C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

UNAUDITED CONSOLIDATED RESULTS

The board of directors (the "Board") of C.P. Pokphand Co. Ltd. (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June, 2008 as follows:

Condensed Consolidated Income Statement

		Six months ended 30th June,	
		2008	2007
	Notes	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited) (As restated)
Continuing operations			
Revenue	*2*	**35,681**	31,526
Cost of sales		**(30,992)**	(22,946)
Gross profit		**4,689**	8,580
Selling and distribution costs		**(1,790)**	(1,433)
General and administrative expenses		**(7,422)**	(6,931)
Other income	*3*	**10,502**	146
Other losses	*4*	**(637)**	–
Finance costs		**(4,584)**	(5,653)
Share of profits and losses of jointly-controlled entities		**7,058**	3,489
Profit/(loss) before tax	*5*	**7,816**	(1,802)
Tax	*6*	**(122)**	(623)
Profit/(loss) for the period from continuing operations		**7,694**	(2,425)
Discontinued operations	*7*		
Profit/(loss) for the period from discontinued operations		**15,569**	(7,943)
Profit/(loss) for the period		**23,263**	(10,368)
Attributable to:			
Equity holders of the Company		**23,327**	(11,342)
Minority interests		**(64)**	974
		23,263	(10,368)

Condensed Consolidated Income Statement *(Continued)*

	Notes	Six months ended 30th June, 2008 US$'000 (Unaudited)	2007 US$'000 (Unaudited) (As restated)
Earnings/(loss) per share attributable to ordinary equity holders of the Company:	*8*	***US cents***	*US cents*
From continuing operations			
Basic		**0.263**	(0.224)
Diluted		**0.260**	N/A
From discontinued operations			
Basic		**0.544**	(0.168)
Diluted		**0.537**	N/A

Condensed Consolidated Balance Sheet

	Notes	30th June, 2008 US$'000 (Unaudited)	31st December, 2007 US$'000 (Audited)
Non-current assets			
Property, plant and equipment		**64,403**	430,167
Investment properties		**–**	6,711
Land lease prepayments		**1,635**	50,558
Non-current livestock		**–**	23,092
Interests in jointly-controlled entities		**68,076**	52,166
Interests in associates		**–**	27,642
Available-for-sale investments		**–**	1,238
Goodwill		**–**	2,928
Deferred tax assets		**–**	106
Total non-current assets		**134,114**	594,608
Current assets			
Assets classified as held for sale		**963,084**	–
Current livestock		**–**	34,334
Inventories		**11,757**	248,601
Accounts receivables, other receivables and deposits	9	**26,381**	74,520
Bills receivable		**–**	9,705
Tax recoverable		**–**	47
Due from minority shareholders		**833**	2,653
Due from related companies		**133**	10,038
Pledged deposits		**–**	4,200
Cash and cash equivalents		**2,718**	82,852
Total current assets		**1,004,906**	466,950

Condensed Consolidated Balance Sheet *(Continued)*

	Notes	30th June, 2008 US$'000 (Unaudited)	31st December, 2007 US$'000 (Audited)
Current liabilities			
Liabilities classified as held for sale		**836,281**	–
Accounts payable, other payables and accrued expenses	*10*	**26,738**	335,723
Bills payable		**–**	23,032
Tax payable		**2,430**	5,323
Provisions for staff bonuses and welfare benefits		**316**	8,892
Due to related companies		**–**	10,898
Due to minority shareholders		**575**	6,834
Interest-bearing bank and other loans		**35,914**	432,077
Total current liabilities		**902,254**	822,779
Net current assets/(liabilities)		**102,652**	(355,829)
Total assets less current liabilities		**236,766**	238,779
Non-current liabilities			
Interest-bearing bank and other loans		**(90,650)**	(125,577)
Net assets		**146,116**	113,202
Equity			
Equity attributable to equity holders of the parent			
Issued capital		**28,898**	28,898
Share premium account		**73,897**	73,897
Reserves		**(722)**	(37,667)
		102,073	65,128
Minority interests		**44,043**	48,074
Total equity		**146,116**	113,202

Notes to Condensed Consolidated Financial Statements

1. Basis of preparation and accounting policies

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December, 2007.

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st December, 2007. As described in the annual financial statements for the year ended 31st December, 2007, the following new standards, amendments to standards, and interpretations are mandatory for financial year beginning on 1st January, 2008:

IFRIC-Int 11	IFRS 2 – Group and Treasury Share Transactions; effective for annual periods beginning on or after 1st March, 2007
IFRIC-Int 12	Service Concession Arrangements; effective for annual periods beginning on or after 1st January, 2008
IFRIC-Int 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction; effective for annual periods beginning on or after 1st January, 2008

Management has assessed the impact of these new standards, amendments to standards and interpretations where the adoption of these new standards, amendments to standards and interpretations did not result in material impact on the financial statements of the Group and no substantial changes to the Group's accounting policies.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2008 and have not been early adopted:

IFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellations; effective for annual periods beginning on or after 1st January, 2009
IFRS 3 (Revised)	Business Combinations; effective for annual periods beginning on or after 1st July, 2009
IFRS 8	Operating Segments; effective for annual periods beginning on or after 1st January, 2009
IAS 1 (Revised)	Presentation of Finance Statements; effective for annual periods beginning on or after 1st January, 2009
IAS 23 (Revised)	Borrowing Costs; effective for annual periods beginning on or after 1st January, 2009
IAS 27 Amendment	Consolidated and Separate Financial Statements; effective for annual periods beginning on or after 1st July, 2009
IAS 32 and IAS 1 Amendments	Puttable Financial Instruments and obligations arising on liquidation; effective for annual periods beginning on or after 1st January, 2009
IFRIC-Int 13	Customer Loyalty Programmes; effective for annual periods beginning on or after 1st July, 2008

The Group is in the process of making an assessment of the impact of the above standards, interpretations and amendments. So far, it has concluded that the adoption of these new standards, amendments to standard, and interpretations is unlikely to have a significant impact on the Group's results of operations and financial position.

2. Revenue

Revenue, which is also the Group's turnover, represents rental income and the net invoiced value of sales after allowances for goods returned and trade discounts, and after eliminations of intra-group transactions.

Segmental information

The Group is organised into the following business segments:

Continuing operations

- Biochemical segment represents manufacturing and sale of Chlortetracycline products;
- The manufacture and sale of motorcycles segment represents the manufacturing and sale of motorcycles and automobile accessories through its jointly-controlled entities; and
- The investment and property holding segment represents leasing offices owned by the Group and acts as the investment holdings of group companies.

Discontinued operations

– The feedmill and poultry segment represents feedmill and poultry operations and trading of agricultural products.
– The investment and property holding segment represents leasing offices owned by the Group and acts as the investment holdings of group companies.

On 18th April, 2008, the Company entered into the agreement to dispose certain interest of companies which principally engaged in the feedmill and poultry operations, trading of agricultural products and investment and property holding business. Further details of the discontinuation of the feedmill and poultry segment and investment and property holding segment are set out in note 7.

(a) *Business segments*

The following tables present revenue, expenditure and profit/(loss) information for the Group's business segments for the six months ended 30th June, 2008 and 2007.

	Continuing Operations				Discontinued Operations			
	Manufacturing and sale of Chlortetracycline products	Manufacturing and sale of motorcycles and automobile accessories*	Investment and property holding	Sub-total	Feedmill and poultry operations and trading of agricultural products	Investment and property holding	Sub-total	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
For the six months ended 30th June, 2008 (Unaudited)								
Segment revenue :								
Total sales	36,655	–	256	36,911	616,448	–	616,448	653,359
Intrasegment sales	(1,104)	–	(126)	(1,230)	(59,958)	–	(59,958)	(61,188)
Sales to external customers	35,551	–	130	35,681	556,490	–	556,490	592,171
Segment results	1,106	(1,992)	(3,637)	(4,523)	24,795	47	24,842	20,319
Other income	–	–	10,450	10,450	–	–	–	10,450
Other losses	–	–	(637)	(637)	–	–	–	(637)
Interest income				52			225	277
Finance costs				(4,584)			(10,754)	(15,338)
Share of profits and losses of jointly-controlled entities	–	7,058	–	7,058	1,840	–	1,840	8,898
Share of profits and losses of associates	–	–	–	–	1,140	–	1,140	1,140
Profit before tax				7,816			17,293	25,109
Tax				(122)			(1,724)	(1,846)
Profit for the period				7,694			15,569	23,263

* *These activities were conducted through the Group's jointly-controlled entities*

	Continuing Operations				Discontinued Operations			
	Manufacturing and sale of Chlortetracycline products	**Manufacturing and sale of motorcycles and automobile accessories***	**Investment and property holding**	**Sub-total**	**Feedmill and poultry operations and trading of agricultural products**	**Investment and property holding**	**Sub-total**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
For the six months ended 30th June, 2007 (Unaudited)								
Segment revenue :								
Total sales	31,559	–	256	31,815	1,022,965	–	1,022,965	1,054,780
Intrasegment sales	(38)	–	(251)	(289)	(96,545)	–	(96,545)	(96,834)
Sales to external customers	31,521	–	5	31,526	926,420	–	926,420	957,946
Segment results	5,003	(1,752)	(3,035)	216	3,280	(89)	3,191	3,407
Other income	–	–	–	–	5,005	–	5,005	5,005
Other losses	–	–	–	–	–	–	–	–
Interest income				146			2,233	2,379
Finance costs				(5,653)			(12,743)	(18,396)
Share of profits and losses of jointly-controlled entities	–	3,489	–	3,489	(4,466)	–	(4,466)	(977)
Share of profits and losses of associates	–	–	–	–	983	–	983	983
Loss before tax				(1,802)			(5,797)	(7,599)
Tax				(623)			(2,146)	(2,769)
Loss for the period				(2,425)			(7,943)	(10,368)

* *These activities were conducted through the Group's jointly-controlled entities*

(b) *Geographical segments*

The following tables present revenue, expenditure and profit/(loss) information for the Group's geographical segments for the six months ended 30th June, 2008 and 2007.

	Continuing Operations			Discontinued Operations			
	Hong Kong	Mainland China	Sub-total	Hong Kong	Mainland China	Sub-total	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
For the six months ended 30th June, 2008 (Unaudited)							
Segment revenue :							
Total sales	256	36,655	36,911	–	616,448	616,448	653,359
Intrasegment sales	(126)	(1,104)	(1,230)	–	(59,958)	(59,958)	(61,188)
Sales to external customers	130	35,551	35,681	–	556,490	556,490	592,171
Segment results	(3,638)	(885)	(4,523)	47	24,795	24,842	20,319
Other income	10,450	–	10,450	–	–	–	10,450
Other losses	(637)	–	(637)	–	–	–	(637)
Interest income			52			225	277
Finance costs			(4,584)			(10,754)	(15,338)
Share of profits and losses of jointly-controlled entities	–	7,058	7,058	–	1,840	1,840	8,898
Share of profits and losses of associates	–	–	–	–	1,140	1,140	1,140
Profit before tax			7,816			17,293	25,109
Tax			(122)			(1,724)	(1,846)
Profit for the period			7,694			15,569	23,263

	Continuing Operations			Discontinued Operations			
	Hong Kong	Mainland China	Sub-total	Hong Kong	Mainland China	Sub-total	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
For the six months ended 30th June, 2007 (Unaudited)							
Segment revenue :							
Total sales	256	31,559	31,815	–	1,022,965	1,022,965	1,054,780
Intrasegment sales	(251)	(38)	(289)	–	(96,545)	(96,545)	(96,834)
Sales to external customers	5	31,521	31,526	–	926,420	926,420	957,946
Segment results	(3,035)	3,251	216	(89)	3,280	3,191	3,407
Other income	–	–	–	–	5,005	5,005	5,005
Other losses	–	–	–	–	–	–	–
Interest income			146			2,233	2,379
Finance costs			(5,653)			(12,743)	(18,396)
Share of profits and losses of jointly-controlled entities	–	3,489	3,489	–	(4,466)	(4,466)	(977)
Share of profits and losses of associates	–	–	–	–	983	983	983
Loss before tax			(1,802)			(5,797)	(7,599)
Tax			(623)			(2,146)	(2,769)
Loss for the period			(2,425)			(7,943)	(10,368)

3. Other income

	Six months ended 30th June,	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	(Unaudited) (As restated)
Technical Service fee income	**10,450**	–
Bank and other interest income	**52**	146
	10,502	146

4. Other losses

	Six months ended 30th June,	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
		(As restated)
Changes in fair value of investment properties	**637**	–
	637	–

5. Profit/(loss) before tax

	Six months ended 30th June,	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
The Group's profit/(loss) before tax is arrived at after charging / (crediting):		
Continuing operations		
Foreign exchange gains, net	**(227)**	(18)
Depreciation	**2,553**	1,951
Amortisation of land lease prepayments	**21**	19
Staff costs	**5,584**	4,901
Gain on disposal of items of property, plant and equipment, net	**(40)**	(34)
Discontinued operations		
Foreign exchange gains, net	**(1,484)**	(4,001)
Depreciation	**11,520**	22,278
Amortisation of land lease prepayments	**592**	644
Staff costs	**35,784**	62,392
Loss on disposal of items of property, plant and equipment, net	**27**	146

6. Tax

	Six months ended 30th June,	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Group:		
Continuing operations		
Charge for the period – Mainland China	**122**	623
Deferred-Mainland China	**–**	–
Total tax charge for the period	**122**	623
Discontinued operations		
Charge for the period – Mainland China	**1,724**	2,146
Deferred-Mainland China	**–**	–
Total tax charge for the period	**1,724**	2,146

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2007: nil).

7. Discontinued operations

On 18th April, 2008, pursuant to the agreement with CP China Investment Limited (the "Purchaser"), which is wholly-owned directly by Charoen Pokphand Group Company Limited, which is owned as to 51.31% by the controlling shareholders of the Company, the Company has conditionally agreed to sell or procure the sale of the 100% interest of Chia Tai (China) Agro-Industrial Ltd. ("CT Agro"), 正大(中國)投資有限公司 (Chia Tai (China) Investment Co., Ltd), C.T. Progressive (Investment) Ltd. and Wide Master Investment Limited (collectively the "Relevant Companies") and the aggregate amount advanced by the Company to CT Agro of approximately US$119,656,000 to the Purchaser for a total consideration of US$102,800,000. The Relevant Companies are principally engaged in property and investment holding and holds 110 subsidiaries, 18 jointly-controlled entities and 1 associated company engaged in the agribusiness in China. The disposal was completed on 22nd August, 2008.

Profit/(loss) for the period from discontinued operations is analysed as follows:

	Six months ended 30th June,	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Revenue	**556,490**	926,420
Cost of sales	**(487,673)**	(839,039)
Gross profit	**68,817**	87,381
Selling and distribution costs	**(20,855)**	(35,167)
General and administrative expenses	**(23,120)**	(49,023)
Other income	**225**	7,238
Finance costs	**(10,754)**	(12,743)
Share of profits and losses of:		
Jointly-controlled entities	**1,840**	(4,466)
Associates	**1,140**	983
Profit/(loss) before tax	**17,293**	(5,797)
Tax	**(1,724)**	(2,146)
Profit/(loss) for the period	**15,569**	(7,943)
Attributable to:		
Equity holders of the Company	**15,714**	(4,855)
Minority interests	**(145)**	(3,088)
	15,569	(7,943)

8. Earnings/(loss) per share attributable to ordinary equity holders of the Company

The calculation of basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company for the six months ended 30th June, 2008 is based on the following data:

	Six months ended 30th June,	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Earnings/(loss) from continuing operations		
Earnings/(loss) attributable to equity holders of the Company	**7,613**	(6,487)
Earnings/(loss) from discontinued operations		
Earnings/(loss) attributable to equity holders of the Company	**15,714**	(4,855)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	**2,889,730,786**	2,889,730,786
Effect of dilutive potential ordinary shares issuable under the Company's share option scheme	**34,827,730**	–
Weighted average number of ordinary shares for the purposes of diluted earnings / (loss) per share	**2,924,558,516**	2,889,730,786

9. **Accounts receivable, other receivables and deposits**

The Group normally grants a credit period of up to 70 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts receivable, other receivables and deposits are non-interest-bearing. An aging analysis of the Group's accounts receivable, based on the invoice date, together with other receivables and deposits is as follows:

	30th June, 2008	31st December, 2007
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Less than 90 days	**10,756**	33,696
91 to 180 days	**51**	650
181 to 360 days	**–**	782
Over 360 days	**–**	1,529
	10,807	36,657
Impairment	**–**	(1,633)
	10,807	35,024
Other receivables and deposits	**15,574**	39,496
	26,381	74,520

10. **Accounts payable, other payables and accrued expenses**

An aged analysis of the accounts payable, based on the date of receipt of the respective goods, together with other payables and accrued expenses of the Group is as follows:

	30th June, 2008	31st December, 2007
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Less than 90 days	**12,801**	155,681
91 to 180 days	**566**	7,491
181 to 360 days	**33**	6,207
Over 360 days	**45**	4,046
	13,445	173,425
Other payables and accrued expenses	**13,293**	162,298
	26,738	335,723

Accounts payable are non-interest bearing and are normally settle on 30-45 day terms. Other payables and accrued expenses are non-interest bearing and have an average term of one month.

INTERIM DIVIDEND

The Directors do not recommend an interim dividend for the six months ended 30th June, 2008 (2007: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group reorganized its businesses, streamlining its operations. The Group announced plans to sell its stake in the agribusiness, including feed, breeding and rearing, and food integration operations, for a consideration of US$102,800,000 (approximately HK$801,840,000) while retaining its Chlortetracycline ("CTC") and industrial businesses. The sale of these businesses has been approved by the independent shareholders of the Company on 19th June, 2008 and all of the conditions governing such agreement have already been met with the deal being finalized on 22nd August, 2008.

For the six-month period ended 30th June, 2008, the Group posted a profit attributable to equity holders of US$23,300,000 (2007: Loss attributable to equity holders of US$11,300,000). Compared with the same period last year, turnover derived from continuing businesses climbed 13.2% to US$35,700,000 while profit recorded a turnaround of US$7,700,000 from last year's loss of US$2,400,000. Basic earnings per share derived from continuing operations were 0.263 US cents versus last year's loss of 0.224 US cents.

In the first half of 2008, the business environment in China was plagued by both natural disasters and economic challenges. With heavy snow storms and a disastrous earthquake on one hand, and an increasing yuan on the other hand, businesses have been wrestling with exchange rate risks along with an upsurge in production costs resulting from unprecedented increases in raw material prices. To deal with all of these challenges, the Group needed to introduce more flexibility into its operational strategies. The performance of the Group's continuing businesses during the period are as follows:

CTC

Currently, the Group is the largest producer of CTC in China. For the six-month period ended 30th June, 2008, the Group's CTC business showed steady growth, with turnover increased 13.2% to US$35,700,000, as compared with the same period last year. Feed-grade CTC ("FG CTC") and Hydrochloride CTC ("HCL CTC") accounted for approximately 75.6% and 24.4% respectively, of the total turnover for the segment.

While demand for CTC was relatively stable in the market in the first half of 2008, exchange rate threats were nevertheless growing among industrial players. After the introduction of currency reform in China in July 2005, the yuan has had a 20 percent cumulative gain over the US dollar. Even in the first half of this year, it has risen 6 percent against the dollar. Thus, the Group has adopted a more flexible approach to deploy its resources, multiplying its sales effort in the domestic market. For the period under review, domestic sales of CTC products rose 3,000 tons to 7,600 tons, which accounted for 35.9% of the Group's total CTC sales volume. On the export front, export sales volume decreased by 3.6% to 13,600 tons as a few countries imposed restrictions on the use of feed-grade CTC.

The Group's CTC products include feed-grade CTC and the more purified Hydrochloride CTC. During the period under review, sales volume of feed-grade CTC reached 20,800 tons, an increase of 2,600 tons or 14.4%, while sales volume of Hydrochloride CTC dropped by 6.9% to 410 tons amid export price increases to offset the yuan appreciation.

Earlier this year, extensive areas of China had been affected by heavy snow storms which resulted in the interruption of the company's production by the disruption of electricity supplies to the Group's factories. Our production costs also increased because of surging commodity prices. Accordingly, gross profit of the Group's CTC business decreased by 45.3% to US$4,700,000, as compared with the same period last year.

During the period under review, the Group's new Hydrochloride CTC factory in Putan was awarded the Certificate of Suitability (COS) from the European Pharmacopoeia Commission, and has also met the standards of the European Good Management Practice ("GMP").

Industrial Business

The Group's industrial businesses include production and sales of motorcycles, Caterpillar machinery sales, and production and sales of carburetors and automobile accessories through its jointly-controlled entities. In the six months ended 30th June, 2008, a total of US$5,100,000 in the Group's profit was contributed by the industrial businesses, up 191.7% as compared with the same period last year.

Motorcycle

Luoyang Northern Ek Chor Motorcycle Company Limited ("Northern Ek Chor"), a flagship company of the Group, produces and sells motorcycles under the brand name 'Dayang' and is famous for producing cub-type motorcycles. Its product types also include scooter and standard, with power engines ranging from 48cc to 200cc. The 'Dayang' brand is well known in China and continues to win the support of its customers. According to the China Association of Automobile Manufacturers, as of July 2008, our 'Dayang' brand motorcycle was ranked no. 6 in China by unit sales (including those motorcycles manufactured with the 'Dayang' patent rights). Moreover, the brand value of 'Dayang' is among China's top 500, according to the report '2008 China's 500 Most Valuable Brands'.

According to the China Association of Automobile Manufacturers, the year-on-year growth rate for China's sales of motorcycles in the first half of 2008 was 13.3% by quantity sales while export sales 32.1%. Meanwhile, Northern Ek Chor also registered a modest sales growth in its motorcycles as well as its engines.

During the period under review, Northern Ek Chor sold 297,100 units of motorcycles, up 20.3%, among which cub, scooter and standard accounted for 75.6%, 16.7% and 7.6%, respectively, of the total sales units; all three product types recorded upward trends in sales units with domestic sales registering a year-on-year increase of 18.1% to 245,500 units. Meanwhile, Northern Ek Chor has also put heavy focus on expanding its overseas market; in addition to boosting its already existing markets in Southeast Asia and Greece, it is continuing its efforts in exploring other new potentially rich emerging markets, such as Africa and Brazil. During the period under review, Northern Ek Chor's export sales reached 51,600 units, up 31.7%, as compared with the same period last year.

Additionally, Northern Ek Chor also manufactures engines for motorcycles and tricycles, with sales primarily targeted to the domestic market. In the first half of 2008, its engines sales totaled 96,700 units, a surge of 74.2% compared with the same period last year.

In 2008, Northern Ek Chor continues its competitive edge in the realm of its cub production; in addition, it has been enhancing and upgrading its lines of scooters and standard motorcycles, seizing readily any business opportunities brought by market changes. During the period under review, Northern Ek Chor launched a new 110cc standard motorcycle, DY110-26, further enhancing the available selection of 'Dayang' standard motorcycles. Northern EK Chor has also successfully launched its new 48cc scooter motorcycle, DY48QT-3, to fulfill other needs in the market, as production technology for electric bicycles in China is still inadequate. With an aim to boost the motorcycle annual production capacity, Northern Ek Chor has begun expanding its factory which is expected to be completed in 2009.

Caterpillar Machinery Dealership

ECI Metro Investment Co., Ltd. ("ECI Metro") provides sales, leasing and repair services for Caterpillar in its construction and mining equipment in the western region of China. During the period under review, ECI Metro recorded prominent growth in its business amid a big earthquake in Sichuan in mid May; it sold a total of 851 units of machinery equipment, an increase of 69.9% from 501 units compared with the same period last year. Overall, robust sales have been reported, especially in its major sales provinces such as Yunnan, Sichuan and Ningxia, with reported growth of 67.3%, 47.6% and 69.9% respectively, as compared with the same period a year ago.

ECI Metro principally deals in the sales of excavators. According to the excavator branch of the China Construction Machinery Association, during the first half year of 2008, China's excavator industry experienced vigorous growth, with sales reaching approximately 52,000 units, a year-on-year increase of 24.5%. Sales of ECI Metro's excavators grew even stronger, up 49.7% to 651 units. Apart from excavators, ECI Metro has commenced sales of wheel loaders manufactured by Shandong SEM Machinery (wholly-owned by Caterpillar effective February 2008) and recorded sales of 140 units, an increase of 6.4 times from the same period last year which had sales of 19 units.

As market demand for quality machinery grows, ECI Metro, with full support from Caterpillar, is introducing to the market different kinds of construction machinery to satisfy its needs. During the review period, ECI Metro also won the business contract for the marine engines in Chongqing, fueling its power engine sales to 88 units, as compared with 68 units recorded in the same period last year.

Carburetors and Automobile Accessories

Zhanjiang Deni Carburetor Co., Ltd. ("Zhanjiang Deni")'s major carburetor product is motorcycle carburetor. Compared with the same period last year, 3,630,000 units of motorcycle carburetors were sold, an increase of 6.0%, representing 97.6% of the total carburetor sales. Guangdong and Chongqing, China's key motorcycle production centers, are also Zhanjiang Deni's major sales areas, which accounted for approximately 78.7% of its sales. Gross profit margin for carburetor products edged up from 7.5% to 14.2%, benefiting from effective cost control.

According to the China Association of Automobile Manufacturers, China produced 5,199,600 units of automobiles in the first half of the year, up 16.7%. Riding on the solid demand for automobiles in China, Zhanjiang Deni's automobile accessories business also recorded strong growth during the same period, 1,100 tons of automobile accessories were registered, up 67.9% compared with the same period last year. In the first half of 2008, gross profit margin of Zhanjiang Deni's automobile accessory products remained at a robust level of 34.4%, compared with 33.1% in the same period last year.

Prospects

On the CTC business front, the Group will continue to stay in tune with the local and overseas market and become more flexible in its operational approach so as to adapt to the changing needs for CTC products, in addition to the exchange rate movements on RMB.

On the industrial business front, the Group will continue to expand its 'Dayang' brand motorcycle sales networks in China, boosting its export markets, and at the same time developing new products for the purpose of product complementation and quality upgrade. The Group will also continue to collaborate with Caterpillar on new projects, including the redevelopment projects in Sichuan's earthquake relief effort. To keep up with China's growing motorcycle and automobile industries, the Group will also expand its automobile accessory production.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2008, the Group had total assets of US$1,139.0 million, increasing 7.3% as compared with US$1,061.6 million as at 31st December, 2007.

Total debt and debt to equity ratio (debt to equity ratio is calculated by dividing the total borrowings by the equity including minority interests) were US$126.6 million and 86.6% respectively, as compared to US$557.7 million and 492.6% as at 31st December, 2007. Significant improvement in gearing position was resulted from the disposal of the agro subsidiaries.

Most of the borrowings by the Group are in U.S. dollars and RMB, and the interest rates ranged from 2.7% to 9.8% per annum.

The Group had not engaged in any derivative for hedging against both the interest and exchange rate.

All sales in the PRC are transacted in RMB, and export sales are transacted in foreign currencies. Foreign currencies are required for purchase of imported raw materials, parts and components, and the Group keeps necessary foreign currencies to meet its operational needs. The Directors consider the appreciation of RMB during the period had no material impact on the Group's business.

CAPITAL STRUCTURE

The Group finances its working capital requirements through a combination of funds generated from operations, short term and long term bank loans. The Group had cash and cash equivalents of US$2.7 million as at 30th June, 2008 (31st December, 2007: US$82.9 million), a decrease of US$80.2 million in which approximately US$74.4 million represented the cash and cash equivalents of the agro subsidiaries.

CHARGES ON GROUP ASSETS

As at 30th June, 2008, out of the total borrowings of US$126.6 million (31st December, 2007: US$557.7 million) obtained by the Group, only US$6.8 million (31st December, 2007: US$188.3 million) were secured and accounted for 5.4% (31st December, 2007: 33.8%) of the total. Certain of the Group's property, plant and equipment, lease prepayments and fixed deposits with an aggregate value of US$16.6 million (31st December, 2007: US$245.0 million) have been pledged as securities for various short and long term bank loans.

CONTINGENT LIABILITIES

As at 30th June, 2008, the guarantees provided by the Group were US$19.0 million (31st December, 2007: US$27.8 million).

MATERIAL DISPOSAL OF SUBSIDIARIES

On 18th April, 2008, the Company entered into a disposal agreement with CP China Investment Limited (the "Purchaser"), a connected person of the Company, for the disposal of its entire interest in CT Agro, 正大(中國)投資有限公司 (Chia Tai (China) Investment Co., Ltd.), Wide Master Investment Limited and C.T. Progressive (Investment) Ltd. (the "Relevant Companies") and the aggregate amount advanced by the Company to CT Agro of US$119,656,000 to the Purchaser for a cash consideration of US$102,800,000 (the "Disposal"). The Relevant Companies and their respective subsidiaries, jointly-controlled entities and associated company are principally engaged in agribusiness. The Disposal was duly approved by the independent shareholders of the Company at the special general meeting held on 19th June, 2008 and completion has taken place on 22nd August, 2008. Details of the Disposal are set out in the circular of the Company dated 27th May, 2008.

EMPLOYEE AND REMUNERATION POLICIES

As at 30th June, 2008, the Group employed around 6,900 staff (including 5,800 staff from the jointly-controlled entities) in PRC and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market rate while performance bonuses are granted on a discretionary basis. Other employee benefits include insurance and medical coverage, subsidized training programme as well as share option scheme.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance that properly protect and promote the interests of all the shareholders and enhance corporate value and accountability.

The Company has complied with all the code provisions prescribed in the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30th June, 2008, save for deviations from code provisions A.4.2. and E.1.2.

Code provision A.4.2 stipulates that every director, including one appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company was incorporated in Bermuda under the C.P. Pokphand Company Act, 1988 (the "Private Act"). Pursuant to paragraph 3(e) of the Private Act, any executive chairman and any managing director shall not be subject to retirement by rotation at each annual general meeting. In order to achieve the intended effect of this code provision, Mr. Dhanin Chearavanont, the Executive Chairman, intends to voluntarily retire by rotation in such manner and at such frequency as provided for other directors under the Bye-Laws of the Company.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting of the Company. Due to an unexpected business commitment, Mr. Sumet Jiaravanon, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 19th June, 2008. Mr. Robert Ping-Hsien Ho, an Executive Director, was elected in accordance with the Bye-Laws of the Company to act as the chairman of the annual general meeting and, together with the chairman of the audit committee of the Company, answer questions at the annual general meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the directors. Having made specific enquiry of all directors, the directors have complied with the required standard as set out in the Model Code throughout the six months ended 30th June, 2008.

AUDIT COMMITTEE

Upon the resignation of Mr. Kowit Wattana as independent non-executive director on 29th July, 2008, the Company had only two independent non-executive directors and two members in the Audit Committee, which fell below the minimum number required under Rule 3.10(1) and Rule 3.21 of the Listing Rules. Subsequently, Mr. Sakda Thanitcul was appointed to fill the vacancy of independent non-executive director and be a member of audit committee on 8th September, 2008 and therefore, the audit committee of the Company comprises three independent non-executive directors of the Company.

The establishment of the Audit Committee serves to enhance corporate governance practice. The principal duties of the Audit Committee include the review and supervision of the Company's financial reporting process and internal controls. The Group's unaudited financial results for the six months ended 30th June, 2008 has been reviewed by Audit Committee at the meeting held on 2nd September, 2008.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

By Order of the Board
Robert Ping-Hsien Ho
Director

Hong Kong, 8th September, 2008

As at the date of this announcement, the Board comprises twelve executive directors, namely, Mr. Sumet Jiaravanon, Mr. Dhanin Chearavanont, Mr. Thirayut Phitya-Isarakul, Mr. Thanakorn Seriburi, Mr. Meth Jiaravanont, Mr. Robert Ping-Hsien Ho, Mr. Soopakij Chearavanont, Mr. Nopadol Chiaravanont, Mr. Chatchaval Jiaravanon, Mr. Benjamin Jiaravanon, Mr. Narong Chearavanont, Mr. Pang Siu Chik, and three independent non-executive directors, namely, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres and Mr. Sakda Thanitcul.