C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

Stock Code : 43

Interim Report 2010

CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS

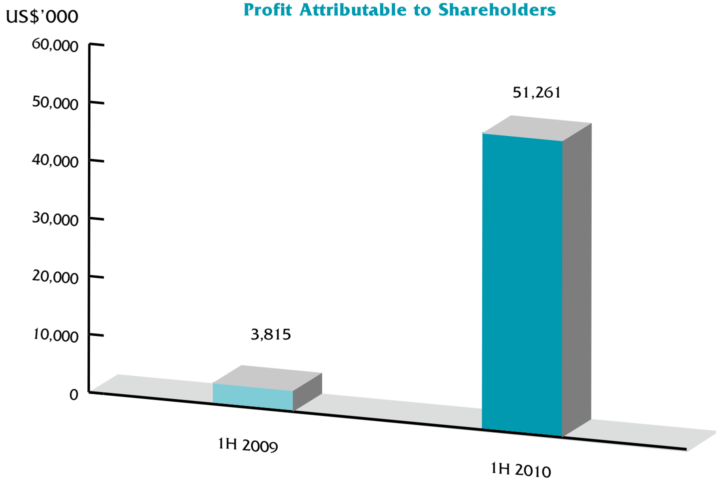
Business Review

During the period under review, C.P. Pokphand Co. Ltd. (the "Company") completed the acquisition of feed assets in China on 28th February, 2010. The acquired feed business is one of the leading feed producers in China, producing and selling animal and aqua feed primarily to the domestic market. Through this acquisition, the Company and its subsidiaries (the "Group") is able to broaden and diversify its income base and the feed business becomes the Group's core business. The Group's original Chlortetracycline ("CTC") and industrial businesses are to be retained and become its non-core businesses.

As stated in note 1 to the financial statements, the Company has applied the merger method of accounting for the acquisition of feed entities, which does not restate the financial information for periods prior to the completion of acquisition. Therefore, 2010 consolidated results have incorporated operating results of feed entities from the date of completion (28th February, 2010).

For the six months ended 30th June, 2010, the Group recorded a profit attributable to shareholders of US$51,261,000 (2009: US$3,815,000). The Group's turnover for the period was US$729,282,000 (2009: US$31,519,000), of which 92.8% came from its core business, feed, and 7.2% from its CTC business; basic earnings per share was US$1.081 cents (2009: US$0.132 cent), and diluted earnings per share was US$0.273 cent.

Profit Attributable to Shareholders



In the first half of 2010, the Group strives to expand its feed, CTC and industrial businesses, which have benefited from China's stable and supportive business environment. During the period under review, China's agricultural production remained stable and various supportive government policies and subsidies were given to assure the sustainability of the industry and to build a more integrated industry with safer, environmentally-friendly production. In addition, with the increase of household income and continuing government support to boost consumption, domestic consumption in China has been growing steadily. Moreover, with the recovery of the global economy, the Group has been successful in bolstering CTC export sales and expanding new overseas markets for motorcycle business, which resulted in considerable growth in the Group's overall export sales.

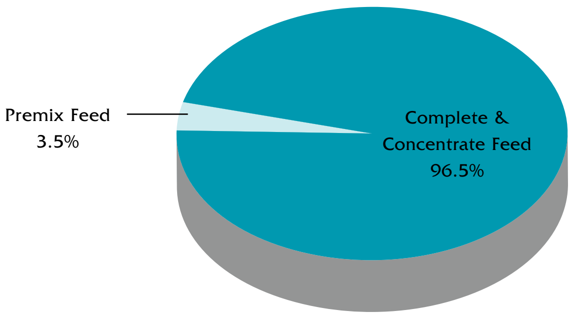
Core Business

Feed

The Group is a leading feed producer in China which engages in the production and sales of livestock and aquaculture nutrition comprised of complete, concentrate and premix feed through more than 73 feed mills across 26 provinces and municipalities in China. The Group's feed products are widely recognized for its quality and safety, having high feed-to-meat conversion ratios which help breeders increase their yield and productivity. The Group's brand, "Chia Tai", enjoys high recognition through its 30 years' reputable operational track record in China. Moreover, the Group has an extensive exclusive distribution network and a strong sales service team with breeding knowledge, which provides extensive market coverage and after-sales services to customers across China.

In the first half of 2010, China strived to speed up the development of standardization of large-scale livestock farming. Meanwhile, China took steps to reduce the negative impact on the livestock farming industry brought by unusual weather conditions and raw material price fluctuations, including pork reserve purchase, improvement of market information dissemination, as well as prevention and control of animal epidemic disease. On the other hand, rising consumption in China leads to higher demand for animal protein products, which in turn leads to higher demand for feed products. In the first half of the year, feed demand growth in China remained solid; according to estimates by the Ministry of Agriculture, feed production in China grew 4.6% to 66,300,000 tons. For the interim results covering the March-through-June period, the Group's feed business recorded turnover of US$676,748,000, thanks to the Group's massive advertisements and promotion; sales volume was 1,425,000 tons, of which complete and concentrate feed and premix feed accounted for 96.5%, and 3.5%, respectively, of the total sales volume.

Feed Sales Volume Distribution



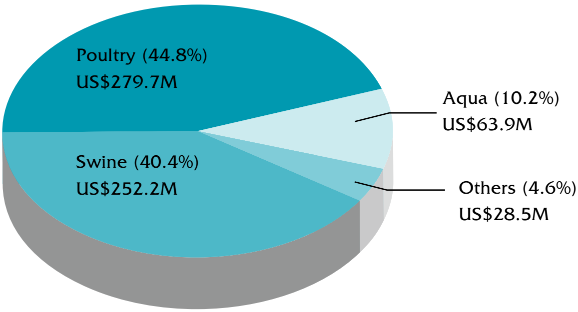
Raw materials used in the production of feed include corn, soybean meal, fish meal and wheat. In the first half of 2010, prices of major raw materials fluctuated, among which corn price rose significantly. According to the Ministry of Agriculture, a year-on-year increase of 22.0% on average for the price of corn per ton is estimated. In order to offset the negative impact on the gross profit margin from the raw materials cost increase, the Group raised the selling prices of certain feed products moderately, after taking into consideration raw materials price fluctuations, the Group's strategy to maintain sustainable long-term growth, as well as livestock breeders' ability to withstand feed price increases. For the interim results covering the March-through-June period, gross profit of the Group's feed business recorded US$98,051,000, and average gross profit margin was around 14.5%.

Core Business *(Continued)*

Feed (Continued)

The Group mainly produces and sells complete and concentrate feed, of which swine feed and poultry feed constituted the vast majority of our feed products, representing 40.4% and 44.8%, respectively, of the total complete and concentrate feed sales. The Group has been actively developing its aqua feed business in recent years, with aqua feed accounting for 10.2% of the total complete and concentrate feed sales.

Complete and Concentrate Feed Sales



The Group has been actively promoting its swine feed products through various advertising and promotional campaigns, especially its piglet feed product lines through the advertisements of its "Chia Tai Three Swine Treasures" ("Weanling Piglet Feed", "Nursery Piglet Feed" and "Piglet Feed"), which have been well received by the market. Leveraging the favorable market response to the piglet feed products, the Group intends to stimulate sales in other swine feed products, including feeds for young and mature swine.

In the first half of the year, certain areas in Mainland China were hit by pig-borne diseases, causing farmers to slaughter their animals prematurely to curb the spread of the epidemic. Such premature slaughtering caused a surge in swine supply to the market and corresponding decline in hog prices, which reduced farmers' incentives for swine breeding. In order to stabilize hog production and supply, China's government initiated pork reserve purchase programs on a few occasions and provided temporary subsidies to farmers to minimize the negative economic impact on them due to falling hog prices and rising corn prices. With such strong support from the Chinese government, the Group's swine complete and concentrate feed recorded noticeable growth; sales recorded from March to June totaled 486,000 tons, with turnover recorded US$252,189,000 and average gross profit margin of around 16.0%.

The Group's poultry complete and concentrate feed includes feed for broilers, layers, ducks and other poultry. To ensure the safety and reliability of the poultry supply and to strengthen the farming industry's ability to withstand market downturns, the central government has been pushing forward standardized large-scale poultry and livestock breeding. In response to this macro trend, the Group, through its extensive exclusive distribution network, has been bolstering its sales to large-scale farms. In the first half of 2010, China's domestic poultry production, on a whole, kept steady growth; the Group's overall sales volume in poultry complete and concentrate feed recorded 698,000 tons for the period March through June. Turnover recorded US$279,700,000 and average gross profit margin was around 8.5%.

Core Business *(Continued)*

Feed (Continued)

For aqua complete and concentrate feed, the seedling and breeding season of aquaculture was pushed back compared to last year due to the prolonged low temperature weather in most parts of mainland China from the beginning of winter last year up to spring this year, which resulted in a drop in demand for aqua feed. As a result, the Group saw a slide in its aqua complete and concentrate feed sales. Sales recorded from March to June were 113,000 tons, turnover recorded US$63,910,000 and average gross profit margin was around 12.9%.

The Group also produces and sells premix feed, targeting sales to large farm operators in recent years. For the period between March to June, the Group sold 49,000 tons of premix feed, with turnover recording US$38,949,000 and average gross profit margin of 47.7%.

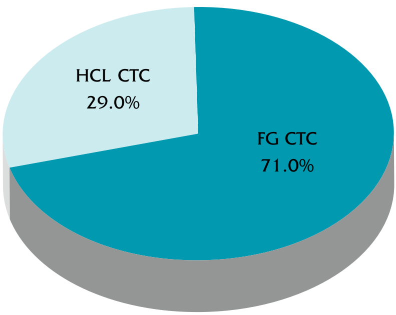
In order to satisfy the growing market demand for feed products and to expand the Group's market share, the Group has been expanding its feed production capacity gradually during the period under review. As of 30th June, 2010, feed production capacity of the Group reached 8,331,000 tons. To realize the Group's growth target and market share expansion, the Group will continue to expand its feed production capacity in an orderly manner based on market demand.

Non-Core Businesses

Chlortetracycline

During the period under review, the Group's CTC business posted satisfactory growth, with both domestic and overseas sales recording better growth as compared with the same period last year. Growth in the Group's domestic CTC sales was primarily due to tight market supply, while export sales benefitted from a recovering overseas market with increasing demand from the U.S., South America and Southeast Asia for the Group's feed-grade CTC ("FG CTC") and increasing demand from Europe and the U.S. for the Group's Hydrochloride CTC ("HCL CTC"). In the first half of 2010, turnover of the Group's CTC business rose 67.0% year-on-year to US$52,397,000, of which domestic sales and export sales accounted for 23.5% and 76.5%, respectively. In terms of product type, FG CTC and HCL CTC accounted for 71.0% and 29.0% of total sales, respectively.

CTC's Sales Distribution



Non-Core Businesses *(Continued)*

Chlortetracycline (Continued)

Both HCL CTC domestic sales and export sales posted strong growth for the period, with sales up 101.9% and 34.3% year-on-year to 43 tons and 617 tons, respectively. FG CTC export sales also showed considerable growth, rising 45.0% year-on-year to approximately 14,400 tons, while its domestic sales remained flat, recording about 6,800 tons.

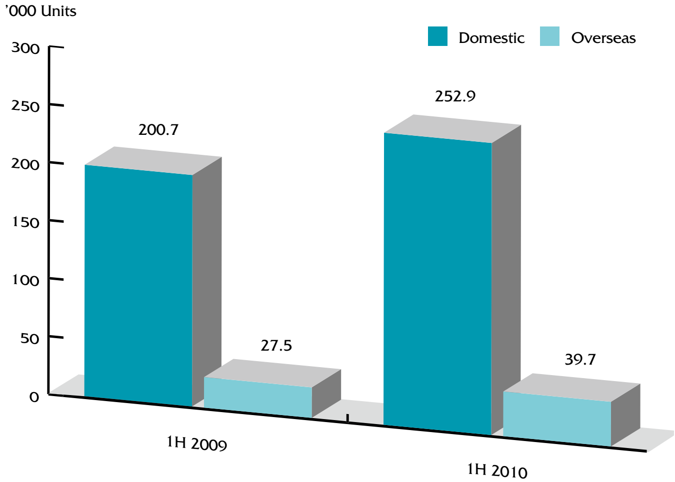
In the first half of 2010, market supply of CTC was tight, thus the Group increased its CTC products' selling prices to offset the higher cost of a raw material, corn starch powder. Through the higher selling prices, gross margin of the Group's CTC business grew remarkably, recording 31.2%, as compared with 9.7% for the same period last year.

Industrial Business

The Group's industrial business is comprised of three jointly-controlled entities, including the manufacturing and sales of motorcycles and automobile accessories, as well as Caterpillar machinery dealership. In the first half of 2010, the rising national disposable income and a series of government polices to stimulate domestic consumption have resulted in strong demand for automobiles and motorcycles. On the other hand, China's infrastructure-led investment activities remained strong, which led to robust demand for industrial machinery. The Group's industrial business reported continuous growth in the first half of the year, contributing a share of profit of US$11,020,000, an 84.5% increase year-on-year.

In the motorcycle business, total sales volume of the Group's motorcycle rose 28.2% to 293,000 units, outperforming the industry average; domestic sales and export sales accounted for 86.4% and 13.6%, respectively. The Group showed strong export sales volume growth in the first half, up 44.6% year-on-year, since the Group took opportune actions to expand into new markets and maintain its existing customer base when the overseas market demand continued to improve. The domestic sales volume also rose 26.0% year-on-year, as market demand improved and the Group's marketing and promotion efforts in response to the government's stimulus policies to boost rural consumption strengthened.

Sales Quantity of Motorcycles

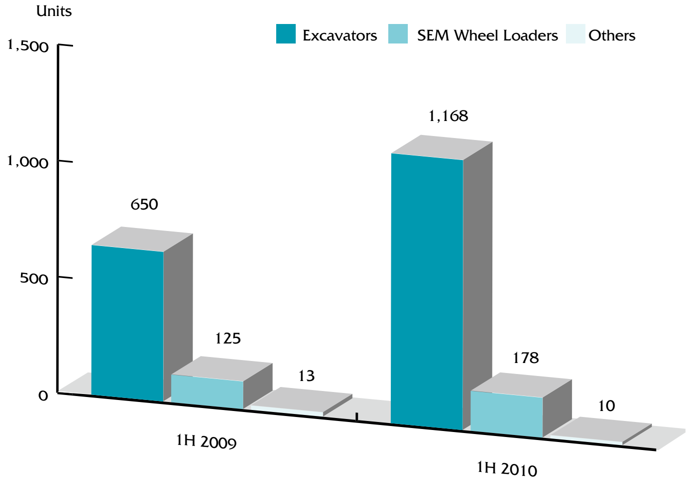


Industrial Business *(Continued)*

In the automobile accessory business, China's automobile sales soared in the first half, which has led to tremendous growth in demand for automobile accessories. During the period under review, sales of the Group's automobile accessories recorded 2,036 tons, surging more than 90% year-on-year. Sales volume of motorcycle carburetors continued the leading position in the market and recorded 3,874,000 units, up about 28.7% from last year.

Infrastructure investment in China remained very strong, leading to a surge in market demand for construction machinery. During the period under review, the Group successfully secured some large projects, which led to a 72.1% sales volume growth year-on-year, with 1,356 units of machinery products sold, among which 1,168 units were from excavator sales which rose almost 80% year-on-year and 178 units from Shandong SEM machinery sales, which grew almost 42.4% year-on-year.

Sales Quantity of Machinery Equipment



Prospects

As China's economy's fundamentals are expected to remain strong and the living standard of Chinese people continues to improve, market demand for agricultural and industrial products will continue to grow.

On the feed business front, the Chinese government continues to push forward development of standardized large-scale breeding, which in the long run would be favorable for overall development of the feed industry. With the population focusing more on food safety, the Chinese government has been imposing stricter control on product quality and safety, which will increase the entry barriers to the industry. Meanwhile, with the feed industry undergoing consolidation, large-scale feed manufacturers bode well to benefit from such favourable macro developments. As one of the leading feed producers in China, the Group enjoys strong competitive advantages in terms of economies of production scale, strong brand name, extensive nationwide distribution networks and proven product quality. Riding on the wave of the feed industry consolidation, the Group is capitalizing on this market opportunity to increase its market share, strengthen its leading position in the industry and realize its long-term sustainable growth target. In addition, as China shifts to a more flexible exchange rate system, it is expected that a steady appreciation of RMB will lower the Group's procurement costs of imported raw materials, which will improve the Group's overall profit margins.

Prospects *(Continued)*

In light of the above favorable macroeconomic trend and government policies, the Group has gradually increased its production capacity in response to the growing demand of feed products in China. Advocating for the government policies, the Group strives to promote large-scale standardized breeding farms in China through its decades of breeding experience, which will further boost the sales of its feed products. Moreover, the Group has been shifting more production towards higher-margin swine and aqua feed products, as swine and aquaculture farmers are in a better position to absorb feed price increases due to increases in raw material costs, which will allow the Group to achieve better overall profit margins.

On the industrial businesses front, China's motorcycle and automobile markets are expected to continue steady growth. As the "National Standard III", a new emission control standard for the motorcycle industry, is going to take effect by July of this year, and to meet these new market opportunities, the Group is in a position to promote a series of motorcycle products in compliance with the new standards. In addition, the Group will continue to invest in research and development to bring better motorcycle products and automobile accessory products to the market. With the strong growth of China's infrastructure investment in the first half of 2010, the Group will continue to focus and keep track of large infrastructure projects in the assigned dealership areas to expand its sales.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2010, the Group had total assets of US$1,100,863,000, increasing 536.1% as compared with US$173,073,000 as at 31st December, 2009.

Total borrowings and borrowings to equity ratio (borrowings to equity ratio is calculated by dividing the total borrowings by total equity) were US$427,137,000 and 95.9% respectively, as compared with US$9,969,000 and 7.5% as at 31st December, 2009.

As at 30th June, 2010, there was an amount due from related companies of US$288,160,000 recorded in the consolidated statement of financial position. Certain related companies planned to repay at least US$150,000,000 in total to the Group before the end of 2010.

Most of the borrowings by the Group are in U.S. dollars and RMB, and the interest rates ranged from 1.5% to 15.3% 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 Board considers the appreciation of RMB during the year 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 short term bank loans. The Group had cash and cash equivalents of US$98,159,000 as at 30th June, 2010 (31st December, 2009: US$6,636,000), an increase of US$91,523,000.

CHARGES ON GROUP ASSETS

As at 30th June, 2010, out of the total bank borrowings of US$427,137,000 (31st December, 2009: US$9,969,000) obtained by the Group, US$71,119,000 (31st December, 2009: US$4,385,000) were secured and accounted for 16.7% of the total. Certain of the Group's property, plant and equipment, lease prepayments located in the PRC with net book value of US$72,850,000 (31st December, 2009: US$9,092,000) have been pledged as security for various short term bank loans.

CONTINGENT LIABILITIES

As at 30th June, 2010, the guarantees provided by the Group were US$76,041,000 (31st December, 2009: US$53,496,000).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save for the acquisition as disclosed in note 14 to the financial statements, the Group did not make any material acquisitions or disposals of subsidiaries or associated companies during the six months ended 30th June, 2010.

EMPLOYEE AND REMUNERATION POLICIES

As at 30th June, 2010, the Group employed around 19,000 staff (including 11,000 staff from subsidiaries, 1,000 staff from an associate and 7,000 staff from the jointly-controlled entities) in PRC and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market rate while performance bonuses are granted on a discretionary basis. Other employee benefits include insurance and medical coverage, subsidised training programmes as well as share option scheme.

UNAUDITED CONSOLIDATED RESULTS

The board (the "Board") of directors (the "Directors") of C.P. Pokphand Co. Ltd. (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June, 2010 as follows:

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Six months ended 30th June,		Year ended 31st December,
		2010	2009	2009
	Notes	***US$'000***	*US$'000*	*US$'000*
		(Unaudited)	(Unaudited)	(Audited)
REVENUE	*3*	**729,282**	31,519	74,245
Cost of sales		**(615,040)**	(28,326)	(64,719)
Gross profit		**114,242**	3,193	9,526
Selling and distribution costs		**(28,339)**	(1,537)	(3,491)
General and administrative expenses		**(35,460)**	(5,178)	(13,867)
Other income	*4*	**7,303**	208	1,232
Other losses	*5*	**–**	(70)	–
Finance costs		**(5,551)**	(580)	(917)
Share of profits of an associate		**1,464**	–	–
Share of profits and losses of jointly-controlled entities		**14,501**	7,457	17,027
PROFIT BEFORE TAX	*6*	**68,160**	3,493	9,510
Income tax expense	*7*	**(9,812)**	–	(676)
PROFIT FOR THE PERIOD		**58,348**	3,493	8,834
OTHER COMPREHENSIVE INCOME:				
Exchange differences on translation of foreign operations		**4,043**	169	435
Surplus on revaluation of property, plant and equipment		**–**	–	9,102
Fair value changes in available-for-sale investment		**–**	–	11
Deferred tax		**–**	–	(1,493)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**62,391**	3,662	16,889
Profit attributable to:				
Owners of the Company		**51,261**	3,815	8,554
Non-controlling interests		**7,087**	(322)	280
		58,348	3,493	8,834

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(Continued)*

	Notes	Six months ended 30th June, 2010 US$'000 (Unaudited)	2009 US$'000 (Unaudited)	Year ended 31st December, 2009 US$'000 (Audited)
Total comprehensive income attributable to:				
Owners of the Company		**55,219**	3,984	16,609
Non-controlling interests		**7,172**	(322)	280
		62,391	3,662	16,889
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*	***US cents***	*US cent*	*US cent*
Basis				
– For profit for the period/year		**1.081**	0.132	0.296
Diluted				
– For profit for the period/year		**0.273**	N/A	N/A

Remarks: As stated in note 1 to the financial statements, the Company has applied the merger method of accounting for acquisition of feed entities. The Company's policy is not to restate the financial information for periods prior to the completion of acquisition. Therefore, 2010 consolidated results have incorporated operating results of feed entities from the date of completion of acquisition (28th February, 2010). The comparative figures for the first half and full year 2009 have not been restated and include the operating results of the non-feed entities only.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30th June, 2010 US$'000 (Unaudited)	31st December, 2009 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**245,852**	56,582
Investment properties		**7,112**	5,336
Land lease prepayments		**17,632**	1,565
Interests in jointly-controlled entities		**90,020**	82,531
Interests in an associate		**32,635**	–
Amount due from related companies		**288,160**	–
Available-for-sale investments		**843**	262
Deferred tax assets		**905**	–
Total non-current assets		**683,159**	146,276
CURRENT ASSETS			
Inventories		**201,979**	8,514
Accounts receivable, other receivables and deposits	10	**51,580**	9,912
Bills receivable		**1,780**	166
Tax recoverable		**–**	152
Due from non-controlling shareholders		**1,556**	422
Due from related companies		**62,472**	995
Fixed and pledged deposits		**178**	–
Cash and cash equivalents		**98,159**	6,636
Total current assets		**417,704**	26,797
CURRENT LIABILITIES			
Accounts payable, other payables and accrued expenses	11	**167,983**	20,171
Bills payable		**17,338**	–
Tax payable		**8,772**	2,524
Provisions for staff bonuses and welfare benefits		**6,798**	630
Due to non-controlling shareholders		**5,728**	527
Due to related companies		**18,397**	2,020
Interest-bearing bank loans		**390,217**	9,969
Total current liabilities		**615,233**	35,841
NET CURRENT LIABILITIES		**(197,529)**	(9,044)
TOTAL ASSETS LESS CURRENT LIABILITIES		**485,630**	137,232

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	Notes	30th June, 2010 US$'000 (Unaudited)	31st December, 2009 US$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**36,920**	–
Deferred tax liabilities		**3,453**	3,453
Total non-current liabilities		**40,373**	3,453
NET ASSETS		**445,257**	133,779
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*12*	**125,169**	28,898
Share premium account	*13*	**631,940**	–
Reserves	*13*	**(361,227)**	95,184
		395,882	124,082
Non-controlling interests		**49,375**	9,697
TOTAL EQUITY		**445,257**	133,779

Remarks: As stated in note 1 to the financial statements, the Company has applied the merger method of accounting for acquisition of feed entities. The Company's policy is not to restate the financial information for periods prior to the completion of acquisition. Therefore, 2010 consolidated statement of financial position has included assets and liabilities of feed entities as of 30th June, 2010. The comparative figures for 2009 have not been restated and include the assets and liabilities of the non-feed entities only.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Six months ended 30th June, 2010 US$'000 (Unaudited)	Six months ended 30th June, 2009 US$'000 (Unaudited)	Year ended 31st December, 2009 US$'000 (Audited)
Profit for the period/year		**58,348**	3,493	8,834
Other comprehensive income		**4,043**	169	8,055
Total comprehensive income for the period/year		**62,391**	3,662	16,889
Acquisition of subsidiaries	*13*	**262,074**	–	–
Dividend paid to non-controlling shareholders	*13*	**(4,963)**	–	–
Final 2009 dividend	*13*	**(8,024)**	–	–
Share of reserve by minority shareholders	*13*	**–**	–	74
Total changes in equity		**311,478**	3,662	16,963

Remarks: As stated in note 1 to the financial statements, the Company has applied the merger method of accounting for acquisition of feed entities. The Company's policy is not to restate the financial information for periods prior to the completion of acquisition. Therefore, the comparative figures for the first half and full year 2009 have not been restated.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Six months ended 30th June,		Year ended 31st December,
	2010	2009	2009
	US$'000	*US$'000*	*US$'000*
	(Unaudited)	(Unaudited)	(Audited)
Net cash inflow from operating activities before tax paid	**16,249**	457	4,021
Interest paid	**(5,255)**	(580)	(917)
Tax paid	**(5,551)**	(612)	(1)
Net cash inflow/(outflow) from operating activities	**5,443**	(735)	3,103
Net cash inflow/(outflow) from investing activities	**87,946**	(4,206)	(726)
Net cash inflow/(outflow) before financing activities	**93,389**	(4,941)	2,377
Net cash outflow from financing activities	**(1,975)**	(2,361)	(8,305)
Increase/(decrease) in cash and cash equivalents	**91,414**	(7,302)	(5,928)
Effect of exchange rate changes, net	**109**	–	84
Cash and cash equivalents at beginning of period/year	**6,636**	12,480	12,480
Cash and cash equivalents at end of period/year	**98,159**	5,178	6,636

Remarks: As stated in note 1 to the financial statements, the Company has applied the merger method of accounting for acquisition of feed entities. The Company's policy is not to restate the financial information for periods prior to the completion of acquisition. Therefore, the comparative figures for the first half and full year 2009 have not been restated.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPLE 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, 2009.

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st December, 2009. As described in the annual financial statements for the year ended 31st December, 2009, the following new standards, amendments to standards and interpretations are mandatory for financial year beginning on or after 1st January 2010:

IFRS 1 (Revised)	First-time Adoption of International Financial Reporting Standards
IFRS 2 Amendments	Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
IFRS 3 (Revised)	Business Combinations
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IAS 39 Amendment	Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
IFRIC 17	Distributions of Non-cash Assets to Owners
Amendments to IFRS 5 included in Improvements to IFRSs issued in May 2008	Amendment to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary

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

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2010 and have not been early adopted:

IFRS 9	Financial Instruments
IAS 24 (Revised)	Related Party Disclosures
IAS 32 Amendment	Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues
IFRIC 14 Amendments	Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

1. BASIS OF PREPARATION AND PRINCIPLE ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The Company has applied the merger method of accounting for the acquisition of subsidiaries under common control. In preparing the consolidated financial statements using the merger method of accounting, the Company's policy is not to restate the financial information for periods prior to the completion of the combination under common control.

2. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that business segments are organised into the following :

– The feedmill business segment represents the manufacturing and sale of animal feed products;

– The biochemical business segment represents the manufacturing and sale of chlortetracycline products;

– The industrial business segment represents the manufacturing and sale of motorcycles and automobile accessories and trading of machinery through jointly-controlled entities; and

– The investment and property holding segment represents leasing properties owned by the Group and acts as the investment holdings of group companies.

Management monitors the results of its 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 interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude tax recoverable, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank loans, tax payable, deferred tax liabilities and other unallocated head office and corporate 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.

(a) Business segments

The following tables represent revenue, profit information for these segments for the six months ended 30th June, 2010 and 2009, and certain asset information regarding business segments as at 30th June, 2010 and 2009.

2. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

Group

	Manufacturing and sale of animal feed products US$'000	Manufacturing and sale of chlortetracycline products US$'000	Manufacturing and sale of motorcycles and automobile accessories and trading of machinery* US$'000	Investment and property holding US$'000	Total US$'000
For the six months ended 30th June, 2010 (Unaudited)					
Segment revenue					
Sales to external customers	676,748	52,397	–	137	729,282
Segment results	42,684	12,321	(1,693)	(2,565)	50,747
Reconciliation:					
Elimination of segment results					(304)
Other income	4,113	(4)	31	833	4,973
Interest income					2,330
Finance costs					(5,551)
Share of profits of an associate	1,464	–	–	–	1,464
Share of profits and losses of jointly-controlled entities	1,819	–	12,682	–	14,501
Profit before tax					68,160
Segment assets	820,028	55,708	97,483	29,307	1,002,526
Reconciliation:					
Unallocated assets					98,337
Total assets					1,100,863
Segment liabilities	197,545	30,844	3,693	9,246	241,328
Reconciliation:					
Elimination of intersegment payables					(25,084)
Unallocated liabilities					439,362
Total liabilities					655,606
Other segment information					
Depreciation and amortisation	6,979	1,830	42	28	8,879
Interests in jointly-controlled entities	11,392	–	78,628	–	90,020
Interests in an associate	32,635	–	–	–	32,635
Capital expenditure **	10,522	638	1	57	11,218

* *These activities were conducted through the Group's jointly-controlled entities of its industrial sector.*

** *Capital expenditure consists of additions to property, plant and equipment and land lease prepayments.*

2. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

Group *(Continued)*

	Manufacturing and sale of animal feed products US$'000	Manufacturing and sale of chlortetracycline products US$'000	Manufacturing and sale of motorcycles and automobile accessories and trading of machinery* US$'000	Investment and property holding US$'000	Total US$'000
For the six months ended 30th June, 2009 (Unaudited)					
Segment revenue:					
Sales to external customers	–	31,381	–	138	31,519
Segment results	–	(174)	(1,623)	(1,725)	(3,522)
Reconciliation:					
Other income	–	61	–	–	61
Interest income					147
Other losses	–	(70)	–	–	(70)
Finance costs					(580)
Share of profits and losses of jointly-controlled entities	–	–	7,457	–	7,457
Profit before tax					3,493
Segment assets	–	64,796	82,069	15,503	162,368
Reconciliation:					
Unallocated assets					6,106
Total assets					168,474
Segment liabilities	–	41,630	24,088	795	66,513
Reconciliation:					
Elimination of intersegment payables					(38,315)
Unallocated liabilities					19,798
Total liabilities					47,996
Other segment information					
Depreciation and amortisation	–	2,030	60	86	2,176
Interests in jointly-controlled entities	–	–	76,552	–	76,552
Capital expenditure **	–	555	121	58	734

* *These activities were conducted through the Group's jointly-controlled entities of its industrial sector.*

** *Capital expenditure consists of additions to property, plant and equipment and land lease prepayments.*

2. SEGMENT INFORMATION *(Continued)*

(b) Geographical segments

(i) Revenue from external customers

	Six months ended 30th June,	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Mainland China	**689,126**	8,909
United States of America	**10,602**	6,146
Other countries	**29,554**	16,464
	729,282	31,519

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

(ii) All significant operating assets of the Group are located in the People's Republic of China ("PRC"). Accordingly, no geographical information analysis of segment assets is presented.

3. 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.

An analysis of revenue is as follows:

	Six months ended 30th June,		Year ended 31st December,
	2010	2009	2009
	US$'000	*US$'000*	*US$'000*
	(Unaudited)	(Unaudited)	(Audited)
Sales to/income from external customers:			
Feedmill operations	**676,748**	–	–
Biochemical operations	**52,397**	31,381	73,958
Investment and property holding	**137**	138	287
	729,282	31,519	74,245

The above analysis does not include the revenue of the Group's jointly-controlled entities and an associate.

4. OTHER INCOME

	Six months ended 30th June, 2010 US$'000 (Unaudited)	2009 US$'000 (Unaudited)	Year ended 31st December, 2009 US$'000 (Audited)
Bank and other interest income	**2,330**	147	567
Government grant	**391**	61	334
Change in fair value of investment properties	**–**	–	331
Gain on disposal of financial assets	**14**	–	–
Tax refund in respect of reinvestment from the PRC ventures	**934**	–	–
Waiver of amount due to a related company	**3,634**	–	–
	7,303	208	1,232

Various government grants have been received for the modification of sewage treatment plant and energy saving improvement project from the local government authorities in Henan province, Mainland China, in the form of cash. Government grants received for which the related expenditure has not yet been undertaken are included in deferred income in the balance sheet. There are no unfulfilled conditions or contingencies relating to these grants.

5. OTHER LOSSES

	Six months ended 30th June, 2010 US$'000 (Unaudited)	2009 US$'000 (Unaudited)	Year ended 31st December, 2009 US$'000 (Audited)
Loss on disposal of items of property, plant and equipment	**–**	70	–
	–	70	–

6. PROFIT BEFORE TAX

	Six months ended 30th June, 2010 US$'000 (Unaudited)	2009 US$'000 (Unaudited)	Year ended 31st December, 2009 US$'000 (Audited)
The Group's profit before tax is arrived at after charging/(crediting):			
Depreciation	**8,683**	2,155	4,070
Amortisation of land lease prepayments	**196**	21	43
Impairment of accounts receivable	**111**	6	(7)
Loss on disposal of items of property, plant and equipment, net	**–**	70	118
Foreign exchange differences, net	**(238)**	59	39
Staff costs	**32,817**	4,491	10,411

7. INCOME TAX EXPENSE

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/year (2009: nil).

In accordance with the relevant tax rules and regulations in the PRC, certain of the Group's PRC subsidiaries, jointly-controlled entities and an associate enjoy income tax exemptions and reductions. Certain subsidiaries, jointly-controlled entities and an associate are subject to income tax at the rate of 25% on their taxable income according to PRC Enterprises Income Tax Law. (2009: 25%).

	Six months ended 30th June, 2010 US$'000 (Unaudited)	2009 US$'000 (Unaudited)	Year ended 31st December, 2009 US$'000 (Audited)
Group:			
Charge for the period/year			
– Mainland China	**9,812**	–	165
Deferred tax – Mainland China	**–**	–	511
Total tax charge for the period/year	**9,812**	–	676

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic and diluted earnings per share attributable to ordinary equity holders of the Company for the six months ended 30th June, 2010 and 2009 and the year ended 31st December, 2009 is based on the following data:

	Six months ended 30th June,		Year ended 31st December,
	2010	2009	2009
	US$'000	*US$'000*	*US$'000*
	(Unaudited)	(Unaudited)	(Audited)
Earnings			
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	**51,261**	3,815	8,554
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**4,741,362,306**	2,889,730,786	2,889,730,786
Assumed conversion of convertible preference shares	**6,902,451,953**	–	–
Assumed conversion of deferred shares	**6,907,351,681**	–	–
Effect of dilutive potential ordinary shares issuable under the Company's share option scheme	**258,584,911**	–	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**18,809,750,851**	2,889,730,786	2,889,730,786

9. PROPERTY, PLANT AND EQUIPMENT

	Office premises in Hong Kong	Office premises in Mainland China	Industrial buildings in Mainland China	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles and transport facilities	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost or valuation:								
1st January, 2010	22,258	1,177	14,255	55,777	4,697	1,623	332	100,119
Additions	–	829	221	1,064	773	1,138	6,390	10,415
Transfer in/(out)	–	1,206	35	3,201	194	44	(4,680)	–
Disposals	–	(161)	–	(259)	(274)	(636)	–	(1,330)
Acquisition of subsidiaries	–	164,344	27,248	246,593	37,147	15,154	13,252	503,738
Exchange realignment	–	1,527	339	2,592	355	139	119	5,071
30th June, 2010	**22,258**	**168,922**	**42,098**	**308,968**	**42,892**	**17,462**	**15,413**	**618,013**
Accumulated depreciation and impairment losses:								
1st January, 2010	–	–	5,870	32,299	4,054	1,314	–	43,537
Depreciation provided during the period	–	5,205	603	1,465	889	521	–	8,683
Disposals	–	(1)	–	(211)	(241)	(556)	–	(1,009)
Acquisition of subsidiaries	–	82,473	15,499	184,874	25,602	9,276	–	317,724
Exchange realignment	–	807	189	1,884	257	89	–	3,226
30th June, 2010	**–**	**88,484**	**22,161**	**220,311**	**30,561**	**10,644**	**–**	**372,161**
Net book value:								
30th June, 2010	**22,258**	**80,438**	**19,937**	**88,657**	**12,331**	**6,818**	**15,413**	**245,852**
31st December, 2009	22,258	1,177	8,385	23,478	643	309	332	56,582

10. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND DEPOSITS

The Group normally grants a credit period of up to 60 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 aged analysis of the Group's accounts receivable, based on the invoice date, together with other receivables and deposits is as follows:

	30th June, 2010	31st December, 2009
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Less than 90 days	**13,493**	8,274
91 to 180 days	**1,965**	34
181 to 360 days	**20**	127
Over 360 days	**509**	–
	15,987	8,435
Impairment	**(193)**	(82)
	15,794	8,353
Other receivables and deposits	**35,786**	1,559
	51,580	9,912

11. 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, 2010	31st December, 2009
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Less than 90 days	**79,378**	8,776
91 to 180 days	**1,362**	543
181 to 360 days	**176**	1
Over 360 days	**288**	11
	81,204	9,331
Other payables and accrued expenses	**86,779**	10,840
	167,983	20,171

Accounts payable are non-interest-bearing and are normally settled on 60-day terms. Other payables and accrued expenses are non-interest-bearing and have an average term of one month.

12. SHARE CAPITAL

	30th June, 2010 ***US$'000*** **(Unaudited)**	31st December, 2009 *US$'000* (Audited)
Authorised:		
Ordinary shares		
At the beginning of period		
15,000,000,000 ordinary shares of US$0.01 each	**150,000**	150,000
Increase in authorised share capital: 15,000,000,000 ordinary shares of US$0.01 each *(note (a))*	**150,000**	–
At the end of period		
30,000,000,000 ordinary shares of US$0.01 each	**300,000**	150,000
Convertible preference shares		
At the beginning of period	**–**	–
Increase in authorised share capital: 20,000,000,000 convertible preference shares of US$0.01 each *(note (a))*	**200,000**	–
At the end of period		
20,000,000,000 convertible preference shares of US$0.01 each	**200,000**	–
Total	**500,000**	150,000
Issued and fully paid:		
Ordinary shares		
At the beginning of period		
2,889,730,786 ordinary shares of US$0.01 each	**28,898**	28,898
Issuance during the period		
2,724,758,578 ordinary shares of US$0.01 each *(note (b))*	**27,247**	–
At the end of period		
5,614,489,364 ordinary shares of US$0.01 each	**56,145**	28,898
Convertible preference shares		
At the beginning of period	**–**	–
Issuance during the period		
6,902,451,953 convertible preference shares of US$0.01 each *(note (b))*	**69,024**	–
At the end of period		
6,902,451,953 convertible preference shares of US$0.01 each	**69,024**	–
Total	**125,169**	28,898

12. SHARE CAPITAL *(Continued)*

Notes:

(a) Pursuant to a special resolution passed at the Special General Meeting on 25th January, 2010, the authorised share capital of the Company was increased to US$500,000,000 divided into 30,000,000,000 ordinary shares of US$0.01 each and 20,000,000,000 convertible preference shares of US$0.01 each by the creation of additional 15,000,000,000 ordinary shares of US$0.01 each and 20,000,000,000 convertible preference shares of US$0.01 each.

(b) During the six months ended 30th June 2010, 2,724,758,578 ordinary shares with a par value of US$0.01 per share (2009: nil) and 6,902,451,953 convertible preference shares with a par value of US$0.01 share (2009: nil) were issued. All issued shares are fully paid. The holders of convertible preference shares are entitled to receive dividends. Convertible preference shares do not carry the right to vote. With regard to the Company's residual assets and funds available for distribution, the members of the Company shall be applied in the following priority:

(i) firstly, in paying to the holders of the convertible preference shares, pari passu as between themselves by reference to the aggregate nominal amounts of the convertible preference shares held by them respectively, an amount equal to, respectively, the aggregate of the issue price of all of the convertible preference shares held by them respectively; and

(ii) secondly, the balance of such assets shall be distributed on a pari passu basis among the holders of any class of shares in the capital of the Company other than the convertible preference shares and other than any shares which are not entitled to participate in the distribution of such assets, by reference to the aggregate nominal amounts of the shares held by them respectively; and

(iii) the remaining balance of such assets shall belong to and be distributed on a pari passu basis among the holders of any class of shares including the convertible preference shares, other than any shares not entitled to participate in the distribution of such assets, by reference to the aggregate nominal amount of shares held by them respectively.

The convertible preference shares shall be non-redeemable by the Company or the holders thereof.

13. Reserves

	Attributable to owners of the Company														
	Issued capital	Share premium account	Share option reserve	Deferred payables	Other reserve	Asset revaluation reserve	Available-for-sale investments revaluation reserve	Capital reserve	Reserve fund	Expansion fund	Exchange equalization reserve	Retained profits/ (Accumulated losses)	Total	Non-controlling interests	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
1st January, 2009	28,898	73,897	8,470	-	-	10,815	174	43,378	4,056	385	13,917	(76,517)	107,473	9,343	116,816
Total comprehensives income for the year	-	-	-	-	-	7,609	11	-	-	-	435	8,554	16,609	280	16,889
Transfers in/(out)	-	(73,897)	-	-	-	-	-	(43,378)	765	-	-	116,510	-	-	-
Share of reserves by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	74	74
31st December, 2009 and 1st January, 2010	28,898	-	8,470	-	-	18,424	185	-	4,821	385	14,352	48,547	124,082	9,697	133,779
Total comprehensives income for the period	-	-	-	-	-	-	-	-	-	-	3,958	51,261	55,219	7,172	62,391
Transfers in/(out)	-	-	-	-	-	-	-	-	1,819	72	-	(1,891)	-	-	-
Acquisition of subsidiaries	96,271	631,940	-	522,479	(1,149,647)	1,132	-	5,662	23,460	9,574	18,675	65,059	224,605	37,469	262,074
Final dividend 2009	-	-	-	-	-	-	-	-	-	-	-	(8,024)	(8,024)	-	(8,024)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,963)	(4,963)
30th June, 2010	125,169	631,940	8,470	522,479	(1,149,647)	19,556	185	5,662	30,100	10,031	36,985	154,952	395,882	49,375	445,257

14. ACQUISITION OF SUBSIDIARIES

On 28th February, 2010, the Company acquired 100% interest in CP China Investment Limited ("CPI") from Orient Success International Limited ("OSIL"). CPI is principally engaged in investment holding which holds 55 subsidiaries, 4 jointly-controlled entities and 1 associated company. The subsidiaries, jointly-controlled entities and an associated company are principally engaged in the operation of feedmill manufacturing activities in the Mainland China. Acquisition of CPI represents an attractive opportunity for the Company to acquire a controlling interest in one of the leading producers of animal and aqua feed in Mainland China; broaden and diversify the income base; and gain exposure in a profitable business in Mainland China with sustainable growth over the long term.

The total consideration is HK$5,382,000,000 and satisfied in the following manner:

(i) HK$886,908,917 was satisfied on 28th February, 2010 by the allotment and issuance of 2,724,758,578 ordinary shares to OSIL at the issue price of HK$0.3255 per share;

(ii) HK$2,155,091,083 was satisfied on 28th February, 2010 by the allotment and issuance of 6,620,863,542 convertible preference shares to OSIL at the issue price of HK$0.3255 per share;

(iii) HK$2,340,000,000 to be satisfied (on a deferred basis) after 28th February, 2010 and such fixed consideration shall be paid upon settlement of the intercompany debt, by the allotment and issuance of up to an aggregate 7,188,940,092 ordinary shares and/or convertible preference shares to OSIL at an issue price of HK$0.3255 per share.

Acquisition related costs amounting to US$3,010,600 have been excluded from the cost of acquisition and have been recognised as expenses in financial year ended 31st December, 2009.

14. ACQUISITION OF SUBSIDIARIES *(Continued)*

Assets and liabilities recognised at the date of acquisition

	US$'000 (Unaudited)
NON-CURRENT ASSETS	
Property, plant and equipment	186,014
Investment properties	1,761
Land lease prepayment	15,442
Interests in jointly-controlled entities	8,206
Interests in an associate	30,784
Amount due from related companies	288,249
Available-for-sale investments	582
Deferred tax assets	897
	531,935
CURRENT ASSETS	
Inventories	178,530
Accounts receivable, other receivables and deposits	36,380
Bills receivable	1,963
Amounts due from related companies	64,897
Fixed and pledged deposits	614
Cash and cash equivalents	78,914
	361,298
CURRENT LIABILITIES	
Accounts payable, other payables and accrued expenses	150,712
Bills payable	15,010
Tax payable	1,806
Provision for staff bonus and welfare benefits	6,608
Amount due to non-controlling shareholders	3,083
Amount due to related companies	50,689
Interest-bearing bank loans	349,106
	577,014
NON-CURRENT LIABILITIES	
Interest-bearing bank loans	54,145
NET ASSETS	262,074

Net Cash inflow arising on acquisition

	US$'000
Consideration paid in cash	–
Cash and cash equivalents balances acquired	78,914
	78,914

Impact of acquisition on the results of the Group

Included in the revenue and profit attributable to owners of the Company for the interim period is US$676,748,000 and US$34,900,000 from CPI group respectively.

15. RELATED PARTY TRANSACTIONS

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

	Notes	**Six months ended 30th June, 2010 US$'000 (Unaudited)**	**Six months ended 30th June,** 2009 *US$'000* (Unaudited)	Year ended 31st December, 2009 *US$'000* (Audited)
Sales of goods to jointly-controlled entities and an associate	*(i)*	**9,370**	–	–
Sales of goods to related companies	*(i)*	**129,963**	1,370	3,563
Purchases of raw materials from jointly-controlled entities and an associate	*(ii)*	**4,799**	–	–
Purchases of raw materials from related companies	*(ii)*	**6,685**	–	124

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) 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.

(c) During the period, the Group received rental income of approximately US$591,000 (six months ended 30th June, 2009: US$138,000) from related companies and a jointly-controlled entity. The rental income was related to office premises recharged to related companies and a jointly-controlled entity for office use. The related companies included companies, which were controlled by the controlling shareholders, an associated company of the controlling shareholders and a company controlled by a family member of a director of the Company.

15. RELATED PARTY TRANSACTIONS *(Continued)*

(d) As at 30th June, 2010, the Group provided guarantees of US$53,697,000 (30th June, 2009: US$53,496,000) to a jointly-controlled entity which comprised the following:

	As at 30th June,	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Facilities granted by a financial institution*	**30,550**	30,550
Loan from a related company	**23,147**	22,946
	53,697	53,496

* As at 30th June, 2010, the facilities granted to the jointly-controlled entity subject to guarantee given to such financial institution by the Group were utilized to the extent of US$30,550,000 (31st December, 2009: US$30,550,000).

(e) On 19th April, 2010, the Group signed a loan agreement ("Loan Agreement") with a jointly-controlled entity to provide or procure to provide a loan of up to US$29,000,000. As at 30th June, 2010, the outstanding amount of the said loan was US$19,167,000 (2009: US$26,308,000). The loan is unsecured, bears interest rate at the prime rate of interest published by the PRC for RMB borrowings of one-year multiplied by 1.15 and repayable within one year from the date of Loan Agreement.

(f) On 28th February, 2010, the Company acquired 100% interest in CP China Investment Limited ("CPI") from Orient Success International Limited ("OSIL"), which was beneficially owned by the controlling shareholders of the Company with an effective interest of 51.31% for total consideration of US$690,000,000. CPI is principally engaged in investment holding which holds 55 subsidiaries, 4 jointly-controlled entities and 1 associated company. Details of the acquisition were included in note 14 to the financial statements.

(g) Compensation of key management personnel of the Group:

	Six months ended 30th June,	
	2010	2009
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Short term employee benefits	**1,134**	812

The key management personnel of the Group are 12 directors and 3 senior management members (2009: 15 directors and 3 senior management members).

INTERIM DIVIDEND

The Directors do not recommend an interim dividend for the six months ended 30th June, 2010 (2009: nil).

DISCLOSURE PURSUANT TO RULE 13.13 OF CHAPTER 13 OF THE LISTING RULES

The following disclosure is made by the Company in compliance with the continuing disclosure requirements under Rule 13.13 of Chapter 13 of the Listing Rules:

On 28th February, 2010, the Company acquired 100% interest in CP China Investment Limited ("CPI") from Orient Success International Limited ("OSIL"), a substantial shareholder and an associate of the controlling shareholders of the Company.

As at 30th June, 2010, various entities within the Group have provided funds to certain entities within the OSIL Group (as defined below) and corporate guarantees in respect of banking facilities which have been extended by financial institutions to the OSIL Group collectively exceeded 8% under the assets ratio (as defined under Rule 14.07(1) of Chapter 14 of the Listing Rules), with details set out below:

(a) Intercompany debt

Lender:	The Group
Borrower:	OSIL and its subsidiaries, jointly controlled entities and associated companies (the "OSIL Group")
Outstanding balance as at 30th June, 2010:	US$288,160,000
Repayment date:	Within three years from the date of completion of acquisition (i.e. 28th February, 2010), subject to the terms and conditions set out in the Acquisition Agreement
Interest:	Interest-free
Security:	Unsecured

(b) Corporate guarantees

Guarantor:	The Group
Borrower:	OSIL Group
Type and maturity of the relevant banking facilities:	Short term loans with maturity of one year or less, with the latest maturity date falling on 30th November, 2010 except for one facility of RMB20,000,000 terminating in September 2012
Maximum amount of the corporate guarantee:	RMB300,000,000 (equivalent to US$44,231,000)
Amount of the corporate guarantee as at 30th June, 2010:	US$22,344,000
Security:	Secured by an indemnity provided by the OSIL Group to the Group in respect of all losses and costs which the Group may suffer or incur as a result of any demand on the corporate guarantees provided by the Group

DISCLOSURE PURSUANT TO RULE 13.13 OF CHAPTER 13 OF THE LISTING RULES *(Continued)*

A resolution regarding, inter alia, the provision of the aforesaid intercompany debt and corporate guarantees was duly passed at an extraordinary general meeting of the Company on 25th January, 2010. Further details were set out in the Company's circular dated 31st December, 2009 and announcements dated 25th January, 2010 and 7th April, 2010.

DISCLOSURE PURSUANT TO RULE 13.18 OF CHAPTER 13 OF THE LISTING RULES

The following disclosure is made by the Company in compliance with the continuing disclosure requirements under Rule 13.18 of Chapter 13 of the Listing Rules:

On 8th March, 2010, CPI, a wholly-owned subsidiary of the Company, entered into an amendment agreement (the "Amendment Agreement") with two banks in Thailand (the "Lenders") to amend certain terms under a term loan facility agreement dated 21st August, 2008 relating to a facility amount of US$102.8 million granted to CPI by the Lenders (the "Facility Agreement"), which is to be repaid on 4 semi-annual consecutive instalments and will expire on 30th April, 2012. As at 30th June, 2010, the outstanding amount owed by CPI under the Facility Agreement was US$57,400,000.

Pursuant to the Amendment Agreement, it would be an event of default if CPI fails to procure that the Chearavanont Family (being any one or more of Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Sumet Jiaravanon and Mr. Dhanin Chearavanont (or any company or companies controlled by one or more of them) collectively) at all times maintain their aggregate shareholding (direct or indirect) in the Company at not less than 51 per cent.

The occurrence of the aforesaid event of default would render all outstanding liabilities of CPI under the Facility Agreement to become immediately due and payable.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF CHAPTER 13 OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of Chapter 13 of the Listing Rules, the change of information on Directors are as follows:

As disclosed in the Company's Annual Report 2009, Mr. Dhanin Chearavanont, Mr. Meth Jiaravanont, Ms. Soopakij Chearavanont, Mr. Suphachai Chearavanont and Mr. Robert Ping-Hsien Ho are directors of Chia Tai Enterprises International Limited ("CTEI"), a company listed on the Stock Exchange. The name of CTEI was subsequently changed to C.P. Lotus Corporation ("C.P. Lotus") with effect from 28th June, 2010 and all of the aforesaid Directors remained in the board of directors of C.P. Lotus as at the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

At 30th June, 2010, 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:

Directors' interests in shares of associated corporation of the Company

As at 30th June, 2010, the interests of the Directors in shares of Charoen Pokphand Group Company Limited ("CPG"), an associated corporation of the Company, were as follows:

Name of Director	Capacity	Number of shares held in long position	Approximate percentage of the issued share capital of the associated corporation
Mr. Dhanin Chearavanont	Beneficial owner	228,277,810	12.96%
Mr. Thanakorn Seriburi	Beneficial owner	11,322,605	0.64%
Mr. Damrongdej Chalongphuntarat	Beneficial owner	160,150	0.01%

Directors' interests in share options granted by the Company

As at 30th June, 2010, the interests of the Directors in share options to subscribe for shares in the capital of the Company under the share option scheme adopted by the Company on 26th November, 2002 were as follows:

Name of Director	Capacity	Number of shares issuable upon exercise of share options held	Approximate percentage of the Company's issued share capital
Mr. Dhanin Chearavanont	Beneficial owner	37,600,000	0.67%
Mr. Thanakorn Seriburi	Beneficial owner	62,584,807	1.11%
Mr. Meth Jiaravanont	Beneficial owner	21,000,000	0.37%
Mr. Robert Ping-Hsien Ho	Beneficial owner	62,584,807	1.11%

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.

Save as disclosed above, as at 30th June, 2010, 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, 2010, 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:

Name of shareholder	*Notes*	Capacity/ Nature of interest	Number of shares/underlying shares held in long position	Approximate percentage of the Company's issued share capital *(Note 1)*
CPI Holding Co., Ltd.	(2)	Beneficial owner	1,004,014,695	17.88%
C.P. Intertrade Co., Ltd.	(2)	Interest of controlled corporation	1,004,014,695	17.88%
Worth Access Trading Limited	(3)	Beneficial owner	481,250,000	8.57%
Orient Success International Limited	(4)	Beneficial owner	15,773,586,612	280.94%
Charoen Pokphand Holding Company Limited	(3&4)	Interest of controlled corporation	16,254,836,612	289.52%
Charoen Pokphand Group Company Limited	(3&4)	Interest of controlled corporation	16,254,836,612	289.52%
D. E. Shaw Valence Portfolios, L.L.C.	(5)	Beneficial owner	760,975,600	13.55%
D. E. Shaw Composite Portfolios, L.L.C.	(5)	Interest of controlled corporation	760,975,600	13.55%
D. E. Shaw & Co., L.L.C.	(5)	Interest of controlled corporation	760,975,600	13.55%
D. E. Shaw & Co. II, Inc.	(5)	Interest of controlled corporation	760,975,600	13.55%
D. E. Shaw & Co. (Asia Pacific) Limited	(5)	Investment manager	760,975,600	13.55%
D. E. Shaw & Co., L.P.	(5)	Investment manager	760,975,600	13.55%
D. E. Shaw & Co., Inc.	(5)	Interest of controlled corporation	760,975,600	13.55%
David Elliot Shaw	(5)	Interest of controlled corporation	760,975,600	13.55%

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

Notes:

(1) The percentage shown below are based on the number of ordinary shares of the Company in issue as at 30th June, 2010.

(2) CPI Holding Co., Ltd. beneficially owned 1,004,014,695 ordinary shares of the Company. C.P. Intertrade Co., Ltd. has declared an interest in these shares by virtue of its shareholding in CPI Holding Co., Ltd.

(3) Worth Access Trading Limited beneficially owned 481,250,000 ordinary shares of the Company. Charoen Pokphand Holding Company Limited ("CPH") has declared an interest in these shares by virtue of its shareholding in Worth Access Trading Limited whilst CPG has also declared an interest in such number of shares by virtue of its shareholding in CPH.

(4) The interests in these shares represent 2,724,758,578 ordinary shares of the Company and 13,048,828,034 ordinary shares of the Company upon full conversion of 13,048,828,034 convertible preference shares of the Company (assuming the full repayment of the outstanding advances from the Group to the OSIL Group) held by OSIL. OSIL is wholly-owned by CPH, which in turn a wholly-owned subsidiary of CPG. As such, CPH and CPG are deemed to be interested in the said shares held by OSIL for the purpose of the SFO.

(5) The interests in these shares represent the issue of 760,975,600 ordinary shares upon full conversion of the convertible preference shares of the Company held by D. E. Shaw Valence Portfolios, L.L.C., which was controlled by D. E. Shaw Composite Portfolios, L.L.C., which was controlled by D. E. Shaw & Co., L.L.C., which was controlled by D. E. Shaw & Co. II, Inc., which in turn was wholly-owned by Mr. David Elliot Shaw, who controls D. E. Shaw & Co., Inc., which controls D. E. Shaw & Co., L.P., which in turn controls D. E. Shaw & Co. (Asia Pacific) Limited. All of these companies and Mr. David Elliot Shaw are deemed under SFO to be interested in the same 760,975,600 underlying shares.

Save as disclosed above, so far as is known to the Directors, as at 30th June, 2010, 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 SCHEME

The following table discloses the movements in the Company's share options which were granted under the share option scheme adopted by the Company on 26th November, 2002, during the period under review:

Category of participant	At 1st January, 2010	Granted/ Exercised/ Cancelled/Lapsed during the period	At 30th June, 2010	Date of grant	Exercise period	Exercise price HK$
(i) Directors						
Mr. Dhanin Chearavanont	12,800,000	–	12,800,000	26th February, 2003	26th February, 2003 to 25th February, 2013	0.3900
	12,800,000	–	12,800,000	3rd May, 2004	3rd May, 2004 to 2nd May, 2014	0.3900
	12,000,000	–	12,000,000	19th May, 2005	19th May, 2005 to 18th May, 2015	0.3540
Mr. Thanakorn Seriburi	21,584,807	–	21,584,807	26th February, 2003	26th February, 2003 to 25th February, 2013	0.3900
	20,000,000	–	20,000,000	3rd May, 2004	3rd May, 2004 to 2nd May, 2014	0.3900
	21,000,000	–	21,000,000	19th May, 2005	19th May, 2005 to 18th May, 2015	0.3540
Mr. Meth Jiaravanont	21,000,000	–	21,000,000	19th May, 2005	19th May, 2005 to 18th May, 2015	0.3540
Mr. Robert Ping-Hsien Ho	21,584,807	–	21,584,807	26th February, 2003	26th February, 2003 to 25th February, 2013	0.3900
	20,000,000	–	20,000,000	3rd May, 2004	3rd May, 2004 to 2nd May, 2014	0.3900
	21,000,000	–	21,000,000	19th May, 2005	19th May, 2005 to 18th May, 2015	0.3540
(ii) Other senior executives in aggregate	60,739,236	–	60,739,236	26th February, 2003	26th February, 2003 to 25th February, 2013	0.3900
	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
(iii) Other participants in aggregate	99,139,228 *(Note)*	–	99,139,228	26th February, 2003	26th February, 2003 to 25th February, 2013	0.3900
	92,800,000 *(Note)*	–	92,800,000	3rd May, 2004	3rd May, 2004 to 2nd May, 2014	0.3900
	120,000,000 *(Note)*	–	120,000,000	19th May, 2005	19th May, 2005 to 18th May, 2015	0.3540
	647,544,234	–	647,544,234			

Note: Mr. Sumet Jiaravanon resigned as Director of the Company on 1st June, 2010 and the category of his share options was disclosed in "Other participants in aggregate" in the above table.

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.

In the opinion of the Board, the Company has applied the principles and 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, 2010.

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, 2010.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters. The audit committee has reviewed the unaudited financial results of the Group for the six months ended 30th June, 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30th June, 2010.

By Order of the Board
Robert Ping-Hsien Ho
Director

Hong Kong, 23rd August, 2010

As at the date of this report, the Board comprises eight executive Directors, namely, Mr. Dhanin Chearavanont, Mr. Thanakorn Seriburi, Mr. Soopakij Chearavanont, Mr. Anan Athigapanich, Mr. Damrongdej Chalongphuntarat, Mr. Bai Shanlin, Mr. Suphachai Chearavanont and Mr. Robert Ping-Hsien Ho, two non-executive Directors, namely Mr. Meth Jiaravanont and Mr. Patrick Thomas Siewert (Mr. Poon Yee Man Alwin as his alternate) and three independent non-executive Directors, namely, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres and Mr. Sakda Thanitcul.