

FINANCIAL HIGHLIGHTS

For the six months ended 30th June, 2005, C.P. Pokphand Co. Ltd. (“CPP” or the “Company”), and its subsidiaries (the “Group”) recorded double-digit increase in turnover and turned around to profit. Compared with the same period in 2004, turnover grew 15.3% from US\$734.5 million to US\$846.9 million. Operating profit was US\$39.0 million while profit attributable to equity holders of the Company reached an impressive US\$12.0 million, with overall gross profit margin improved from 8.0% to 12.4%. Earnings per share for the six months ended 30th June, 2005 was US0.498 cent (2004: loss per share of US0.821 cent).

DEBT RESTRUCTURING

In April 2005, the Company secured a US\$140.0 million bank loan facility with two banks in Thailand on the condition that the Company has to obtain new equity of US\$30.0 million to repay its existing debts and the floating rate notes. All loans under the restructuring on the Company level amounted to approximately US\$167.7 million were retired by the end of April 2005. The US\$140.0 million bank loan facility will be repaid in 14 semi-annual instalments in 7 years.

After the restructuring, the Group’s total borrowings as at 30th June, 2005 were substantially reduced to US\$488.5 million (31st December, 2004: US\$553.9 million). Debt to equity ratio was lowered to 305.3%, as compared with 538.7% as at 31st December, 2004. Total liabilities to equity ratio was lowered to 454.1%, as compared with 772.5% as at 31st December, 2004.

INDUSTRY OVERVIEW

In the first half of 2004, the industry was struck hard by the bird flu outbreak. There was significant decrease in poultry breeding and rearing activities as poultry consumption declined. In turn, this severely dampened the demand for animal feed.

With the decline in the presence of bird flu, in the second half of 2004, local and global demand for poultry resumed and our agribusiness benefited. The price of day-old-chicks (“DOC”) rose sharply from RMB0.9 per chick and stood at an encouragingly high level of RMB2.3 per chick on average, while the overall production of feed, broilers and poultry meat products increased.

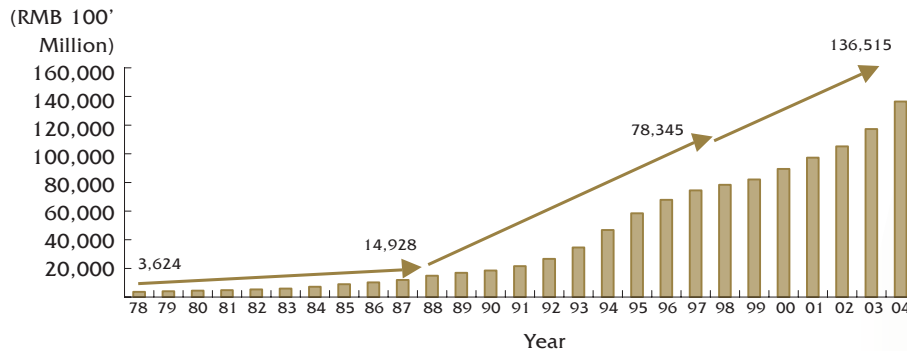




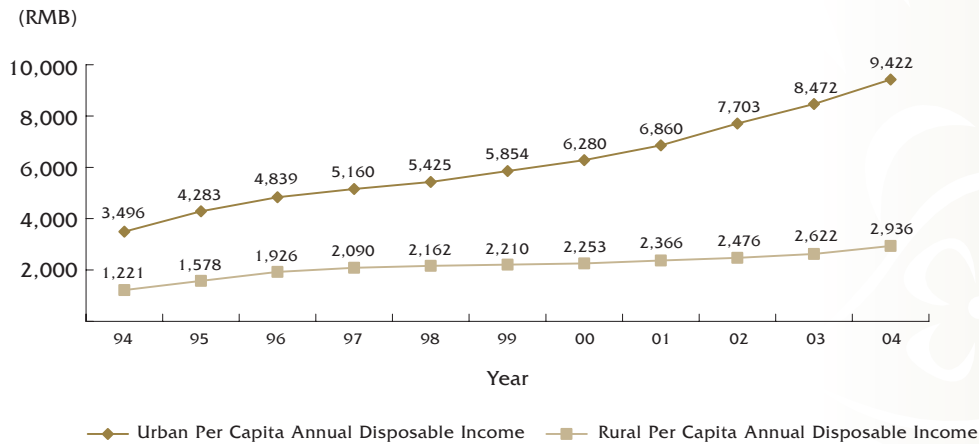
INDUSTRY OVERVIEW (CONTINUED)

Domestically, strong economy growth over the past six months has supported our overall operations. According to the National Bureau of Statistics of China, the country's GDP of 2004 stood at RMB13,651.5 billion. Annual disposal income per capita of both urban and rural citizen continued to rise to RMB9,422 and RMB2,936, respectively, leading to a growth domestic demand for high quality agri-food products and meat consumption.

China Gross Domestic Product Value



Per Capita Annual Disposal Income



According to the No. 1 Circular issued early 2004 by the Central Committee of the Chinese Communist Party and the State Council, the PRC government is committed to solving problems facing the agricultural industry, rural areas and farmers, with the aim of raising farmers' income and spur rural growth. Supportive policies included direct subsidies and rural tax reduction.

These policies are conducive to the operating environment of the agricultural industry. Farmers, as a result, are enjoying greater financial flexibility and will, therefore, be able to purchase higher quality feed products, benefiting feed producers like CPP.