



Pine Agritech Limited
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PRESS RELEASE

PINE AGRITECH LAUNCHES NEW HIGH MARGIN HEALTH PRODUCT

- New health product *Ditang* contains SOS, soybean peptide and tea leaf extract
- Sales and marketing of *Ditang* started in September FY07 through SOS distribution network of more than 1000 shops
- Plans to commence TV advertising from the end of September FY07

SINGAPORE, 24 September 2007 – Mainboard-listed Pine Agritech Limited (“Pine” and together with its subsidiaries, the “Group”), which develops, produces and markets soybean based health food and food ingredients is pleased to announce the launch of a new high margin health product called 抵糖 (“*Ditang*”). The main ingredients of *Ditang* include soy oligosaccharide syrup (“SOS”), soybean peptide and tea leaf extract.

Pine’s Chief Executive Officer, Mr Li Zhuping said, “Since the launch of our two health products, SOS and soybean peptide, the Group has continued to set the pace with product innovations using our in-house research and development (“R&D”) in collaboration with external parties. This joint product development effort targets consumers suffering from type two diabetes, where the body does not produce enough insulin or the cells

ignore the insulin. Our new product *Ditang*, which contains flavonoids from tea leaf extract together with SOS and soybean peptide, is the outcome of our R&D collaboration with a hospital in Shandong province. We are pleased to note that initial testing on the efficacies of *Ditang* has been encouraging.”

The Group has started the sales and marketing of *Ditang* in September FY07, by initially leveraging on the sales network of its SOS master distributor 勝己乳業有限公司 (“Shenji”) to launch this new health product in conjunction with an advertising campaign. Shenji presently has more than 1000 health stores in 39 major cities in China, promoting both SOS and soybean peptide products for the Group. In future, the Group will explore other sales distribution channels such as supermarkets for *Ditang*.

To improve product awareness and consumer confidence in the Group’s health products, the Group plans to commence TV commercials on local and provincial TV channels such as QingdaoTV(青島电视台), ShandongTV(山东卫视), AnHuiTV(安徽卫视), JiangsuTV(江苏卫视), ZhejiangTV(浙江卫视), BeijingTV(北京卫视) and TianjinTV(天津卫视) from the end of September FY07. Thereafter, the Group plans to expand TV commercials to other channels with national coverage such as CCTV(中央电视), PhoenixTV(凤凰卫视) and HunanTV(湖南卫视).

Mr. Li added, “As ingredients such as SOS and soybean peptide enjoy higher profit margins than our industrial-use product, soy protein isolates

("SPI"), we are able to achieve a higher profit margin for *Ditang* compared to SPI. As a result, the gradual increase of sales and profit contribution from *Ditang* will have a positive impact on the overall profit margin of the Group. In the near term, our selling and distribution expenses are expected to increase due to the launch of *Ditang*, which is supported by aggressive marketing and advertising activities. However, this will ultimately enhance our brand equity in the long run."

The sales and marketing of *Ditang* is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the current financial year.

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About Pine Agritech Limited (Bloomberg code PAG SP)

Founded in 2001, Pine Agritech Limited ("Pine") is a company that develops, produces and markets soybean-related health food and food ingredients. Pine's two main products are soy protein isolates ("SPI"), a food ingredient and soy oligosaccharide syrup ("SOS"), a health food approved by the Ministry of Health in China.

Pine is one of the leading SPI manufacturers in China. SPI is mostly sold to processed meat companies as food ingredient. SOS is produced using proprietary manufacturing process and it is sold under the Group's own Tian Song brand and also directly to beverage makers as health promoting ingredient.

The Group operates three production plants in the PRC, one in Shandong Province, and two in Heilongjiang Province. The strategically located plants in Heilongjiang Province allow easy access to abundant supply of high quality non-genetically modified soybeans. The vertically integrated facilities in Shandong province produce both upstream and downstream products. This enables it to maximise the use of soybeans, better manage the cost, supply and quality of key raw material, defatted soy flakes, and enjoy other economies of scale benefits.

Note :

This release may contain predictions, estimates or other information that may be considered forward-looking statements. Actual results may differ materially from those currently expected because of a number of factors. These factors include (without limitation) changes in general industry and economic conditions, interest

rate movements, cost of capital and capital availability, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in customer demands, changes in operating expenses, including employee wages and raw material prices, governmental and public policy changes, social and political turmoil and major health concerns. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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