



INTERIM REPORT 2008

C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

Stock Code : 43



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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, C.P. Pokphand Co. Ltd. (the "Company") and its subsidiaries (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.

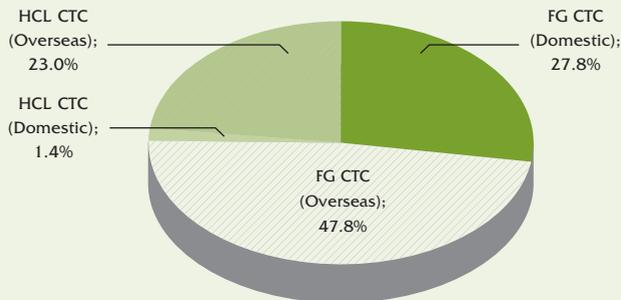
For the six-month period ended 30th June, 2008, the Group posted a profit attributable to equity holders of US\$23,300,000 (2007: Loss attributable to equity holders of US\$11,300,000). Compared with the same period last year, turnover derived from continuing businesses climbed 13.2% to US\$35,700,000 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 cent versus last year's loss of 0.224 US cent.

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.

CTC's Turnover Distribution





CTC (Continued)

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 US 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 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 FG CTC.

The Group's CTC products include FG CTC and the more purified HCL CTC. During the period under review, sales volume of FG CTC reached 20,800 tons, an increase of 2,600 tons or 14.4%, while sales volume of HCL CTC dropped by 6.9% to 400 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 Group's production by the disruption of electricity supplies to its 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 HCL 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 Manufacturing 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.

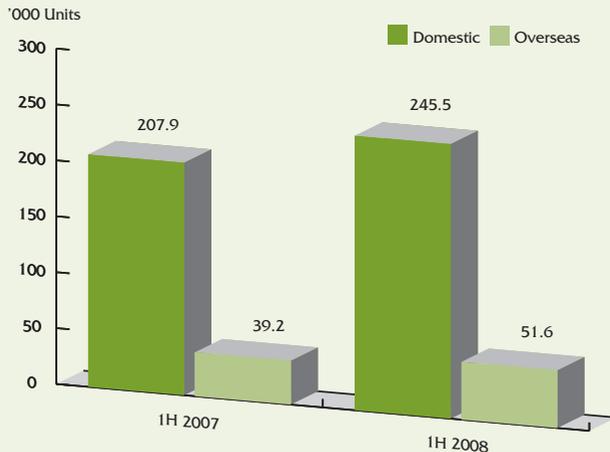
Motorcycle

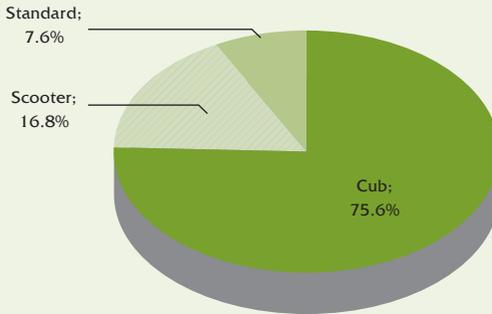
Luoyang Northern Ek Chor Motorcycle Company Limited (“Northern Ek Chor”), a flagship company of the Group, produces and sells motorcycles under the brand name ‘Dayang’ and is famous for producing cub-type motorcycles. Its product types also include scooter and standard, with power engines ranging from 48 cubic centimetres (“cc”) 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%, 16.8% 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 South-east 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.

Sales Quantity of Motorcycles



*Motorcycle (Continued)***Sales Quantity by Type**

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.

Sales Quantity of Machinery Equipment



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.

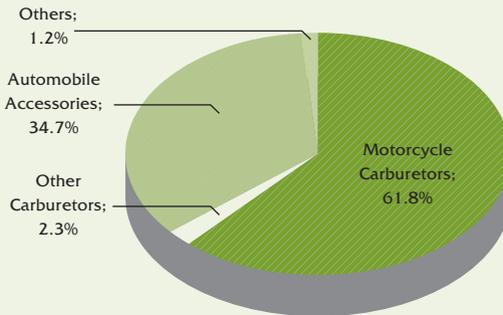




Carburetors and Automobile Accessories

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.

Turnover Distribution



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 Renminbi ("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, increased by 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 total equity) 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 Chia Tai (China) Agro-Industrial Ltd. ("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. (collectively 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 China 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.

UNAUDITED CONSOLIDATED RESULTS

The board (the "Board") of directors of the Company (the "Directors") announces the unaudited consolidated results of the Group for the six months ended 30th June, 2008 together with the comparative figures for the corresponding period in 2007 and (for the information purpose) the audited comparative figures for the year ended 31st December, 2007, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30th June,		Year ended 31st December,
		2008 US\$'000 (Unaudited)	2007 US\$'000 (Unaudited) (As restated)	2007 US\$'000 (Audited) (As restated)
Continuing operations				
Revenue	2	35,681	31,526	66,918
Cost of sales		(30,992)	(22,946)	(51,619)
Gross profit		4,689	8,580	15,299
Selling and distribution costs		(1,790)	(1,433)	(3,149)
General and administrative expenses		(7,422)	(6,931)	(17,543)
Other income	3	10,502	146	821
Other losses	4	(637)	-	-
Finance costs		(4,584)	(5,653)	(11,340)
Share of profits and losses of jointly-controlled entities		7,058	3,489	7,992
Profit/(loss) before tax	5	7,816	(1,802)	(7,920)
Tax	6	(122)	(623)	(934)
Profit/(loss) for the period from continuing operations		7,694	(2,425)	(8,854)
Discontinued operations	7			
Profit/(loss) for the period from discontinued operations		15,569	(7,943)	13,011
Profit/(loss) for the period		23,263	(10,368)	4,157
Attributable to:				
Equity holders of the Company		23,327	(11,342)	2,918
Minority interests		(64)	974	1,239
		23,263	(10,368)	4,157
Earnings/(loss) per share attributable to ordinary equity holders of the Company:				
	8	US cent	US cent	US cent
From continuing operations				
Basic		0.263	(0.224)	(0.334)
Diluted		0.260	N/A	N/A
From discontinued operations				
Basic		0.544	(0.168)	0.435
Diluted		0.537	N/A	N/A





CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Six months	Year ended	
		ended 30th June,	31st December,	
		2008	2007	2007
		US\$ '000	US\$ '000	US\$ '000
		(Unaudited)	(Unaudited)	(Audited)
Surplus on revaluation		6,458	–	4,513
Fair value changes in available-for-sale financial assets		–	–	75
Exchange differences on translation of foreign currency financial statements and exchange realignment	14	8,055	2,354	5,571
Net gains not recognized in the income statement		14,513	2,354	10,159
Capital contribution by minority interests		–	–	3,678
Release of reserves upon deregistration of a subsidiary	14	–	(30)	–
Acquisition of additional interests in a subsidiary	14	–	(234)	–
Dividends paid to minority interests	14	(4,862)	(5,059)	(6,302)
Net profit/(loss) for the period/year	14	23,263	(10,368)	4,157
Total changes in equity		32,914	(13,337)	11,692

CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	30th June, 2008 US\$ '000 (Unaudited)	31st December, 2007 US\$ '000 (Audited)
Non-current assets			
Property, plant and equipment	9	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
		<hr/>	<hr/>
Total non-current assets		134,114	594,608
Current assets			
Assets classified as held for sale	10	963,084	–
Current livestock		–	34,334
Inventories		11,757	248,601
Accounts receivables, other receivables and deposits	11	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
		<hr/>	<hr/>
Total current assets		1,004,906	466,950




CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	<i>Notes</i>	30th June, 2008 US\$ '000 (Unaudited)	31st December, 2007 US\$ '000 (Audited)
Current liabilities			
Liabilities classified as held for sale	10	836,281	–
Accounts payable, other payables and accrued expenses	12	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
		<hr/>	<hr/>
Total current liabilities		902,254	822,779
		<hr/>	<hr/>
Net current assets/(liabilities)		102,652	(355,829)
		<hr/>	<hr/>
Total assets less current liabilities		236,766	238,779
Non-current liabilities			
Interest-bearing bank and other loans		(90,650)	(125,577)
		<hr/>	<hr/>
Net assets		146,116	113,202
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Equity attributable to equity holders of the parent			
Issued capital	13	28,898	28,898
Share premium account	14	73,897	73,897
Reserves	14	(722)	(37,667)
		<hr/>	<hr/>
		102,073	65,128
Minority interests	14	44,043	48,074
		<hr/>	<hr/>
Total equity		146,116	113,202
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30th June,	Year ended 31st December,	
	2008 US\$ '000 (Unaudited)	2007 <i>US\$ '000</i> (Unaudited)	2007 <i>US\$ '000</i> (Audited)
Net cash inflow from operating activities before tax paid	45,292	65,421	104,900
Interest paid	(15,338)	(18,396)	(40,137)
Tax paid	(929)	(1,659)	(7,661)
	<hr/>	<hr/>	<hr/>
Net cash inflow from operating activities	29,025	45,366	57,102
Net cash (outflow)/inflow from investing activities	(63,929)	11,539	126
	<hr/>	<hr/>	<hr/>
Net cash inflow before financing activities	(34,904)	56,905	57,228
Net cash outflow from financing activities	(45,393)	(49,005)	(31,796)
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(Decrease)/increase in cash and cash equivalents	(80,297)	7,900	25,432
Effect of exchange rate changes, net	163	1,870	2,313
Cash and cash equivalents at beginning of period	82,852	55,107	55,107
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	2,718	64,877	82,852





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 Financial 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 entire interest of certain companies which principally engaged in property and investment holding and holds certain subsidiaries, jointly-controlled entities and an associated company 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.





2. Revenue (Continued)

(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				Total US\$ '000
	Manufacturing and sale of Chlortetracycline products US\$ '000	motorcycles and automobile accessories' US\$ '000	Investment and property holding US\$ '000	Sub-total US\$ '000	Feedmill and poultry operations and trading of agricultural products US\$ '000	Investment and property holding US\$ '000	Sub-total 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	<u>35,551</u>	<u>-</u>	<u>130</u>	<u>35,681</u>	<u>556,490</u>	<u>-</u>	<u>556,490</u>	<u>592,171</u>
Segment results	<u>1,106</u>	<u>(1,992)</u>	<u>(3,637)</u>	<u>(4,523)</u>	<u>24,795</u>	<u>47</u>	<u>24,842</u>	<u>20,319</u>
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	-	-	-	<u>7,694</u>	-	-	<u>15,569</u>	<u>23,263</u>

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

2. Revenue (Continued)

(a) Business segments (Continued)

	Continuing Operations				Discontinued Operations			
	Manufacturing and sale of Chlorotetracycline products	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	<u>31,521</u>	<u>-</u>	<u>5</u>	<u>31,526</u>	<u>926,420</u>	<u>-</u>	<u>926,420</u>	<u>957,946</u>
Segment results	<u>5,003</u>	<u>(1,752)</u>	<u>(3,035)</u>	<u>216</u>	<u>3,280</u>	<u>(89)</u>	<u>3,191</u>	<u>3,407</u>
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	-	-	-	<u>(2,425)</u>	-	-	<u>(7,943)</u>	<u>(10,368)</u>

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





2. Revenue (Continued)

(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			Total US\$'000
	Hong Kong US\$'000	Mainland China US\$'000	Sub-total US\$'000	Hong Kong US\$'000	Mainland China US\$'000	Sub-total 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	<u>130</u>	<u>35,551</u>	<u>35,681</u>	<u>-</u>	<u>556,490</u>	<u>556,490</u>	<u>592,171</u>
Segment results	<u>(3,638)</u>	<u>(885)</u>	<u>(4,523)</u>	<u>47</u>	<u>24,795</u>	<u>24,842</u>	<u>20,319</u>
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			<u>7,694</u>			<u>15,569</u>	<u>23,263</u>
	Continuing Operations			Discontinued Operations			Total US\$'000
	Hong Kong US\$'000	Mainland China US\$'000	Sub-total US\$'000	Hong Kong US\$'000	Mainland China US\$'000	Sub-total 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	<u>5</u>	<u>31,521</u>	<u>31,526</u>	<u>-</u>	<u>926,420</u>	<u>926,420</u>	<u>957,946</u>
Segment results	<u>(3,035)</u>	<u>3,251</u>	216	<u>(89)</u>	<u>3,280</u>	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			<u>(2,425)</u>			<u>(7,943)</u>	<u>(10,368)</u>

3 Other income

	Six months ended 30th June,		Year ended 31st December,
	2008 US\$ '000 (Unaudited)	2007 US\$ '000 (Unaudited) (As restated)	2007 US\$ '000 (Audited) (As restated)
Changes in fair value of investment properties	–	–	559
Technical service fee income	10,450	–	–
Bank and other interest income	52	146	262
	<u>10,502</u>	<u>146</u>	<u>821</u>

4 Other losses

	Six months ended 30th June,		Year ended 31st December,
	2008 US\$ '000 (Unaudited)	2007 US\$ '000 (Unaudited) (As restated)	2007 US\$ '000 (Audited) (As restated)
Changes in fair value of investment properties	637	–	–
	<u>637</u>	<u>–</u>	<u>–</u>

5 Profit/(loss) before tax

	Six months ended 30th June,		Year ended 31st December,
	2008 US\$ '000 (Unaudited)	2007 US\$ '000 (Unaudited)	2007 US\$ '000 (Audited)
The Group's profit/(loss) before tax is arrived at after charging/(crediting):			
<i>Continuing operations</i>			
Foreign exchange gains, net	(227)	(18)	(12)
Depreciation	2,553	1,951	4,464
Amortisation of land lease prepayments	21	19	39
Staff costs	5,584	4,901	14,617
Gain on disposal of items of property, plant and equipment, net	<u>(40)</u>	<u>(34)</u>	<u>(23)</u>
<i>Discontinued operations</i>			
Foreign exchange gains, net	(1,484)	(4,001)	(9,311)
Depreciation	11,520	22,278	49,315
Amortisation of land lease prepayments	592	644	2,330
Staff costs	35,784	62,392	119,718
(Gain)/loss on disposal of items of property, plant and equipment, net	<u>27</u>	<u>146</u>	<u>(3,785)</u>





6 Tax

	Six months ended		Year ended
	30th June,		31st December,
	2008	2007	2007
	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Audited)
Group:			
<i>Continuing operations</i>			
Charge for the period – Mainland China	122	623	934
Deferred-Mainland China	–	–	–
	<u>122</u>	<u>623</u>	<u>934</u>
Total tax charge for the period	<u>122</u>	<u>623</u>	<u>934</u>
<i>Discontinued operations</i>			
Charge for the period – Mainland China	1,724	2,146	6,821
Deferred-Mainland China	–	–	1,905
	<u>1,724</u>	<u>2,146</u>	<u>8,726</u>
Total tax charge for the period	<u>1,724</u>	<u>2,146</u>	<u>8,726</u>

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 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 "Disposal"). 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 agribusiness in China. The Disposal was completed on 22nd August, 2008.

7. Discontinued operations (Continued)

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

	Six months ended 30th June,	Year ended 31st December,	
	2008 US\$ '000 (Unaudited)	2007 US\$ '000 (Unaudited)	
		2007 US\$ '000 (Unaudited)	
Revenue	556,490	926,420	2,217,854
Cost of sales	(487,673)	(839,039)	(1,984,336)
Gross profit	68,817	87,381	233,518
Selling and distribution costs	(20,855)	(35,167)	(79,816)
General and administrative expenses	(23,120)	(49,023)	(85,308)
Other income	225	7,238	22,860
Other losses	–	–	(39,602)
Finance costs	(10,754)	(12,743)	(28,797)
Share of profits and losses of:			
Jointly-controlled entities	1,840	(4,466)	(4,515)
Associates	1,140	983	3,397
Profit/(loss) before tax	17,293	(5,797)	21,737
Tax	(1,724)	(2,146)	(8,726)
Profit/(loss) for the period	<u>15,569</u>	<u>(7,943)</u>	<u>13,011</u>
Attributable to:			
Equity holders of the Company	15,714	(4,855)	12,580
Minority interests	(145)	(3,088)	431
	<u>15,569</u>	<u>(7,943)</u>	<u>13,011</u>





7. Discontinued operations (Continued)

(ii) Net cash flows of discontinued operations are summarised as follows:

	Six months ended		Year ended
	30th June,		31st December,
	2008	2007	2007
	US\$ '000	US\$ '000	US\$ '000
	(Unaudited)	(Unaudited)	(Unaudited)
Net cash inflow from operating activities	33,417	47,820	46,439
Net cash (outflow)/inflow from investing activities	(1,822)	13,392	4,670
Net cash outflow from financing activities	(45,863)	(55,418)	(28,181)
Net (decrease)/increase in cash and cash equivalents	(14,268)	5,794	22,928
Effect of exchange rate changes, net	(2,029)	1,558	(474)
Cash and cash equivalents at beginning of period	74,387	51,933	51,933
Cash and cash equivalents at end of period	58,090	59,285	74,387

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,	Year ended 31st December,
	2008	2007
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Earnings/(loss) from continuing operations		
Earnings/(loss) attributable to equity holders of the Company	<u>7,613</u>	<u>(6,487)</u>
Earnings/(loss) from discontinued operations		
Earnings/(loss) attributable to equity holders of the Company	<u>15,714</u>	<u>12,580</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	<u>2,889,730,786</u>	2,889,730,786
Effect of dilutive potential ordinary shares issuable under the Company's share option scheme	<u>34,827,730</u>	-
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	<u>2,924,558,516</u>	<u>2,889,730,786</u>





9. Property, plant and equipment

	Office		Industrial	Motor				Total
	premises in	premises in	buildings in	Furniture, fixtures and		vehicles and	Construction	
	Hong Kong	Mainland	Mainland	Plant and	equipment	transport	in	
	US\$'000	China	China	machinery	US\$'000	facilities	progress	US\$'000
Cost or valuation:								
1st January, 2008	14,464	6,022	336,012	629,475	83,373	26,582	6,552	1,102,480
Additions	-	-	377	759	1,271	318	5,309	8,034
Disposals	-	-	(60)	(995)	(1,109)	(571)	(321)	(3,056)
Revaluation	5,821	-	-	-	-	-	-	5,821
Transfer in/(out)	-	-	304	982	77	15	(1,378)	-
Transfer from investment properties	2,237	-	-	-	-	-	-	2,237
Reclassification as assets held for sale	(86)	(1,807)	(336,182)	(588,223)	(82,742)	(25,503)	(9,709)	(1,044,252)
Exchange realignment	-	257	10,915	19,012	1,599	651	175	32,609
30th June, 2008	22,436	4,472	11,366	61,010	2,469	1,492	628	103,873
Accumulated depreciation and impairment losses:								
1st January, 2008	-	-	160,720	438,039	53,715	19,839	-	672,313
Depreciation provided during the period	-	97	3,966	8,419	1,033	558	-	14,073
Disposal	-	-	(18)	(752)	(570)	(520)	-	(1,860)
Reclassification as assets held for sale	-	(77)	(164,259)	(430,578)	(53,354)	(19,244)	-	(667,512)
Exchange realignment	-	-	4,268	16,593	1,123	472	-	22,456
30th June, 2008	-	20	4,677	31,721	1,947	1,105	-	39,470
Net book value:								
30th June, 2008	22,436	4,452	6,689	29,289	522	387	628	64,403
31st December, 2007	14,464	6,022	175,292	191,436	29,658	6,743	6,552	430,167

10. Assets and liabilities classified as held for sale

	30th June, 2008
	<i>US\$ '000</i>
	(Unaudited)
Property, plant and equipment	376,740
Investment properties	4,591
Land lease prepayments	48,512
Interests in jointly-controlled entities	(3,765)
Interests in associates	28,454
Available-for-sale investments	1,579
Goodwill	2,928
Deferred tax assets	106
Livestock	65,780
Inventories	276,473
Accounts receivables, other receivables and deposits	84,668
Bills receivable	9,103
Tax recoverable	47
Due from minority shareholders	2,577
Due from related companies	1,401
Pledged deposits	5,800
Cash and cash equivalents	58,090
	<hr/>
Total assets classified as held for sale	<u>963,084</u>
Accounts payable, other payables and accrued expenses	330,471
Bills payable	22,000
Tax payable	3,810
Provisions for staff bonuses and welfare benefits	9,072
Due to related companies	61,132
Due to minority shareholders	12,122
Interest-bearing bank and other loans	397,674
	<hr/>
Total liabilities classified as held for sale	<u>836,281</u>





11. 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

12. 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.

13. Issued capital

	Number of shares		Share capital	
	30th June, 2008 (Unaudited)	31st December, 2007 (Audited)	30th June, 2008 US\$ '000 (Unaudited)	31st December, 2007 US\$ '000 (Audited)
Authorised:				
Ordinary share of US\$0.01 each	<u>15,000,000,000</u>	<u>15,000,000,000</u>	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:				
At beginning and end of period/year	<u>2,889,730,786</u>	<u>2,889,730,786</u>	<u>28,898</u>	<u>28,898</u>

14. Reserves

	Attributable to equity holders of the Company										
	Share premium account US\$ '000	Share option reserve US\$ '000	Asset revaluation reserve US\$ '000	Capital reserve US\$ '000	Reserve fund US\$ '000	Expansion fund US\$ '000	Exchange equalization reserve US\$ '000	Accum- ulated losses US\$ '000	Total US\$ '000	Minority interests US\$ '000	Total US\$ '000
1st January, 2008	73,897	8,470	15,153	28,865	25,024	12,623	(8,081)	(119,721)	36,230	48,074	84,304
Exchange realignment	-	-	-	-	-	-	7,160	-	7,160	895	8,055
Transfers from/(to)											
accumulated losses	-	-	-	-	2,014	719	-	(2,733)	-	-	-
Surplus on revaluation	-	-	6,458	-	-	-	-	-	6,458	-	6,458
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(4,862)	(4,862)
Profit for the period	-	-	-	-	-	-	-	23,327	23,327	(64)	23,263
30th June, 2008	<u>73,897</u>	<u>8,470</u>	<u>21,611</u>	<u>28,865</u>	<u>27,038</u>	<u>13,342</u>	<u>(921)</u>	<u>(99,127)</u>	<u>73,175</u>	<u>44,043</u>	<u>117,218</u>





15. Related party transactions

- (a) A portion of the Group's sales and purchases transactions, together with certain transactions, are with companies in which Messrs. Sumet Jiaravanon, Dhanin Chearavanont, Thanakorn Seriburi and Damrongdej Chalongphuntarat, the Directors have beneficial interests. Details of the major related party transactions in addition to the transactions and balances detailed elsewhere in the financial statements are as follows:

Notes	Six months ended 30th June,		Year ended 31st December,
	2008 US\$'000 (Unaudited)	2007 US\$'000 (Unaudited)	2007 US\$'000 (Audited)
Sales of goods to jointly-controlled entities and associates	(i) 6,351	16,394	27,874
Sales of goods to related companies	(i) 10,715	14,985	41,736
Purchases of raw materials from jointly-controlled entities and associates	(ii) 9,096	18,138	39,626
Purchases of raw materials from related companies	(ii) 679	<u>1,044</u>	<u>2,679</u>

Notes:

- (i) The sales of goods were made by reference to the published prices and conditions offered to the major customers of the Group, except that a longer credit period was normally granted.
- (ii) The purchases of raw materials were made by reference to the published prices and conditions offered to the major customers of the suppliers, except that a longer credit period was normally granted.
- (b) During the period, Hainan Chia Tai Animal Husbandry Co. Ltd., an indirect wholly-owned subsidiary of the Company, received rental income of approximately US\$357,000 (six months ended 30th June, 2007: US\$336,000) from a related party, C.P. Aquaculture (Hainan) Co., Ltd.
- (c) The amounts due from and to related companies are unsecured, non-interest bearing and have no fixed terms of repayment and arose, in the opinion of the Directors, in the normal course of the Group's business activities. The carrying amounts of these amounts due from and to related companies approximate to their fair values.
- (d) Compensation of key management personnel of the Group:

	Six months ended 30th June,	
	2008 US\$'000 (Unaudited)	2007 US\$'000 (Unaudited)
Short term employee benefits	<u>2,568</u>	<u>1,573</u>

The key management personnel of the Group are 15 directors and 4 senior management.

16. Subsequent event

The sale proceed of US\$102,800,000 for the Disposal described in note 7 was received on 22nd August, 2008 and the whole proceed was then used to repay the bank borrowings of the Company.

INTERIM DIVIDEND

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

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

Save as disclosed below, the Directors are not aware of any circumstances which would give rise to a disclosure obligation pursuant to the requirements under Rule 13.18 of the Listing Rules as at 30th June, 2008.

The Company entered into an agreement (the “Loan Facility Agreement”) with two banks in Thailand relating to a loan facility of US\$140.0 million (the “Loan Facility”) on 18th April, 2005. The Loan Facility is to be repaid on 14 semi-annual consecutive instalments and the final maturity date of the Loan Facility is 28th April, 2012. As at 30th June, 2008, the outstanding amount owing by the Company under the Loan Facility was US\$102.8 million.

Pursuant to the Loan Facility Agreement, it would be an event of default if the Company fails to procure that (1) C.P. Intertrade Co., Ltd. (“CP Intertrade”) at all times maintains its shareholding in CPI Holding Co., Ltd. (“CPI”) at not less than 99% (CP Intertrade currently holds 100% of the issued share capital of CPI) and (2) CPI and its affiliates (being (i) any person or entity which has a direct or indirect interest in CPI, or (ii) any company in which any such person(s) and/or entity(ies) together hold not less than a 30% interest) together at all times maintain their aggregate shareholding in the Company at not less than 46.51%. An affiliate of CPI has also undertaken to provide to the Company by way of equity injections or subordinated loans the proceeds of sale of its assets if and when it disposes of its assets. If any of the above-mentioned events of default occurs, all amounts outstanding under the Loan Facility would become immediately due and payable by the Company.





DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30th June, 2008, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) and were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

(i) Long positions in shares of the Company

Name of Director	Number of shares held, capacity and nature of interest					Total number of shares	Approximate percentage of the Company's issued share capital %
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust			
Mr. Sumet Jjaravanon	1,004,014,695	-	-	-	1,004,014,695	34.74	

(ii) Directors' interests in share options granted by the Company

Pursuant to the old share option scheme (the "Old Scheme") adopted on 10th April, 1992 which expired on 9th April, 2002 and the existing share option scheme (the "Existing Scheme") adopted by the Company on 26th November, 2002, certain Directors were granted share options. As at 30th June, 2008, the interests of the Directors in share options to subscribe for shares in the capital of the Company under the Old Scheme and the Existing Scheme were as follows:

Name of Director	Date of grant	Number of shares issuable upon exercise of share options held as at 30th June, 2008	Period during which share options are exercisable	Price per share to be paid on exercise of share options HK\$	Approximate percentage of shareholding %
Mr. Sumet Jjaravanon	26th February, 2003	12,800,000	26th February, 2003 to 25th February, 2013	0.3900	0.4429
	3rd May, 2004	12,800,000	3rd May, 2004 to 2nd May, 2014	0.3900	0.4429
	19th May, 2005	12,000,000	19th May, 2005 to 18th May, 2015	0.3540	0.4153

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(ii) Directors' interests in share options granted by the Company (Continued)

Name of Director	Date of grant	Number of shares issuable upon exercise of share options held as at 30th June, 2008	Period during which share options are exercisable	Price per share to be paid on exercise of share options HK\$	Approximate percentage of shareholding %
Mr. Dhanin Chearavanont	26th February, 2003	12,800,000	26th February, 2003 to 25th February, 2013	0.3900	0.4429
	3rd May, 2004	12,800,000	3rd May, 2004 to 2nd May, 2014	0.3900	0.4429
	19th May, 2005	12,000,000	19th May, 2005 to 18th May, 2015	0.3540	0.4153
Mr. Thanakorn Seriburi	10th August, 1998	17,500,000	10th August, 1998 to 10th August, 2008	0.3875	0.6056
	26th February, 2003	21,584,807	26th February, 2003 to 25th February, 2013	0.3900	0.7469
	3rd May, 2004	20,000,000	3rd May, 2004 to 2nd May, 2014	0.3900	0.6921
	19th May, 2005	21,000,000	19th May, 2005 to 18th May, 2015	0.3540	0.7267
Mr. Meth Jiaravanont	19th May, 2005	21,000,000	19th May, 2005 to 18th May, 2015	0.3540	0.7267
Mr. Robert Ping-Hsien Ho	26th February, 2003	21,584,807	26th February, 2003 to 25th February, 2013	0.3900	0.7469
	3rd May, 2004	20,000,000	3rd May, 2004 to 2nd May, 2014	0.3900	0.6921
	19th May, 2005	21,000,000	19th May, 2005 to 18th May, 2015	0.3540	0.7267

Save as disclosed above, at no time during the period under review was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.





DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Save as disclosed above, as at 30th June, 2008, none of the Directors and chief executives of the Company had any interest or short position in shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he is taken or deemed to have under such provisions of the SFO), recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June, 2008, the following persons (not being a Director or chief executive of the Company) had the following interests and/or short positions in the shares and/or underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Number of shareholder	Notes	Capacity and nature of interest	Name of shares held (Note 1)	Approximate percentage of the Company's issued share capital %
Krung Thai Bank Public Company Limited	(2)	Person having a security interest in shares	1,004,014,695 (L)	34.74
CPI Holding Co., Ltd.	(3)	Beneficial owner	1,004,014,695 (L and S)	34.74
C.P. Intertrade Co., Ltd.	(3)	Interest of a controlled corporation	1,004,014,695 (L and S)	34.74
Worth Access Trading Limited	(4)	Beneficial owner	481,250,000 (L)	16.65
Charoen Pokphand Holding Company Limited	(4)	Interest of a controlled corporation	481,250,000 (L)	16.65
Charoen Pokphand Group Company Limited	(4)	Interest of a controlled corporation	481,250,000 (L)	16.65

Notes:

- (1) The letter "L" denotes a long position whilst the letter "S" denotes a short position.
- (2) 1,004,014,695 shares were held by Krung Thai Bank Public Company Limited as security.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

- (3) CPI Holding Co., Ltd. ("CPI") beneficially owned 1,004,014,695 shares. It also has a short position in 1,004,014,695 shares. C.P. Intertrade Co., Ltd. has declared an interest in these shares by virtue of its shareholding in CPI.
- (4) Worth Access Trading Limited beneficially owned 481,250,000 shares. Charoen Pokphand Holding Company Limited has declared an interest in these same 481,250,000 shares by virtue of its shareholding in Worth Access Trading Limited whilst Charoen Pokphand Group Company Limited has also declared an interest in such number of shares by virtue of its shareholding in Charoen Pokphand Holding Company Limited.

Save as disclosed above, so far as is known to the Directors, as at 30th June, 2008, no person (not being a Director or chief executive of the Company) had an interest or a short position in shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

Details of the Directors' interests in the Company's share option schemes are set out in the sub-section headed "Directors' interests in share options granted by the Company" under section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

Outstanding share options

The following table disclose the movements in the Company's share options during the period under review:

Category of participant	Number of share options					At 30th June, 2008	Date of grant	Exercise period	Exercise price HK\$
	At 1st January, 2008	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period				
(i) Directors	17,500,000	-	-	-	-	17,500,000	10th August 1998	10th August, 1998 to 10th August, 2008	0.3875
in aggregate	68,769,614	-	-	-	-	68,769,614	26th February 2003	26th February, 2003 to 25th February, 2013	0.3900
	65,600,000	-	-	-	-	65,600,000	3rd May 2004	3rd May, 2004 to 2nd May, 2014	0.3900
	87,000,000	-	-	-	-	87,000,000	19th May 2005	19th May, 2005 to 18th May, 2015	0.3540
(ii) other senior executives	60,739,236	-	-	-	-	60,739,236	26th February 2003	26th February, 2003 to 25th February, 2013	0.3900
in aggregate	49,248,078	-	-	-	-	49,248,078	3rd May 2004	3rd May, 2004 to 2nd May, 2014	0.3900
	41,848,078	-	-	-	-	41,848,078	19th May 2005	19th May, 2005 to 18th May, 2015	0.3540





SHARE OPTION SCHEMES (CONTINUED)

Outstanding share options (Continued)

Category of participant	Number of share options					At 30th June, 2008	Date of grant	Exercise period	Exercise price HK\$
	At 1st January, 2008	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period				
(iii) other employees in aggregate	7,700,000	-	-	-	-	7,700,000	10th August 1998	10th August, 1998 to 10th August, 2008	0.3875
(iv) other participants in aggregate	25,000,000	-	-	-	-	25,000,000	10th August 1998	10th August, 1998 to 10th August, 2008	0.3875
	86,339,228	-	-	-	-	86,339,228	26th February 2003	26th February, 2003 to 25th February, 2013	0.3900
	80,000,000	-	-	-	-	80,000,000	3rd May 2004	3rd May, 2004 to 2nd May, 2014	0.3900
	108,000,000	-	-	-	-	108,000,000	19th May 2005	19th May, 2005 to 18th May, 2015	0.3540
	<u>697,744,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>697,744,234</u>			

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 Listing Rules 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 ON CORPORATE GOVERNANCE PRACTICES (CONTINUED)

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. 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 interim report, 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.

