



Pine Agritech Limited

Pine Agritech Limited
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Press Release

PINE AGRITECH SECURES STRONG ORDERS FOR HEALTH SYRUP WORTH RMB429M - TO BE DELIVERED IN THE SECOND HALF OF FY2006

Highlights :

- Appoints Master Distributor for Tian Song Brand health syrup, SOS for the PRC market
- Secures orders worth RMB429m to be delivered in second half of 2006
- Minimum order commitment about RMB700m per annum from 2007 till the expiry of master distribution rights
- SOS is the highest margin product
- New orders to have positive impact on Group's performance in FY2006

SINGAPORE, 6 July 2006 - Mainboard-listed Pine Agritech Limited ("the Company" and together with its subsidiaries, "the Group"), a company that develops, produces and markets soybean based health food and food ingredients is pleased to announce that it has secured orders worth RMB429 million for its own Tian Song brand health syrup, soy oligosaccharide syrup ("SOS") from a newly appointed master distributor ("Distributor") for the PRC market. This is the minimum order commitment by the Distributor for the second half of FY2006. From FY2007 onwards till the expiry of the master distribution rights, the minimum order commitment is about RMB700 million per annum.

The master distribution rights, which cover marketing and distribution rights for the Company's own Tian Song brand SOS, will commence from 6 July 2006 and expire after a period of five years, subject to annual review. All existing Tian Song brand SOS contracts secured by the Company prior to 6 July 2006 will remain in force until expiry. Thereafter, the Distributor will takeover to negotiate for contracts with existing and potential new customers for Tian Song brand SOS. Final pricing for any future SOS contracts entered into by the Distributor will need to be approved by the Company. The Distributor will place a non-interest bearing deposit of RMB80 million with the Company, to be refunded upon termination of the master distribution rights.

Pine's Chief Executive Officer, Mr Li Zhu Ping (李柱平) said, "I am excited about this latest development since this is the largest order size we have secured so far. More importantly, we have also locked in significant sales order for SOS over the next few years. Given that SOS is our highest margin product, the orders

secured are expected to have a positive impact on the Company's revenue and earnings in the second half of 2006. By the end of this year, it is almost certain that SOS will become our main profit contributor."

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the above transactions save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

About Pine Agritech Limited (Bloomberg code PAG SP)

Founded in 2001, Pine Agritech Limited ("Pine") is a company that develops, produces and markets soybean based health food and food ingredients. Pine's 2 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 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. Its 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.

In FY2005, Pine reported net profit of RMB234.6 million on revenue of RMB797.0 million, up 71.4% and 51.0% from FY2004.

For more information, please visit : <http://ir.asiaone.com/pineagritech/index.html>

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