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C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

UNAUDITED CONSOLIDATED RESULTS

The board of directors (the “Board”) of C.P. Pokphand Co. Ltd. (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2014 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2014	2013
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
		(Unaudited)	(Unaudited)
REVENUE	4	2,599,752	2,474,335
Cost of sales		(2,194,710)	(2,187,419)
Gross profit		405,042	286,916
Net changes in fair value of biological assets	5	7,767	(9,020)
		412,809	277,896
Other income, net	6	9,969	9,237
Selling and distribution costs		(132,934)	(111,195)
General and administrative expenses		(120,341)	(99,607)
Finance costs		(25,630)	(27,394)
Share of profits and losses of:			
Joint ventures		17,511	9,898
Associates		6,557	5,245
PROFIT BEFORE TAX	7	167,941	64,080
Income tax	8	(35,626)	(5,616)
PROFIT FOR THE PERIOD		132,315	58,464

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (*Continued*)

	Six months ended 30 June	
<i>Note</i>	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	132,315	58,464
OTHER COMPREHENSIVE INCOME		
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(10,455)	17,071
Share of other comprehensive income of:		
Joint ventures	(978)	3,623
Associates	(399)	1,452
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(11,832)	22,146
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	120,483	80,610
Profit attributable to:		
Shareholders of the Company	111,554	61,706
Non-controlling interests	20,761	(3,242)
	132,315	58,464
Total comprehensive income attributable to:		
Shareholders of the Company	101,482	84,987
Non-controlling interests	19,001	(4,377)
	120,483	80,610
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY 10	<i>US cents</i>	<i>US cents</i>
– Basic	0.444	0.247
– Diluted	0.442	0.245

Details of the interim dividend declared for the period are disclosed in note 9 to this announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2014	31 December 2013
	<i>Note</i>	<i>US\$'000</i> (Unaudited)	<i>US\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		957,511	819,349
Investment properties		28,578	29,537
Land lease prepayments		55,445	55,996
Non-current biological assets		48,901	44,609
Investments in joint ventures		135,070	124,435
Investments in associates		55,811	49,654
Available-for-sale investments		9,124	1,345
Goodwill		30,247	–
Other non-current assets		19,762	23,233
		<hr/>	<hr/>
Total non-current assets		1,340,449	1,148,158
CURRENT ASSETS			
Inventories		711,062	603,679
Current biological assets		272,052	282,869
Trade and bills receivables	11	142,595	139,084
Prepayments, deposits and other receivables		134,120	85,270
Pledged deposits		82,420	30,357
Time deposits with maturity over three months		143,119	95,931
Cash and cash equivalents		301,895	374,140
		<hr/>	<hr/>
Total current assets		1,787,263	1,611,330
CURRENT LIABILITIES			
Trade payables	12	254,946	230,147
Other payables and accruals		297,667	257,183
Bank and other borrowings		647,323	534,003
Income tax payables		14,990	19,915
		<hr/>	<hr/>
Total current liabilities		1,214,926	1,041,248
NET CURRENT ASSETS		<hr/> 572,337	<hr/> 570,082
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 1,912,786	<hr/> 1,718,240

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	30 June 2014 US\$'000 (Unaudited)	31 December 2013 US\$'000 (Audited)
NON-CURRENT LIABILITIES		
Bank borrowings	579,689	442,713
Other non-current liabilities	16,384	13,686
Deferred tax liabilities	23,814	15,526
	<hr/>	<hr/>
Total non-current liabilities	619,887	471,925
	<hr/>	<hr/>
NET ASSETS	1,292,899	1,246,315
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	251,831	250,538
Reserves	807,990	757,162
Declared/proposed dividend	55,569	61,422
	<hr/>	<hr/>
	1,115,390	1,069,122
	<hr/>	<hr/>
Non-controlling interests	177,509	177,193
	<hr/>	<hr/>
TOTAL EQUITY	1,292,899	1,246,315
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NOTES

1. BASIS OF PREPARATION

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

The accounting policies and the basis of preparation adopted in the preparation of these condensed financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, IASs and Interpretations) issued by the IASB, except for the accounting policy changes as set out in note 2 below. These condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current interim period’s condensed financial statements:

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	Amendments to IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 12 <i>Disclosure of Interests in Other Entities</i> and IAS 27 (2011) <i>Separate Financial Statements – Investment Entities</i>
Amendments to IAS 32	Amendments to IAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
Amendments to IAS 36	Amendments to IAS 36 <i>Impairment of Assets</i>

The adoption of these revised IFRSs has had no significant financial effect on these condensed financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- the China agri-food segment is engaged in the manufacture and sale of animal feed products and value-added processed food products in the People's Republic of China (the "PRC");
- the Vietnam agri-food segment is engaged in the manufacture and sale of animal feed products, breeding, farming and sale of livestock and aquatic animals, and the manufacture and sale of value-added processed food products in the Socialist Republic of Vietnam ("Vietnam");
- the biochemical segment is engaged in the manufacture and sale of chlortetracycline products;
- the industrial segment is engaged in the manufacture and sale of motorcycles and automotive parts and trading of machinery; and
- the investment and property holding segment is engaged in leasing properties owned by the Group and investments in group companies.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that bank interest income and finance costs are excluded from such measurement.

Segment assets exclude pledged deposits, time deposits, cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings, income tax payables and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Reportable operating segments

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group's reportable operating segments during the period.

Six months ended 30 June 2014

	China agri-food operations US\$'000 (Unaudited)	Vietnam agri-food operations US\$'000 (Unaudited)	Biochemical operations US\$'000 (Unaudited)	Industrial operations US\$'000 (Unaudited)	Investment and property holding operations US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment revenue						
Sales to external customers	1,542,661	1,002,476	54,464	-	151	2,599,752
Intersegment sales	-	-	1,657	-	-	1,657
	<u>1,542,661</u>	<u>1,002,476</u>	<u>56,121</u>	<u>-</u>	<u>151</u>	<u>2,601,409</u>
Reconciliation:						
Elimination of intersegment sales						(1,657)
Consolidated revenue						<u>2,599,752</u>
Segment results						
The Group	94,171	74,668	10,956	(6,911)	(6,456)	166,428
Share of profits and losses of:						
Joint ventures	1,971	-	-	15,540	-	17,511
Associates	4,819	-	-	1,738	-	6,557
	<u>100,961</u>	<u>74,668</u>	<u>10,956</u>	<u>10,367</u>	<u>(6,456)</u>	<u>190,496</u>
Reconciliation:						
Elimination of segment results						(72)
Bank interest income						3,147
Finance costs						(25,630)
Profit before tax						<u>167,941</u>
Other segment information						
Depreciation and amortisation	14,368	33,980	2,717	11	271	51,347
Capital expenditure*	136,865	43,532	3,120	1	25	183,543
Additions of other non-current assets**	<u>7,534</u>	<u>17,941</u>	<u>567</u>	<u>-</u>	<u>-</u>	<u>26,042</u>

* Capital expenditure consists of additions to property, plant and equipment and land lease prepayments, but excludes assets from acquisition of a subsidiary.

** Additions of other non-current assets consist of (i) assets from acquisition of a subsidiary, and (ii) additions to non-current biological assets and other non-current assets.

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments *(Continued)*

At 30 June 2014

	China agri-food operations US\$'000 (Unaudited)	Vietnam agri-food operations US\$'000 (Unaudited)	Biochemical operations US\$'000 (Unaudited)	Industrial operations US\$'000 (Unaudited)	Investment and property holding operations US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment assets	<u>1,183,756</u>	<u>1,136,657</u>	<u>111,704</u>	<u>149,920</u>	<u>536,232</u>	3,118,269
Reconciliation:						
Elimination of intersegment receivables						(524,283)
Unallocated assets						<u>533,726</u>
Total assets						<u>3,127,712</u>
Segment liabilities	<u>800,345</u>	<u>204,854</u>	<u>26,930</u>	<u>51,761</u>	<u>9,390</u>	1,093,280
Reconciliation:						
Elimination of intersegment payables						(524,283)
Unallocated liabilities						<u>1,265,816</u>
Total liabilities						<u>1,834,813</u>
Other segment information						
Investments in joint ventures	19,921	-	-	115,149	-	135,070
Investments in associates	<u>41,402</u>	<u>-</u>	<u>-</u>	<u>14,409</u>	<u>-</u>	<u>55,811</u>

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Reportable operating segments (Continued)

Six months ended 30 June 2013

	China agri-food operations US\$'000 (Unaudited)	Vietnam agri-food operations US\$'000 (Unaudited)	Biochemical operations US\$'000 (Unaudited)	Industrial operations US\$'000 (Unaudited)	Investment and property holding operations US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment revenue						
Sales to external customers	1,587,142	831,921	55,145	–	127	2,474,335
Intersegment sales	–	–	1,515	–	–	1,515
	<u>1,587,142</u>	<u>831,921</u>	<u>56,660</u>	<u>–</u>	<u>127</u>	<u>2,475,850</u>
Reconciliation:						
Elimination of intersegment sales						(1,515)
Consolidated revenue						<u>2,474,335</u>
Segment results						
The Group	93,500	(23,418)	9,787	(1,421)	(3,473)	74,975
Share of profits and losses of:						
Joint ventures	2,392	–	–	7,506	–	9,898
Associates	3,542	–	–	1,703	–	5,245
	<u>99,434</u>	<u>(23,418)</u>	<u>9,787</u>	<u>7,788</u>	<u>(3,473)</u>	<u>90,118</u>
Reconciliation:						
Elimination of segment results						8
Bank interest income						1,348
Finance costs						(27,394)
Profit before tax						<u>64,080</u>
Other segment information						
Depreciation and amortisation	12,029	27,676	2,525	9	255	42,494
Capital expenditure*	78,460	47,641	2,358	94	352	128,905
Additions of other non-current assets**	<u>20,117</u>	<u>13,070</u>	<u>4,932</u>	<u>–</u>	<u>–</u>	<u>38,119</u>

* Capital expenditure consists of additions to property, plant and equipment and land lease prepayments, but excludes assets from acquisition of a subsidiary.

** Additions of other non-current assets consist of (i) assets from acquisition of a subsidiary, and (ii) additions to non-current biological assets and other non-current assets.

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Reportable operating segments (Continued)

At 31 December 2013

	China agri-food operations US\$'000 (Audited)	Vietnam agri-food operations US\$'000 (Audited)	Biochemical operations US\$'000 (Audited)	Industrial operations US\$'000 (Audited)	Investment and property holding operations US\$'000 (Audited)	Total US\$'000 (Audited)
Segment assets	<u>970,585</u>	<u>1,013,420</u>	<u>109,301</u>	<u>131,776</u>	<u>525,884</u>	2,750,966
Reconciliation:						
Elimination of intersegment receivables						(500,595)
Unallocated assets						<u>509,117</u>
Total assets						<u>2,759,488</u>
Segment liabilities	<u>746,707</u>	<u>186,676</u>	<u>22,072</u>	<u>37,302</u>	<u>8,854</u>	1,001,611
Reconciliation:						
Elimination of intersegment payables						(500,595)
Unallocated liabilities						<u>1,012,157</u>
Total liabilities						<u>1,513,173</u>
Other segment information						
Investments in joint ventures	20,287	-	-	104,148	-	124,435
Investments in associates	<u>36,873</u>	<u>-</u>	<u>-</u>	<u>12,781</u>	<u>-</u>	<u>49,654</u>

(b) Geographical information

(i) Revenue from external customers

	Six months ended 30 June	
	2014	2013
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Mainland China	1,558,558	1,598,653
Vietnam	966,094	811,611
Elsewhere	75,100	64,071
	<u>2,599,752</u>	<u>2,474,335</u>

The revenue information shown above is based on the location of customers.

3. OPERATING SEGMENT INFORMATION *(Continued)*

(b) Geographical information *(Continued)*

(ii) *Non-current assets*

	30 June 2014	31 December 2013
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Audited)
Mainland China	887,093	717,344
Vietnam	416,973	401,968
Elsewhere	27,259	27,501
	<hr/> 1,331,325 <hr/>	<hr/> 1,146,813 <hr/>

The non-current assets information shown above is based on the location of assets and excludes financial instruments.

4. REVENUE

Revenue, which is also the Group's turnover, represents: (i) the aggregate of the invoiced value of goods sold, net of value-added tax and government surcharges, and after allowances for goods returned and trade discounts; and (ii) rental income from investment and property holding operations.

An analysis of revenue is as follows:

	Six months ended 30 June	
	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Sales of goods from:		
China agri-food operations		
– Feed business	1,542,661	1,587,142
Vietnam agri-food operations		
– Feed business	422,531	405,719
– Farm business	514,715	385,159
– Food business	65,230	41,043
Biochemical operations	54,464	55,145
	<hr/> 2,599,601 <hr/>	<hr/> 2,474,208 <hr/>
Rental income from investment and property holding operations	151	127
	<hr/> 2,599,752 <hr/>	<hr/> 2,474,335 <hr/>

5. NET CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

The Group's net changes in fair value of biological assets represent the difference in fair value less costs to sell from 1 January 2014 to 30 June 2014. Net fair value changes consist of (i) realised fair value changes of US\$74,707,000 (six months ended 30 June 2013: US\$64,594,000) in respect of biological assets held as at 1 January 2014 and (ii) unrealised fair value changes in biological assets stated at fair value less costs to sell as at 30 June 2014 of US\$82,474,000 (six months ended 30 June 2013: US\$55,574,000).

6. OTHER INCOME, NET

An analysis of other income, net is as follows:

	Six months ended 30 June	
	2014	2013
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Bank interest income	3,147	1,348
Other interest income	3,958	2,124
Rental income	1,248	1,316
Government grants	944	2,151
Gain on factories relocation	–	3,311
Gain on disposal of a subsidiary	–	1,264
Income from sale of wasted items and packaging materials	1,511	2,139
Changes in fair value of derivative financial instruments	2,004	–
Foreign exchange differences, net	(3,948)	(5,498)
Others	1,105	1,082
	<u>9,969</u>	<u>9,237</u>

Government grants included above are subsidies or incentives from the government in respect of certain investments of the Group in the agricultural industry, domain of environmental protection and areas promoted by the government in mainland China. There are no unfulfilled conditions or contingencies relating to these grants. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2014	2013
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	2,194,710	2,187,419
Depreciation of property, plant and equipment	35,113	27,461
Amortisation of land lease prepayments	1,220	1,094
Depreciation of biological assets stated at cost less accumulated depreciation and impairment	15,014	13,939
Impairment of trade receivables, net	127	705
Loss on disposal of an available-for-sale investment	–	36
Loss on disposal of property, plant and equipment, net	188	70
	<u>2,259,362</u>	<u>2,230,644</u>

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the period as the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2013: nil).

The subsidiaries operating in mainland China and Vietnam are subject to income tax at the rate of 25% (six months ended 30 June 2013: 25%) and 22% (six months ended 30 June 2013: 25%) respectively on their taxable income according to the PRC and Vietnam corporate income tax laws. In accordance with the relevant tax rules and regulations in the PRC and Vietnam, certain subsidiaries of the Group in the PRC and Vietnam enjoy various income tax exemptions or reductions.

	Six months ended 30 June	
	2014	2013
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Current – mainland China		
Charge for the period	29,890	25,173
Over-provision in prior years	(4,996)	(4,951)
Current – Vietnam		
Charge for the period	3,323	1,230
Deferred	7,409	(15,836)
	<u>35,626</u>	<u>5,616</u>
Total tax expense for the period	<u>35,626</u>	<u>5,616</u>

9. INTERIM DIVIDEND

	Six months ended 30 June	
	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Interim – HK\$0.017 (equivalent to approximately US 0.219 cents) (six months ended 30 June 2013: HK\$0.010 (equivalent to approximately US 0.129 cents)) per ordinary share and convertible preference share	55,569	32,328

The interim dividend in respect of the six months ended 30 June 2014 was calculated based on the number of shares in issue on the date of this announcement and declared by the Board on 13 August 2014.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic and diluted earnings per share amounts is based on the following data:

	Six months ended 30 June	
	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	111,554	61,706
	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Number of ordinary shares and convertible preference shares		
Weighted average number of ordinary shares and convertible preference shares in issue during the period, used in the basic earnings per share calculation	25,143,792,624	24,956,108,836
Effect of dilution – weighted average number of ordinary shares:		
Share options	101,489,004	221,537,707
Weighted average number of ordinary shares and convertible preference shares, used in the diluted earnings per share calculation	25,245,281,628	25,177,646,543

11. TRADE AND BILLS RECEIVABLES

The Group normally grants to its customers a credit period of up to 60 days, depending on the requirements of the markets and the businesses. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management and interest may be charged by the Group for overdue trade receivable balances at rates determined by the Group with reference to market rates. In the opinion of the directors, there is no significant concentration of credit risk. An aging analysis of the Group's trade and bills receivables, based on the invoice date, is as follows:

	30 June 2014 US\$'000 (Unaudited)	31 December 2013 US\$'000 (Audited)
60 days or below	121,502	118,523
61 to 180 days	18,889	16,734
181 to 360 days	433	1,300
Over 360 days	5,279	6,345
	<hr/>	<hr/>
	146,103	142,902
Impairment	(3,508)	(3,818)
	<hr/>	<hr/>
	142,595	139,084
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE PAYABLES

An aging analysis of the Group's trade payables as at the end of the reporting period, based on the date of receipt of goods, is as follows:

	30 June 2014 US\$'000 (Unaudited)	31 December 2013 US\$'000 (Audited)
60 days or below	237,990	220,542
61 to 180 days	14,562	6,870
181 to 360 days	1,760	1,780
Over 360 days	634	955
	<hr/>	<hr/>
	254,946	230,147
	<hr/> <hr/>	<hr/> <hr/>

13. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of reporting period, the following significant events occurred:

At the special general meeting of the Company held on 8 July 2014, and the shareholders' meeting of Charoen Pokphand Foods Public Company Limited ("CPF", the immediate holding company of the Company) held on 10 July 2014, the independent shareholders of the Company and the non-interested shareholders of CPF respectively approved the transactions contemplated under the following agreements:

- (i) the acquisition agreement entered on 21 May 2014 with Chia Tai (China) Agro-Industrial Ltd. for the acquisition of the entire equity interest in Kaifeng Chia Tai Co., Ltd. ("Kaifeng Chia Tai") at the consideration of RMB311,000,000 (the "Acquisition") which was conditional upon the approvals by the independent shareholders of the Company and the non-interested shareholders of CPF; and
- (ii) the disposal agreement entered on 21 May 2014 with CT Bright Holdings Limited for the disposal of the entire issued share capital in Rapid Thrive Limited ("Rapid Thrive") at the consideration of US\$49,500,000 (the "Disposal") which was conditional upon the approvals by the independent shareholders of the Company and the non-interested shareholders of CPF.

As at the date of this announcement, both the Acquisition and the Disposal were completed. Kaifeng Chia Tai has become an indirect wholly-owned subsidiary of the Company and Rapid Thrive has ceased to be a subsidiary of the Company.

13. EVENTS AFTER THE REPORTING PERIOD (Continued)

Kaifeng Chia Tai is principally engaged in the manufacture and sale of animal feed products. The provisional fair values of the identifiable assets and liabilities of Kaifeng Chia Tai as at the date of acquisition were as follows:

	Provisional fair values US\$'000 (Unaudited)
Property, plant and equipment	5,776
Land lease prepayments	6,540
Other non-current assets	300
Inventories	7,860
Trade and bills receivables	3,339
Prepayments, deposits and other receivables	2,532
Cash and cash equivalents	1,727
Trade payables	(1,827)
Other payables and accruals	(5,991)
Bank borrowings	(8,129)
Income tax payables	(141)
Deferred tax liabilities	(1,286)
	<hr/>
Total identifiable net assets at fair value	10,700
Goodwill on acquisition*	39,863
	<hr/>
Satisfied by cash	50,563
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* The Group is still in the process of assessing the final fair value of the total identifiable net assets acquired and therefore the goodwill on acquisition may vary.

Had the business combination taken place at the beginning of the period, the revenue from continuing operations of the Group and the net profit of the Group for the six months ended 30 June 2014 would have been US\$2,639,411,000 and US\$133,577,000, respectively.

Further details regarding the Acquisition and the Disposal are set out in the Company's announcement and circular dated 21 May 2014 and 19 June 2014 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP RESULTS

The Group reported solid interim results in the first half of 2014. For the six months ended 30 June 2014 (“1H14”), the Group’s net profit attributable to shareholders was US\$112 million, an 80.8% increase compared to the first half of 2013 (“1H13”).

In 1H14, the Group’s revenue grew 5.1% to US\$2,600 million (1H13: US\$2,474 million), of which the agri-food business in China, the agri-food business in Vietnam and the chlortetracycline business contributed 59.3%, 38.6% and 2.1% of revenue, respectively. Gross profit margin rose from 11.6% in 1H13 to 15.6% in 1H14, which was mainly due to an improvement in the Group’s farming business in Vietnam.

Basic and diluted earnings per share were US 0.444 cents (1H13: US 0.247 cents) and US 0.442 cents (1H13: US 0.245 cents), respectively. The board proposed an interim dividend per share of HK\$0.017 in 1H14, an increase of 70% from HK\$0.010 in 1H13.

RECENT DEVELOPMENTS

In May 2014, the Group announced plans to divest its equity interest in Luoyang Northern Ek Chor Motorcycle Co. Ltd. (“Luoyang Motorcycle”), one of the three investments in the Group’s industrial business division. Luoyang Motorcycle is engaged in the manufacture and sale of motorcycles in China. The sale of Luoyang Motorcycle, which was completed in July 2014, allows the Group to focus on its core agri-food business.

BUSINESS REVIEW

Agri-Food Business in China

In December 2012, the Group announced plans to enter the food business in China. Currently, there are two valued-added food processing plants under construction – one in Qinhuangdao and one in Qingdao. The food processing plant in Qinhuangdao comprises of two phases. Phase one of the Qinhuangdao project is expected to commence trial operations by the end of 2014; and the Qingdao plant is expected to commence trial operations by the end of 2015. As such, the feed business was the sole operating business in the Group’s China agri-food segment in 1H14.

In 1H14, overall feed demand in China remained soft due to continued slow economic growth and low livestock prices. According to the National Bureau of Statistics of the PRC, China’s GDP grew 7.4% in the first half of 2014. Compared with China’s economic growth in the last decade, the country’s macro economy is growing at a slower pace. Meanwhile, meat prices hovered at low levels in the first half of 2014, reducing farmers’ desire to increase their animal population. This reduction in stock led to a slowdown in feed demand. According to the China Feed Industry Association, feed production volume in China declined by approximately 3% in the first half of 2014, compared to the same period of last year.

With softer market demand, the Group's feed sales in China were inevitably affected. In 1H14, the Group's China feed sales volume decreased 4.7% to 2.54 million tons, with feed revenue decreasing by 2.8% to US\$1,543 million. In spite of reduced feed revenue, gross profit margin of the Group's agri-food business in China rose from 15.0% in 1H13 to 17.3% in 1H14, mainly due to the Group's success in promoting higher value-added products.

Swine feed continued to be the largest component of the Group's China feed business, accounting for 49.8% of revenue; poultry feed, aqua feed, other feed products and premix contributed 28.3%, 8.8%, 7.4% and 5.7%, respectively. In 1H14, the Group's swine feed revenue decreased 2.4% to US\$769 million, while sales volume reduced 2.2% to 1.22 million tons. For the poultry feed business, the industry's overall environment has remained challenging. In 1H14, poultry feed revenue dropped 14.4% to US\$437 million, with sales volume decreasing by 15.0% to 0.85 million tons. Aqua feed revenue increased 11.3% reaching US\$135 million in 1H14. Sales volume grew 8.9% to 0.18 million tons.

Agri-Food Business in Vietnam

In 1H14, the Group saw an improvement in its farming business in Vietnam, compared to the corresponding period of last year. On the livestock side, swine prices – one of the key pressure points the Group faced in 2013 – increased from their previously low levels in 2013. This improvement in swine prices has restored the profitability of the Group's farming business considerably. For the aqua business, a shrimp disease known as Early Mortality Syndrome (EMS) remains a key issue in the shrimp farming industry. The industry is developing various methods to mitigate the impact of EMS, and the situation is easing gradually.

In 1H14, the Group's agri-food business revenue in Vietnam grew 20.5% to US\$1,002 million. The feed business accounted for 42.1% of revenue, while the farm and food businesses combined accounted for the remaining 57.9% of revenue. The Group's gross profit margin for the agri-food business in Vietnam increased substantially from 3.9% in 1H13 to 11.9% in 1H14.

Feed

The Group's feed business in Vietnam continues to be solid. In 1H14, it posted revenue growth of 4.1% to US\$423 million, of which swine, aqua, poultry and other feed products accounted for 46.4%, 29.7%, 21.8% and 2.1% of revenue, respectively. Total feed sales volume declined modestly by 0.4% to 0.72 million tons.

Farm and Food

In 1H14, the combined revenue of the Group's farm and food business in Vietnam increased 36.1% to US\$580 million. As a result of the rise in swine prices, the Group's swine farming business returned to profitable levels in 1H14 from a loss-making situation in the same period of last year. On average, swine prices in the first half of 2014 were 15-20% higher than in the corresponding period of 2013. For the aqua business, the Group has introduced new farm management practices and modified farm setup to cope with EMS and the situation is gradually improving. Lastly, the Group recently commissioned a new shrimp processing plant in Hue and a new fish processing plant in Ben Tre.

OTHER BUSINESSES

The Group's other businesses comprise of the chlortetracycline ("CTC") business and the industrial business. In 1H14, the CTC business recorded revenue of US\$54 million, a slight decrease of 1.2% from the corresponding period of last year. The Group's industrial business encompasses three jointly-owned entities: the manufacture and sale of motorcycles, the manufacture and sale of automotive parts, and the trading of Caterpillar machinery. In 1H14, the industrial business contributed a profit of US\$10 million to the Group, representing a 31.3% increase from the corresponding period of last year. As mentioned above, Luoyang Motorcycle was divested in July 2014.

OUTLOOK

The Group delivered solid performance in the first half of 2014. For the full year 2014, the Group remains cautiously optimistic. The farming business in Vietnam started to recover in the second half of 2013, albeit slowly. As such, with a higher base of comparison in 2H13, the Group's year-on-year earnings growth in the coming quarters is expected to return to more moderate levels.

In summary, although the Group's China feed business continues to face challenges from the slowdown of overall macroeconomic growth, the Group remains confident in its mid-to-long-term growth potential, due to the current modest level of per-capita meat consumption and low commercial feed penetration rate in China. In Vietnam, following a difficult year in 2013, the business saw some improvements in 1H14. As a leading agri-food player in Vietnam, the Group is well placed to benefit from the recovery of this market.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group had total assets of US\$3,127.7 million, increased by 13.3% as compared with US\$2,759.5 million as at 31 December 2013.

Net debt (30 June 2014: US\$699.6 million, 31 December 2013: US\$476.3 million) to equity ratio (defined as total borrowings minus cash and deposits divided by total equity) was 0.54 as compared to 0.38 as at 31 December 2013.

The borrowings of the Group are denominated in U.S. dollars (“US\$”) (30 June 2014: US\$627.5 million, 31 December 2013: US\$493.8 million), Vietnamese Dong (“VND”) (30 June 2014: US\$497.9 million, 31 December 2013: US\$454.3 million) and Renminbi (“RMB”) (30 June 2014: US\$101.6 million, 31 December 2013: US\$28.6 million).

As at 30 June 2014, the Group’s current portion of long-term bank borrowings amounted to US\$53.3 million (31 December 2013: US\$30.6 million) and fixed interest rate borrowings amounted to US\$4.9 million (31 December 2013: US\$4.9 million).

The Group monitors exchange rate movements and determines appropriate hedging activities when necessary. As at 30 June 2014, the Group has entered into forward exchange contracts to manage its exchange rate exposures of US\$ denominated liabilities against VND. The aggregate notional principal amount of these outstanding derivative financial instruments was US\$151.3 million, with forward exchange rates of US\$ against VND ranging from 21,266 to 21,601.

All domestic sales in mainland China and Vietnam are transacted in RMB and VND respectively and export sales are transacted in foreign currencies. Foreign currencies are required for purchase of certain raw materials and equipment. The Board considers the fluctuation of RMB and VND 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 and borrowings. The Group had time deposits and cash and cash equivalents of US\$445.0 million as at 30 June 2014 (31 December 2013: US\$470.1 million), a decrease of US\$25.1 million.

CHARGES ON GROUP ASSETS

As at 30 June 2014, out of the total borrowings of US\$1,227.0 million (31 December 2013: US\$976.7 million) obtained by the Group, US\$28.9 million (31 December 2013: US\$12.8 million) were secured and accounted for 2.4% (31 December 2013: 1.3%) of the total borrowings. Certain of the Group’s property, plant and equipment, land lease prepayments and trade and bills receivables with an aggregate net book value of US\$5.6 million (31 December 2013: US\$10.1 million) have been pledged as security.

CONTINGENT LIABILITIES

Guarantees were given by the certain subsidiaries of the Company to financial institutions in the PRC for certain indebtedness of independent third party customers of the Group. The contingent liabilities of the Group in respect of such guarantees as at 30 June 2014 were US\$36.3 million (31 December 2013: US\$18.3 million). The aggregate net asset value of the relevant subsidiaries as at 30 June 2014 was US\$66.0 million (31 December 2013: US\$49.4 million).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2014, the Group employed around 37,000 staff (including 28,000 staff from subsidiaries, 6,000 staff from joint ventures and 3,000 staff from associates) in the PRC, Vietnam 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, for example, medical insurance, training and share option scheme.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK\$0.017 (six months ended 30 June 2013: HK\$0.010) per share for the six months ended 30 June 2014. The interim dividend will be paid on or about 30 October 2014 to ordinary share holders and convertible preference share holders, whose names appear on the register of members of the Company on 14 October 2014.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 October 2014 to 14 October 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend for 2014, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 10 October 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules ("Model Code"). Having made specific enquiries with all the directors, the Company confirms that during the six months ended 30 June 2014 all the directors have complied with the required standards as set out in the Model Code.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance. The principles of which are to uphold a high standard of ethics, transparency, accountability and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

In the opinion of the Board, the Company has applied the principles and complied with all the code provisions prescribed in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2014.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30 June 2014 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 *Review of interim financial information performed by the independent auditor of the entity* issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders of the Company.

The audit committee of the Company has also reviewed the interim results for the six months ended 30 June 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

By Order of the Board
Arunee Watcharananan
Director

Hong Kong, 13 August 2014

As at the date of this announcement, the Board comprises nine executive directors, namely, Mr. Dhanin Chearavanont, Mr. Adirek Sripratak, Mr. Thanakorn Seriburi, Mr. Soopakij Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mr. Anan Athigapanich, Mr. Suphachai Chearavanont and Mrs. Arunee Watcharananan; one non-executive director, namely, Mr. Meth Jiaravanont; and five independent non-executive directors, namely, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres, Mr. Sakda Thanitcul, Mr. Vinai Vittavasgarnvej and Mrs. Vatchari Vimooktayon.