	-	50,676	50,676
Balance at 30 September 2007	<u>301,408</u>	<u>-</u>	<u>327,755</u>	<u>-</u>	<u>-</u>	<u>142,102</u>	<u>87</u>	<u>771,352</u>
Balance at 1 January 2008	301,408	27,000	327,755	-	-	42,662	7,606	706,431
Dividend paid - 2007 Final	-	(27,000)	-	-	-	-	-	(27,000)
Loss for the period	-	-	-	-	-	-	(58,078)	(58,078)
Balance at 30 September 2008	<u>301,408</u>	<u>-</u>	<u>327,755</u>	<u>-</u>	<u>-</u>	<u>42,662</u>	<u>(50,472)</u>	<u>621,353</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	S\$
Ordinary shares of S\$0.02 each at 1 January and 30 September 2008	<u>3,000,000,000</u>	<u>60,000,000</u>

Share capital

There were no changes in the Company's share capital in the third quarter of 2008.

Convertible bonds

On 27 July, 2007, the Company issued zero coupon convertible bonds maturing 5 years from the issue date (the "Bonds") at an issue price of 100% of the principal amount of RMB2,000,000,000.

The conversion price will initially be S\$0.9815 per conversion share (the "Conversion Price") with a fixed exchange rate but will be subject to adjustment from time to time in the manner provided in the "Term and Conditions of the Bonds – Conversion" ("Bonds Terms"). The Conversion Price represents a premium of approximately 51% over the closing price of the ordinary shares of the Company on the Singapore Exchange Securities Trading ("SGX-ST") on 9 July, 2007.

Based on the Conversion Price of S\$0.9815 for each conversion share, approximately 407,181,160 conversion shares are expected to be issued and allotted to the holders of the Bonds ("the Bondholders") upon the full exercise of their right to convert the Bonds.

Unless previously redeemed, converted or purchased and cancelled as provided in the Conditions, the Company will redeem the Bonds on 27 July 2012. The Company will, at the option of the bondholder, redeem all and not some only of such bondholder's bond on 27 July 2010.

The Bonds may also be redeemed at the option of holders upon the Shares ceasing to be listed on the SGX- ST or the occurrence of a Change of Control under Bonds Terms.

Except as disclosed above, the Company had no other outstanding convertibles as at 30 September 2008 and 31 December 2007.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30	As at 31
	September 2008	December 2007
Total number of issued shares	3,000,000,000	3,000,000,000
Less: Treasury shares	<u> -</u>	<u> -</u>
Total number of issued shares		
Excluding treasury shares	<u><u>3,000,000,000</u></u>	<u><u>3,000,000,000</u></u>

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares at end of the current financial period reported on.

Not applicable

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures presented have neither been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computations as stated in the audited financial statements for the year ended 31 December 2007, except for the adoption of the new and amended International Financial Reporting Standards (IFRSs) which become effective for financial year beginning on or after 1 January 2008. The adoption of these IFRSs did not give rise to significant changes to the financial statements.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share

	<u>Group</u>		<u>Group</u>	
	Three	Three	Nine	Nine
	months	months	months	months
	ended	ended	ended	ended
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Basic	<u>RMB0.017</u>	<u>RMB0.031</u>	<u>RMB0.058</u>	<u>RMB0.128</u>
Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Basic earnings per ordinary share for the three months and nine months ended 30 September 2008 were calculated based on the Group's profit for the period of approximately RMB51,950,000 and RMB175,436,000 (three months and nine months ended 30 September 2007 : approximately RMB 92,961,000 and RMB383,222,000) divided by issued share capital of 3,000,000,000 ordinary shares.

Diluted earnings per share for the three months and nine months ended 30 September 2008 and 30 September 2007 were not presented as the impact of the exercise of the convertible bonds were anti-dilutive.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	As at	As at	As at	As at
	<u>30.09.2008</u>	<u>31.12.2007</u>	<u>30.09.2008</u>	<u>31.12.2007</u>
Net asset value per ordinary share	<u>RMB0.609</u>	<u>RMB0.560</u>	<u>RMB0.207</u>	<u>RMB0.235</u>

Net asset value per ordinary share was calculated based on:

1. the shareholder's equity of our Group/Company at 30 September 2008 and 31 December 2007;
2. the issued ordinary shares at 30 September 2008 and 31 December 2007 of 3,000,000,000 ordinary shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group's Performance for 3Q 2008 as compared to 3Q 2007

Revenue

Revenue increased by 13.9% to RMB415.8 million in 3Q 2008 from RMB365.1 million in 3Q 2007. This was mainly due to higher sales in soy protein isolates ("SPI"), soybean oil, peptide and other by-products, which offsets the lower sales in soy oligosaccharide syrup ("SOS") recorded in 3Q 2008.

Segmental Revenue Performance

Sales of SPI increased by 29% to RMB258.2 million in 3Q 2008 from RMB200.6 million in 3Q 2007. This was attributable to three main reasons:

- (1) the steady increase in export sales to countries in Eastern Europe and South East Asia;
- (2) the stabilising demand situation for SPI amongst domestic meat products manufacturers in the People's Republic of China (the "PRC"), as a result of the gradual decrease in pork prices and an improved pig supply situation and
- (3) the increase in average selling price offered to customers to reflect the relatively high soybean price, compared to the soybean price recorded in 3Q 2007.

Sales of soybean oil increased by 66% to RMB72.8 million in 3Q 2008 from RMB43.8 million in 3Q 2007, as the Group saw an increase in demand from the customers and hence, the higher average selling price offered to the customers.

Sales of SOS decreased by RMB59.6 million from RMB104.0 million in 3Q 2007 to RMB44.3 million in 3Q 2008, due to lower orders from our customers. In contrast, 3Q 2007 saw strong orders for SOS from our then-master distributor, Shenji. The Group had terminated its master distributor contract with Shenji in late February 2008, due to the latter's inability to meet its minimum order guarantee, as witnessed from the significant drop in SOS orders in the third quarter of FY 2007.

Sales of the new *Tineng* brand peptide, a new product launched in September 2007, contributed RMB 6.0 million in 3Q 2008 as compared to its RMB2.1 million contribution to the Group's revenue in 3Q 2007.

Group Gross Profit and Margin

Gross profit decreased 41.2% from RMB138.3 million in 3Q 2007 to RMB81.4 million in 3Q 2008. Overall gross profit margin declined from 37.9% in 3Q 2007 to 19.6% in 3Q 2008, due primarily to the higher soybean cost which rose from an average price of RMB2.86/kg in 3Q 2007 to an average price of RMB4.05/kg in 3Q 2008, as well as lower sales contribution of SOS which commanded a higher gross profit margin.

Other Revenue

Other revenue mainly represented the interest income recognised from the placement as short term fixed deposits of the proceeds received from the issue of convertible bonds. With the decrease in average interest rates in 3Q 2008 compared to 2Q 2007, interest income decreased in view of similar amounts of bank balances noted in 3Q 2008 and 3Q 2007. No other material irregularities are noted.

Operating Expenses

Operating expenses decreased by 61.1% from RMB21.7 million in 3Q 2008 to RMB8.4 million in 3Q 2007.

Selling and distribution expenses decreased by 70.8% from RMB16.2 million in 3Q 2007 to RMB4.7 million in 3Q 2008 as the Group scaled back on its advertising and promotional campaigns, in view of the slowdown in SOS sales since the last two quarters. With the slow down in SOS sales, the Group will monitor the take up rate of SOS, take stock of its advertising and promotional activities and re-develop a new programme, if necessary, in order to maximise effectiveness of the marketing efforts.

Administrative expenses mainly represented depreciation, insurance and staff –related expenses, no material fluctuation is noted.

Other operating expenses decreased by 72.3% from RMB2.0 million in 3Q 2007 to RMB 0.6 million in 3Q 2008. This item comprised mainly expenditure on research activities which was mostly incurred in the first quarter of 2008, as a large part of the research activities for new products had been completed by 2Q 2008.

Finance Costs

Our finance costs for the 3Q 2008 mainly represented the interest expenses on the convertible bonds issued in July 2007.

The interest expenses on the convertible bonds is calculated on the effective interest basis by applying the interest rate such that the convertible bond liability amount in the balance sheet will equal to the convertible bond principal amount plus a yield of 5.0% per annum upon maturity of the convertible bonds, assuming all convertible bonds are not converted.

Taxation

The taxation represents a) applicable PRC corporate income tax b) a deferred tax credit of approximately RMB4.2 million on the imputed interest expenses for each quarter in 2008.

PRC corporate income tax:

From FY2004, our subsidiary, Linyi Shansong Biological Products Co., Ltd. ("Linyin Shansong"), began to enjoy tax holiday for the first two profitable years, and thereafter, to pay tax at only half the corporate income tax rate for the following three years from FY2006 to FY2008. Accordingly, Linyin Shansong is subject to the reduced tax rate of 12.5% in the year of 2008. Upon expiry of the tax holiday on 31 December 2008, a unified income tax rate of 25% is applicable to Linyin Shansong under the new PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007.

Net Profit for the Period and Margin

The decrease in gross profit margin offset by the decrease in operating expenses resulted in a decline in net profit for the period under review. Net profit totalled RMB52.0 million for 3Q 2008, compared with RMB93.0 million in 3Q 2007.

Review of Group's Financial Position as at 30 September 2008 and 31 December 2007

Net tangible assets as at 30 September 2008 amounted to RMB1,828.1 million (31 December 2007: RMB1,679.7 million), representing an increase of 8.8%.

We incurred capital expenditure of RMB60.7 million in total for the nine months ended 30 September 2008. This amount represented the continuous investment in constructing a new production plant which has the ability to manufacture SPI.

Inventories decreased from RMB252.5 million in FY 2007 to RMB223.1 million in 3Q 2008, due to a slow down of the stocking up of soybeans in view of the stabilisation of soybean prices for recent periods and there should be no major fluctuations in the coming quarters. Nonetheless, the Group will monitor the soybean prices and trends closely.

Trade receivables increased by RMB3.1 million from RMB35.8 million in FY 2007 to RMB38.9 million in 3Q 2008, which was due to some of sales are made near to the end of 3Q 2008, no other material fluctuation is noted.

Prepayment, other receivables and deposits as at FY 2007 mainly represented the deposit paid for the purchase of soybean at the amount of around RMB 60.1 million. As the deposits had been settled in 2Q2008, the prepayment, other receivables and deposits had decreased correspondingly.

Accrued liabilities and other payables decreased by RMB90.1 million from RMB202.4 million in FY 2007 to RMB112.3 million in 3Q2008 which was mainly attributed by the payment of cash deposit of RMB80 million to the ex-master distributor after the termination of its contract on mutual basis.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Not applicable.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement had been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In the coming 12 months, the Group believes that it will not be immuned to a slowdown in the Chinese consumer market. Nonetheless, on the whole, the Group believes that over the long term, as living standards in the PRC rises, there will be more emphasis placed on healthy lifestyle and health-promoting products. Soybean has been and will continue to be a staple of the Chinese diet, and its health-promoting properties have gained popular acceptance.

In view of the near term challenges, the Group will need to focus on managing and controlling cost. For example, the Group will be maintaining a conservative budget for advertising and promotional expenditure as we evaluate the effectiveness of the campaigns viz-a-viz sales performance of its various products. In terms of our main raw material, soybean, the Group will monitor soybean prices closely. We believe that soybean prices have stabilised and in the coming quarters, there should be no major fluctuations.

The Group will review its production capacity plan. The Group also wishes to provide the following overview of its products in the coming 12 months:

Soy Protein Isolates (“SPI”)

Going forward, the Group expects the average selling price of SPI to stabilise. In addition, the Group will shift its focus to driving export sales which has been on a steady climb. While the stabilising demand situation amongst domestic meat producers will also support reasonably healthy growth in this product segment.

Soy Oligosaccharide Syrup (“SOS”)

The Group expects SOS sales to continue to show a decline on a year-on-year basis. Since the termination of the master distribution agreement with Shenji in late February 2008, the Group has, over the last two quarters, taken on its own direct distribution efforts, including distributing to supermarket chain stores in the PRC.

Soybean Peptide and *Ditang*

The Group had launched the *Tineng* soybean peptide and the *Ditang* health product on a trial basis in the second half of FY07 and will continue to closely monitor the sales performance and demand situation for these two products.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable

13. Interested person transactions

Interested person transactions carried out during the three month period ended 30 September 2008:

Name of Interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
PFH Group (Note 1)	RMB13,265,000 (Note 2)	RMB146,511,000 (Note 3)

Notes:

1. PFH Group means People's Food Holdings Limited and its subsidiaries. People's Food Holdings Limited is one of our Substantial Shareholders, which indirectly holds approximately 49% and 36.75% interests of our Company prior to and after the Company's Initial Public Offer.
2. The amount represents the charges paid to PFH Group for the supply of electricity. The charges were made were reference to the market price.
3. The amount represents the sales of soy protein isolates to PFH Group.

BY ORDER OF THE BOARD

Li Zhu Ping
Chief Executive Officer
12 November 2008

PINE AGRITECH LIMITED
(Incorporated in the Bermuda)

CONFIRMATION BY THE BOARD
PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

We, Ming Kam Sing and Li Zhuping, being two directors of Pine Agritech Limited (“the Company”), do hereby confirm on behalf of the directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the third financial quarter results of the Company and of the Group for the financial period ended 30 September 2008 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ming Kam Sing
Non-Executive Chairman

Li Zhuping
Chief Executive Officer

12 November 2008