CHINA AGRI-INDUSTRIES HOLDINGS LIMITED
中國糧油控股有限公司
Stock Code 股份代號：606

中粮
COFCO
自然之源 重塑你我

2009
INTERIM REPORT
中期業績報告

產業鏈 好產品

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Corporate Information

Directors

Chairman of the Board and Non-executive Director

NING Gaoning

Executive Directors

YU Xubo *(Managing Director)*
LU Jun *(Vice President)*
YUE Guojun *(Vice President)*

Non-executive Directors

CHI Jingtao
MA Wangjun

Independent Non-executive Directors

LAM Wai Hon, Ambrose
Victor YANG
Patrick Vincent VIZZONE

Audit Committee

LAM Wai Hon, Ambrose *(Chairman)*
Victor YANG
MA Wangjun
CHI Jingtao
Patrick Vincent VIZZONE

Remuneration Committee

CHI Jingtao *(Chairman)*
MA Wangjun
LAM Wai Hon, Ambrose
Victor YANG
Patrick Vincent VIZZONE

Nomination Committee

NING Gaoning *(Chairman)*
CHI Jingtao
LAM Wai Hon, Ambrose
Victor YANG
Patrick Vincent VIZZONE

Executive Committee

YU Xubo *(Chairman)*
LU Jun
YUE Guojun

Qualified Accountant

WONG Kwok Ho

Company Secretary

CHO Wing Han

Auditors

Ernst & Young
Certified Public Accountants

Legal Advisor

Herbert Smith LLP

Principal Bankers

Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
Bank of China Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Rabobank International (Hong Kong Branch)
Bank of China (Hong Kong) Limited
ING Bank N.V. Hong Kong Branch
Australia and New Zealand Banking Group Limited

Registered Office

33rd Floor
Top Glory Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Head Office

31st Floor
Top Glory Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Hong Kong Principal Share Registrar and Transfer Office

Tricor Progressive Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Investor Relations

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Company Website

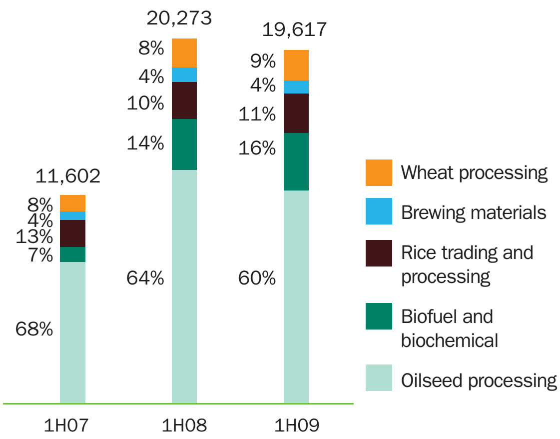
http://www.chinaagri.com

Financial Highlights

- During the period under review, there was a 3.2% decrease in revenue to HK$19,617 million. The oilseed processing unit remained as the largest revenue contributor.
- Operating profit for the period ended 30 June 2009 was HK$1,203 million, representing a decrease of 44.2% compared with the equivalent period in 2008. Operating margin declined from 10.6% to 6.1%.
- Profit attributable to equity holders of the Company dropped by 38.8% over the corresponding period of 2008, recording HK$1,032 million. Basic earnings per share were HK28.0 cents.
- The Board declared the payment of an interim dividend of HK6.7 cents per share (2008: nil per share).

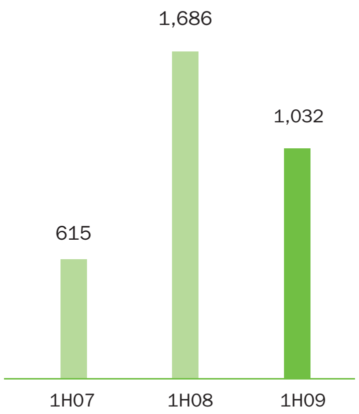
Revenue

(HK$M)



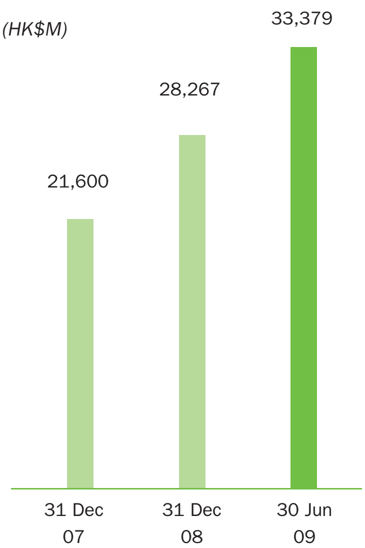
Profit Attributable to Equity Holders of the Company

(HK$M)



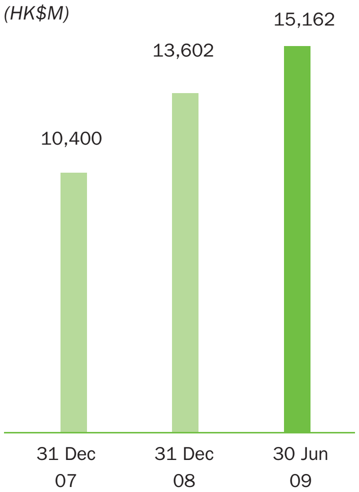
Total Asset

(HK$M)



Equity Attributable to Equity Holders of the Company

(HK$M)



Management Discussion and Analysis

With a clear vision and strategy our Group is fully committed to be a leader of agricultural products and food processor and to provide quality products to our customers at reasonable prices.

Business Review

Oilseed processing business

The Company is one of the largest bulk edible oils and oilseed meals producers in China, processing mainly soybean oil, rapeseed oil and palm oil. The Company's products include bulk edible oils, specialty oils and fats, oilseed meal, small pack oil and other products, which are sold primarily under the "Sihai" (四海) and "Xiyingying" (喜盈盈) brands. At the end of June 2009, the Company had an annual crushing and refining capacity of approximately 5,580,000 and 1,530,000 metric tons respectively.

During the first half of 2009, the overall market for soybean oil and soybean meal weakened considerably against the record high levels attained in the same period last year. At the end of June 2009, declines in revenue from the Company's oilseed processing business reflected decreases of 44.2% and 13.5% in the prices of soybean oil and oilseed meals, respectively, over the same period last year.

Palm oil prices also dropped 43.8% over the same period last year. Nevertheless, the Company was able to capitalise on the low prices at the beginning of 2009. Procuring palm oil products in bulk and exercising effective control over purchasing costs enabled the Company to enhance profitability and see substantial increases in its gross margins for palm oil products compared with the corresponding period in 2008.

Management Discussion and Analysis

In response to the drop of raw materials price resulting from the global financial crisis and the drought in Argentina (one of the main growing areas of soybeans), the Company purchased soybean spot forward contracts in bulk from the beginning of 2009. Meanwhile, in order to mitigate the market risk, maintain a stable business model and also keep in line with prevailing market conditions, the Company hedged against the fall in soybean, soybean oil and soybean meal prices on the Dalian Commodity Exchange. Given that the overseas procurement costs were lower than those of China futures, the Company locked up profits by importing stocks of soybean oil and palm oil as well as by selling corresponding amounts of product futures in China.

Hedging, a prerequisite for international trade, also became part of the Company's daily operations. The oilseed processing business of the Company during the first half of 2009 recorded revenue of approximately HK$11,835 million through an effective strategy of realigning spot purchases with futures hedging.

	1H 2009		1H 2008		Change	
Products	**Volume metric ton'000**	**Revenue HK$ million**	Volume metric ton'000	Revenue HK$ million	Volume	Revenue
Bulk edible oils	**1,026**	**6,310**	701	7,379	46.3%	-14.5%
• Soybean oil	**308**	**1,989**	254	2,937	21.2%	-32.3%
• Palm oil	**267**	**1,490**	158	1,570	68.9%	-5.1%
• Rapeseed oil	**49**	**363**	57	687	-14.0%	-47.2%
• Others	**402**	**2,468**	232	2,185	73.2%	12.9%
Oilseed meal and feeds	**1,746**	**5,323**	1,509	5,316	15.7%	0.1%
Others		**208**		434		-52.1%
		11,841		13,129		-9.9%
Intersegment sales		**(6)**		–		N/A
Total		**11,835**		13,129		-9.9%

Management Discussion and Analysis

The financial statements of COFCO Dongguan and COFCO Feixian were consolidated into the Company's financial statements following the acquisition by the Company in April 2009. The addition of COFCO Dongguan and COFCO Feixian sharpened the Company's competitive edge in the Pearl River Delta region and increased its peanut oil crushing capacity respectively. Moreover, the Company was able to increase sales by continually strengthening its sales distribution network, promoting its brands and improving its bargaining power.

Crushing capacity

Name of Plant	**Location**	**Products**	**Production Capacity** (metric ton'000)
COFCO Xiangrui Oils & Grains Industries (Jingmen) Co., Ltd.	Jingmen, Hubei	Rapeseed oil, cottonseed oil and meals	240
COFCO Yellowsea Oils & Grains Industries (Shandong) Co., Ltd.	Rizhao, Shandong	Soybean oil and meal	600
COFCO ADM Oils & Grains Industries (Heze) Co., Ltd.	Heze, Shandong	Soybean oil, cottonseed oil, peanut oil and meals	360
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd.	Zhangjiagang, Jiangsu	Soybean oil, rapeseed oil and meals	3,600
COFCO Xinsha Oils & Grains Industrial (Dongguan) Co., Ltd.	Dongguan, Guangdong	Soybean oil and meal	600
Feixian COFCO Oil & Grain Industries Co., Ltd (formerly known as Fei County COFCO Oils & Fats Industries Co., Ltd.)	Feixian, Shandong	Peanut oil, soybean oil and meals	180
		Total Production Capacity	**5,580**

Management Discussion and Analysis

Refining capacity

Name of Plant	Location	Products	Production Capacity (metric ton'000)
COFCO Xiangrui Oils & Grains Industries (Jingmen) Co., Ltd.	Jingmen, Hubei	Rapeseed oil and cottonseed oil	120
COFCO Eastbay Oils & Grains Industries (Guangzhou) Co., Ltd.	Zengcheng, Guangdong	Soybean oil and palm oil	120
COFCO Yellowsea Oils & Grains Industries (Shandong) Co., Ltd.	Rizhao, Shandong	Soybean oil and palm oil	240
COFCO ADM Oils & Grains Industries (Heze) Co., Ltd.	Heze, Shandong	Soybean oil and peanut oil	120
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd.	Zhangjiagang, Jiangsu	Soybean oil, palm oil and rapeseed oil	570
COFCO Xinsha Oils & Grains Industrial (Dongguan) Co., Ltd.	Dongguan, Guangdong	Soybean oil and palm oil	300
Feixian COFCO Oil & Grain Industries Co., Ltd (formerly known as Fei County COFCO Oils & Fats Industries Co., Ltd.)	Feixian, Shandong	Peanut oil and soybean oil	60
		Total Production Capacity	**1,530**

Looking ahead, the Company believes that the market demand for edible oils and protein meals for feeds will continue to grow as living standards improve, disposable incomes rise and dining out increases in keeping with lifestyle changes in China. As one of the leading players in the market, the Company is well positioned to capture the immense opportunities.

The Company's operations are now running at full capacity. In view of the capacity expansion opportunities brought about by the favourable factors mentioned above, the Company plans to build new plants and expand its current facilities to increase its production capacity by approximately 50% up to the year 2011. The Company will also seek to mitigate risk caused by fluctuating commodity prices, both domestic and international, by enhancing its raw materials sourcing capability and applying a prudent hedging policy.

Management Discussion and Analysis

Biofuel and biochemical business

Biofuel Business

The Company is one of the major fuel ethanol producers in China. It operates two subsidiaries: Zhaodong Bio-Energy and Guangxi Bio-Energy, with a total annual production capacity of 380,000 metric tons. Established in March 2008, Guangxi Bio-Energy is China's first and only non-food feedstock fuel ethanol enterprise, strengthening the Company's position as the industry leader.

During the first half of 2009, operations at Zhaodong Bio-Energy and Guangxi Bio-Energy continued to run steadily. The Company increased the efficiency of both its plants by integrating water, electricity and gas usage and lowering unit power consumption through the implementation of upgraded technology and raising management standards. In order to guarantee a stable supply of raw materials, the Company intends to enhance its storage capacity in the vicinity of its production facilities. This will help minimise the Company's exposure to fluctuations in raw material stocks and prices at the time of procurement.

	1H 2009		1H 2008		Change	
Products	**Volume metric ton'000**	**Revenue HK$ million**	Volume metric ton'000	Revenue HK$ million	Volume	Revenue
Fuel ethanol	**176**	**885**	140	665	26.1%	33.0%
Consumable ethanol*	**68**	**287**	29	154	133.6%	86.3%
Anhydrous ethanol	**16**	**79**	47	263	-65.5%	-70.1%
Crude corn oil	**30**	**185**	29	272	5.1%	-31.8%
Corn DDGS	**164**	**258**	140	232	16.7%	11.2%
Others*		**39**		252		-84.6%
		1,733		1,838		-5.7%
Intersegment sales		**–**		(2)		N/A
Total		**1,733**		1,836		-5.7%

* *In order to classify our products in more detail, the HK$252 million revenue which was disclosed under the "others" category of biochemical business in the interim report for the six months ended 30 June 2008 and included distribution of alcohol in biofuels, is now reclassified under the "others" category of biofuel business as above.*

Management Discussion and Analysis

Moving forward, the Company will use non-food feedstock exclusively as raw material for fuel ethanol production at its future facilities. The operations of the Company's existing fuel ethanol plants, however, will not be affected by government planning and policies. At present, the government is conducting preliminary evaluations of fuel ethanol in a number of provinces and regions, including Shandong, Sichuan, Chongqing, Jiangsu and Guangxi. The Company will closely monitor the post-assessment policies and measures and seek to capture growth opportunities in a timely manner.

Fuel ethanol capacity

Name of Plant	Location	Product	Production Capacity (metric ton'000)
COFCO Bio-Energy (Zhaodong) CO., Ltd	Zhaodong, Heilongjiang	Fuel ethanol	180
Guangxi COFCO Bio-Energy Co., Ltd	Beihai, Guangxi	Fuel ethanol	200
		Total Production Capacity	**380**

Consumable ethanol and anhydrous ethanol capacity

Name of Plant	Location	Product	Production Capacity (metric ton'000)
COFCO Bio-Energy (Zhaodong) CO., Ltd	Zhaodong, Heilongjiang	Consumable ethanol and anhydrous ethanol	400*
		Total Production Capacity	**400**

* *including the fuel ethanol capacity*

Biochemical Business

The Company's production lines at Yushu and Gongzhuling in Jilin Province have a total annual corn processing capacity of 1,200,000 metric tons. Key products comprise corn starch, sweeteners (maltodextrin, fructose syrup and malt syrup, etc.), food additives and crude corn oil.

The biochemical industry has been seriously affected by the global financial turmoil, with most biochemical enterprises operating at a loss since the second half of 2008. In response to the challenges of the current environment, the Company implemented a series of measures, including stringent controls on production costs, quality control improvements adjustments in raw material sourcing and enhancements in customer service standards. Encouraging initial results from these measures have been achieved.

The Company strived to enhance customer service and its competitive edge in biochemical products. Coca-Cola and Pepsi Cola have each approved the Company's F42 and F55 fructose syrups, and the Company is now an official fructose syrup supplier for all seven Coca-Cola and Pepsi Cola bottlers in north-eastern China and the exclusive supplier for six of them. The Company is also seeking to become a supplier for other high-end customers. To meet customer needs, the Company has intensified efforts on research and development of new products, and introduced a new product of corn starch specifically used as a beer brewing ingredient.

	1H 2009		1H 2008		Change	
Products	**Volume metric ton'000**	**Revenue HK$ million**	Volume metric ton'000	Revenue HK$ million	Volume	Revenue
Corn Starch	**481**	**948**	323	691	48.7%	37.1%
Corn Meal and Feed	**169**	**316**	90	238	87.4%	33.3%
Sweeteners	**70**	**154**	–	–	N/A	N/A
Others*		**48**		–		N/A
Total		**1,466**		929		57.8%

* *In order to classify our products in more detail, the HK$252 million revenue which was disclosed under the "others" category of biochemical business in the interim report for the six months ended 30 June 2008 and included distribution of alcohol in biofuels, is now reclassified under the "others" category of biofuel business as above.*

In the first half of 2009, the Company completed the acquisition of Yellow Dragon, which is principally engaged in the manufacture and sale of corn starch, corn protein feed, corn gluten fodder, corn oil and malt syrup.

Located in Jilin Province, Yellow Dragon is one of the largest corn processing plants in China, with an annual processing capacity of approximately 650,000 metric tons. Given Yellow Dragon's leading position in the industry, sound management and extensive storage and logistic facilities, the Company believes that the acquisition will help improve management standards, lower production costs and drive profitability at the biochemical business.

Biochemical (Corn processing capacity)

Name of Plant	**Location**	**Product**	**Production Capacity** (metric ton'000)
COFCO Bio-Chemistry Energy (Gongzhuling) Co., Ltd	Gongzhuling, Jilin	Sweeteners, corn starch, crude corn oil, corn meal and feed	600
COFCO Bio-Chemical Energy (Yushu) Co., Ltd	Yushu, Jilin	Starch, crude corn oil, corn meal and feed	600
Yellow Dragon Food Industry Co., Ltd	Gongzhuling, Jilin	Starch, feed, crude corn oil, malt syrup	650
		Total Production Capacity	**1,850**

* *The Company acquired Jinlin Packaging in the first half of 2009, which is principally engaged in the production and sale of packaging materials, with an annual production capacity of 6,000 metric tons. Jinlin Packaging mainly supplies to Yellow Dragon and the Group.*

Management Discussion and Analysis

Concurrently, the Company will proceed with the acquisition of Shanghai Rongs (上海融氏), which is expected to be completed in the second half of 2009. With three sweetener production lines and an annual production capacity of 150,000 metric tons, Shanghai Rongs is a well-known sweetener brand in the Yangtze River Delta, with high market share and many high-end customers. The Company is confident that the acquisition of Shanghai Rongs will increase the variety and volume of high value-added products. The Company's two biochemical enterprises will also be able to supply raw materials directly to Shanghai Rongs resulting from the acquisition, which will help to achieve vertical integration and provide the catalyst needed to drive the profitability of the Company's biochemical business.

Rice trading and processing business

Primarily engaged in the trading and processing of white and parboiled rice, the Company is the largest rice exporter in China and the major channel for rice exports and imports in China. During the first half of 2009, the Company achieved satisfactory performance by boosting sales volume, expanding its sales distribution network and building brand name recognition.

During the period under review, the Company succeeded in raising the average export price of rice by 40.2%. This was achieved by closely monitoring international rice market trends, analysing industry developments and formulating effective sales strategies in target markets. Despite the decrease in rice exports in the first half of 2009 by 30.1% to 338,000 metric tons over the same period last year, the Company recorded sales revenue of HK$2,174 million, increased by 12.4% than the same period last year, with a corresponding increase in gross margin. The Company has been allocated export quotas of nearly 699,000 metric tons during the period under review, representing 89.6% of the country's total rice export quota, and allowing the Company to maintain its premier position as the major channel for rice exports in China.

	1H 2009		1H 2008		Change	
Products	**Volume metric ton'000**	**Revenue HK$ million**	Volume metric ton'000	Revenue HK$ million	Volume	Revenue
Parboiled rice	**125**	**479**	56	188	123.5%	154.8%
White rice	**373**	**1,695**	456	1,745	-18.2%	-2.9%
Total		**2,174**		1,933		12.4%

The Company continued to export white rice to traditional markets such as Japan, Korea, Hong Kong and Macau, and parboiled rice to the Middle East, Eastern Europe, Africa, Central Asia and the Americas. Parboiled rice produced by the Company has been well accepted by a growing number of customers in the international market due to its consistent high quality. During the first half of 2009, the export volume of parboiled rice to traditional core markets such as the Middle East, Eastern Europe, Central Asia and South Africa increased substantially over the same period last year. Meanwhile, the Company introduced parboiled short grain rice to the international market, thereby expanding the domestic parboiled rice product portfolio and increasing its competitiveness and influence in core markets.

During the first half of 2009, the Company's domestic rice sales recorded rapid growth rate with aggregate sales of 149,000 metric tons, an increase of 335.2% over the same period last year and an increase in income of 315.2% to HK$572 million.

The Company currently owns three rice processing plants, one in each of Nanchang, Jiangxi Province; Zhangjiagang, Jiangsu Province; and Dalian, Liaoning Province, with a total aggregate annual processing capacity of 340,000 metric tons. However, the Company's rapid business development has meant that capacity has been unable to keep up with sales demand. The Company began expanding production capacity at its three plants during the year. The Company intends to continue investing in rice processing facilities over the next five years. During this period, it expects to complete the expansion of capacity in the major grain producing regions including the three provinces in the northeast China, as well as in Jiangsu and Jiangxi provinces. Expansion projects will also be carried out in major logistics hubs such as Dalian and in major sales regions such as Beijing and Shanghai, which will lead to the formation of a core supply chain across the grain producing regions and the sales regions.

Rice processing capacity

Name of Plant	**Location**	**Product**	**Production Capacity** (metric ton'000)
COFCO Jiangxi Rice Processing Ltd	Nanchang, Jiangxi	Parboiled rice and white rice	220
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd	Zhangjiagang, Jiangsu	White rice	75
COFCO Dalian Rice Processing Ltd	Dalian, Liaoning	White rice	45
		Total Production Capacity	**340**

Management Discussion and Analysis

Last year, the Company completed its strategy of providing nationwide sales coverage for its products. During the review period, the Company continued to expand its sales network. Currently, there are 3,750 supermarkets in over 500 cities selling the Company's own-branded packaged rice. In addition, the three international supermarket chains of Auchan, Wal-Mart and Carrefour are now selling the Company's rice products through their own nationwide networks, which has increased the visibility and influence of the Company's products in China.

In addition to expanding the scale of its sales, the Company also has striven to raise brand awareness, with the goal of becoming the number one rice brand name in China. This effort has been well recognised by the market. The Company's small-pack branded rice, "Fortune" (福臨門), was ranked as "The Ideal Brand (1st) in the Rice Product Category" (大米類產品第一理想品牌) in the "Ideal Brand among Chinese Customers Survey 2008" (2008中國消費者理想品牌大調查) organised by the China Advertising Association of Commerce. Our "Five Lakes" (五湖) brand was also ranked as "The Most Recognised New Rice Brand with Healthy Development" (健康發展，最需要被關注的大米新品牌) in AC Nielsen's "Rice Analysis of Beijing KA Markets for 2008" (2008年全年北京KA賣場大米分析).

Wheat processing business

As one of the largest wheat processors in China, the Company processes and distributes a broad range of flour (including general purpose flour and customized flour) as well as other flour products such as noodles.

During the first half of 2009, the Company continued to step up efforts to expand its wheat production chain, as well as adjusting and optimising its customer and product mixes in order to enhance the market competitiveness and profitability of its flour, noodle and bread businesses. During the first six months of 2009, the Company recorded revenue from the wheat processing business of HK$1,666 million, an increase of 8.3% over the same period last year.

	1H 2009		1H 2008		Change	
Products	**Volume metric ton'000**	**Revenue HK$ million**	Volume metric ton'000	Revenue HK$ million	Volume	Revenue
Flour	**524**	**1,363**	514	1,223	2.0%	11.4%
• Customized	**334**	**897**	326	804	2.5%	11.6%
• General purpose	**190**	**466**	188	419	1.1%	11.2%
Noodles	**20**	**73**	23	72	-11.9%	1.4%
Others		**230**		246		-6.4%
		1,666		1,541		8.1%
Intersegment sales		**–**		(2)		N/A
Total		**1,666**		1,539		8.3%

During the period under review, the Company established good business relationships with high-quality industrial, and food and beverage customers who achieved high gross profit margins and maintain rapid business growth as part of its strategy, and successfully entered into strategic co-operation agreements with well-known international and domestic food manufacturers and chain restaurants for the supply of customised flour, including Ting Hsin Group and Yum Restaurant. The Company also maintained good relationships with existing customers. Co-operation agreements with existing customers were adjusted to reflect market changes and enhanced efficiency. During the first half of 2009, the Company's flour products recorded sales of 524,000 metric tons, in line with the same period last year. Revenue was HK$1,363 million, representing an increase of 11.4% over the same period last year.

The Company customized its dried noodle products to meet different market needs, and developed new products such as high-end dried noodle gift packs. After conducting extensive market research, the Company also extended its sales footprint to regions of rapid economic growth, such as the Yangtze River Delta and Pearl River Delta, and gained new local customers at lower cost through major sales networks such as Carrefour and Trust-Mart. During the period under review, sales of dried noodles totalled 20,000 metric tons, representing a decrease of 11.9% over the same period last year, while revenue of HK$73 million represented an increase of 1.4% over the same period last year.

Wheat processing capacity

Name of Plant	**Location**	**Product**	**Production Capacity** (metric ton'000)
COFCO Flour Industry (Qinhuangdao) Pangthai Co., Ltd.	Qinhuangdao, Hebei	Flour and bran	340
COFCO Flour Industry (Puyang) Co., Ltd.	Puyang, Henan	Flour and bran	110
Shenyang Xiangxue Flour Limited Liability Company	Shenyang, Liaoning	Flour and bran	180
Shenyang Dongda Grains Oils & Foodstuffs Industries Co., Ltd.	Dongda, Shenyang	Flour and bran	100
Xiamen Haijia Flour Mills Co., Ltd.	Xiamen, Fujian	Flour and bran	100
COFCO Flour Industry Foods (Dezhou) Co., Ltd.	Dezhou, Shandong	Flour and bran	170

Name of Plant	Location	Product	Production Capacity (metric ton'000)
Zhengzhou Haijia Food Co., Ltd.	Zhengzhou, Henan	Flour and bran	220
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd.	Zhangjiagang, Jiangsu	Flour and bran	216
COFCO Flour Industry (Luohe) Co., Ltd.	Luohe, Henan	Flour and bran	150
COFCO Flour Industry (Taixing) Co., Ltd.	Taixing, Jiangsu	Flour and bran	105
		Total Production Capacity	**1,691**

Dried noodle capacity

Name of Plant	Location	Product	Production Capacity (metric ton'000)
COFCO Flour Industry (Puyang) Co., Ltd.	Puyang, Henan	Dried noodle	24
Shenyang Xiangxue Flour Limited Liability Company	Shenyang, Liaoning	Dried noodle	22.5
COFCO Flour Industry Foods (Dezhou) Co., Ltd.	Dezhou, Shandong	Dried noodle	7.2
Zhengzhou Haijia Food Co., Ltd.	Zhengzhou, Henan	Dried noodle	6
		Total Production Capacity	**59.7**

Bakery capacity

Name of Plant	Location	Product	Production Capacity (metric ton'000)
COFCO TTC (Beijing) Foods Co., Ltd.	Beijing	Bread	1.98
		Total Production Capacity	**1.98**

Management Discussion and Analysis

Last year, the Company established a joint venture with Toyota Tsusho to develop a bread business and produce Chinese and Western styles of bread and cake. The Company continued to improve its business model and develop customers with high gross profit margins for rapid business growth. During the period under review, the Company entered into strategic co-operation agreements with high-end customers, including Multiple Unit High-Speed Railway and the Great Hall of the People. New products with high gross profit margins were also developed to satisfy different preferences and needs of customers. During the first half of 2009, the Company sold a total of 277 metric tons of bread, an increase of 166 metric tons over the same period last year, with income of HK$9 million, an increase of 226.6% from HK$3 million during the same period last year.

Looking forward to the second half of the year, the Company will focus on developing additional premium customers capable of delivering high gross profits and rapid business growth, improving its strategic sales coverage, and enhancing supply and market share. All of these initiatives are designed to consolidate the Company's competitive edge.

Brewing materials business

The Company's brewing materials business primarily covers the production and sales of malt. The Company is the leading brewing materials supplier in China and owns the largest single malt production plant in China. Customers comprise both domestic and overseas breweries, such as China Resources Snow Breweries, Carlsberg Group, Anheuser-Busch InBev, Tsingtao Brewery, Beijing Yanjing Brewery, Suntory, Kirin Brewery, Asahi, San Miguel and Blue Ribbon Beer. In addition to domestic sales, some of the Company's products are also exported overseas.

As the largest beer-producing country in the world, China produced approximately 20.5 million kilolitres of beer for the six months ended 30 June 2009, an increase of 6.0% over the same period last year. Although long-term development for the industry remains bright, the pace of growth slowed down slightly during this period.

Management Discussion and Analysis

During the period under review, due to the negative impact caused by the financial crisis, the sharp drops in average selling price caused the sluggish sales of the originally high-priced inventories which have further increased our cost of goods sold. Lastly, consolidation in the brewing industry has also intensified the competition and strengthened the bargaining power of our customers while undermining ours at the same time. The Company reported substantial growth in malt sales during the period under review as a result of its domestic sales and marketing efforts. During the first half of 2009, the Company's domestic sales volumes of malt amounted to 144,000 metric tons, an increase of 73.5% over 83,000 metric tons for the same period last year. Subject to the drastic fall in prices of international malting barley, the domestic selling prices of malt also fell. Our revenue from domestic malt sales increased by only 24.2% to HK$488 million over the same period last year.

As a result of the global economic downturn, the Company's export volume of malt decreased by 48.2% to 60,000 metric tons with a corresponding decrease in revenue of 51.9% to HK$242 million.

	1H 2009		1H 2008		Change	
Products	**Volume metric ton'000**	**Revenue HK$ million**	Volume metric ton'000	Revenue HK$ million	Volume	Revenue
Malt	**204**	**730**	198	896	3.0%	-18.5%
• Domestic Sales	**144**	**488**	83	393	73.5%	24.2%
• Export	**60**	**242**	115	503	-48.2%	-51.9%
Others		**13**		11		18.2%
Total		**743**		907		-18.1%

Malt processing capacity

Name of Plant	**Location**	**Product**	**Production Capacity** (metric ton'000)
Dalian COFCO Malt Co., Ltd.	Dalian, Liaoning	Malt	360
Phase I in COFCO Malt (Jiangyin) Co., Ltd.	Jiangyin, Jiangsu	Malt	120
Phase II in COFCO Malt (Jiangyin) Co., Ltd.	Jiangyin, Jiangsu	Malt	180
		Total Production Capacity	**660**

Management Discussion and Analysis

Subsequent to completion of the Phase II construction of the malt production plant in Jiangyin, Jiangsu Province in October last year, the Company is building another malt production plant in Yakeshi, Inner Mongolia. The expected completion of this plant in the second half of next year will increase the Company's annual malt production capacity from 660,000 metric tons to 740,000 metric tons. When the new Yakeshi plant becomes operational, the Company will have improved access to locally-produced raw materials and the ability to provide better customer service.

Financial Review

Revenue

During the six months ended 30 June 2009, revenue decreased by 3.2% to HK$19,617 million (six months ended 30 June 2008: HK$20,273 million).

The bottom lines of agricultural processing industries are subject to the changes and fluctuations in climate, government policy, oil prices and external economic environmental factors. Unlike other industries, agricultural processing industries are less responsive to external economic environmental factors as demands for agricultural products are inelastic to some extent.

The slight dip in the Group's turnover was primarily attributable to the negative impact on pricing of almost all our major product categories as a result of the economic slowdown. The oilseed processing unit was the largest revenue contributor to and profit driver of our Group among its five major segments.

For the period ended 30 June 2009, our oilseed processing business accounted for 60.3% of total revenue and 54.8% of segment results, over 64.8% and 73.0% in the first half of 2008 respectively. A disproportionate sharp drop in average selling prices of finished products over related raw material prices led to the slide in oilseed processing business over the corresponding period last year. Total realised and unrealised hedging losses were HK$827 million and HK$279 million, for the six months ended 30 June 2009 and 2008 respectively. Nevertheless, the Company adjusted its product sales strategy in line with changes in raw materials costs and its futures hedging position to mitigate the impact of price fluctuations in raw materials. During the period, despite skidding from 11.5% to 5.9%, our gross margin came back to normal industry levels.

With respect to the biofuel and biochemical business, turnover rose by 15.7% over the corresponding period last year to HK$3,199 million, with the full-period operation of Guangxi Bio-Energy, and the consolidation of Yellow Dragon acquired during the period under review. In view of the government's policies to support grain prices in favour of farmers, our competitiveness was pared down by surges in raw material costs. Nonetheless, government subsidies helped to overcome various unfavourable factors. Despite decline in raw material prices, selling prices of biochemical products dropped disproportionately further, leading to a decline in gross margin of the biofuel and biochemical business, from 11.0% to 9.7%.

Management Discussion and Analysis

As the largest rice exporter in China, turnover of the rice trading and processing business increased by 12.4% to HK$2,174 million during the first half of the year. In spite of the decrease in export volumes during the same period last year, gross margin improved from 14.6% in 2008 to 21.7% in 2009 as selling prices were higher due to an effective pricing strategy. Sustained by good momentum and rapid development, the domestic sales of rice business more than tripled in size over the corresponding period last year. The rice segment remained the third largest contributor in terms of turnover and profit in the first half of 2009.

Being the largest flour producer in China, the wheat processing unit continued to capitalise on its advantages of scale and brand in the first half of 2009. In line with the steady increase in total demand for flour products, there was a structural change in the demand mix for high-value products. Sales of the wheat processing business increased by 8.3% to HK$1,666 million on the back of product mix realignment, production chain extension, high-value added products development and market share expansion. Gross margin maintained at 10.1% compared to 10.0% in the first half of 2008.

Negated by last year's financial turmoil, the increase of beer consumption slowed down as competition became fierce in the beer industry, where market consolidation enhanced our customers' bargaining power. At the same time, gross profit significantly dropped and losses were recorded in the Company's brewing material business during the period under review as a result of the decreases in raw material costs lagging behind the decreases in malt selling prices.

Group Earnings

Operating profit of the Group (i.e., segmental results) for the first half of 2009 was HK$1,203 million, a decrease of 44.2% over the corresponding period last year. Operating margin went down from 10.6% to 6.1%.

More than half of other income and gains comprised the Chinese government's subsidy to the fuel ethanol business.

Selling and distribution costs for the first half increased from HK$560 million in 2008 to HK$729 million in 2009, which were primarily attributed to an increases in selling costs associated with rising domestic sales of the rice trading and processing business.

Finance costs decreased by 40.6% to HK$118 million during the period under review which was mainly due to the favourable offsetting effect of lower PRC borrowing interest rates against additional loans obtained to meet working capital and new investment requirements.

Tax expense decreased by 16.5% as our Company's depressed margins led to decreases in profit before tax.

Our profit attributable to the equity holders of the Company recorded was HK$1,032 million, a decrease of 38.8% over HK$1,686 million in 2008, which was primarily attributed to declines in gross profit and gross margins of both oilseed processing and brewing materials businesses during the first half of 2009 over their robust performance in the same period last year. However, the profit setback in the first half of 2009 did not affect the long-term prospects of the Company as overall profitability returned to normal and augurs well with the management's expectation.

Management Discussion and Analysis

Group's Financial Position, Liquidity and Financial Resources

As of 30 June 2009, total assets of the Group amounted to HK$33,379 million (31 December 2008: HK$28,267 million). Equity attributable to the equity holders of the Company was HK$15,162 million, a 11.5% increment over HK$13,602 million as at 31 December 2008. Prepayments, deposits and other receivables mainly comprised deposits for futures trading amounted to HK$568 million (31 December 2008: HK$814 million) and prepayment of HK$893 million (31 December 2008: HK$631 million). Other payables and accruals mainly comprised receipts in advance of HK$464 million (31 December 2008: HK$475 million). In terms of available financial resources as at 30 June 2009, the Group had total available cash and bank deposits (including pledged deposits) of HK$5,869 million (31 December 2008: HK$4,958 million).

Interest-bearing loans and borrowings of current period increased by HK$3,530 million primarily for working capital purpose. Out of the Group's total bank loans and other borrowings of HK$9,906 million (31 December 2008: HK$6,376 million), 88.1% (31 December 2008: 81.9%) were repayable within one year, and 11.9% (31 December 2008: 18.1%) were repayable within two to five years. 19.1% of the Group's total bank loans and other borrowings, amounting to HK$1,890 millions are at fixed interest rates. As of 30 June 2009, the Group has pledged assets with an aggregate carrying value of HK$1,310 million to secure bank loans and facilities of the Group.

As of 30 June 2009, the net gearing ratio of the Group was 26.6% (31 December 2008: 10.4%), based on net indebtedness of HK$4,037 million (the Group's interest-bearing bank loans and other borrowings less cash and cash equivalents and pledged deposits) (31 December 2008: HK$1,418 million) divided by the shareholders' equity of HK$15,162 million (31 December 2008: HK$13,602 million). The Group services its debts primarily with recurring cash flow generated from its stable operation. The Board is confident that the Group has adequate financial resources to support its needs for working capital, future expansion and debt repayment.

The Group planned to centralise funding for all its operations at the Group level to facilitate strict control of treasury operations and lower average costs of funding. The Group uses derivative financial instruments such as commodity futures contracts to hedge its risks associated with price fluctuations in raw material purchases or sales of the related commodities.

Capital expenditure, commitments and contingencies

During the period ended 30 June 2009, total capital expenditure was HK$514 million (30 June 2008: HK$466 million), of which HK$177 million (approximately 34.4%) (30 June 2008: HK$209 million (approximately 44.9%)) was used for the biofuel and biochemical business, HK$142 million (approximately 27.6%) (30 June 2008: HK$42 million (approximately 9.0%)) for the oilseed processing business, HK$70 million (approximately 13.6%) (30 June 2008: HK$202 million (approximately 43.3%)) for the brewing materials business, HK$53 million (approximately 10.3%) (30 June 2008: HK$6 million (approximately 1.3%)) for the wheat processing business, HK$70 million (approximately 13.6%) (30 June 2008: HK$7 million (approximately 1.5%)) for the rice trading and processing business, and the remaining balances for the corporate and others.

As of 30 June 2009, the Group's future capital expenditure for property, plant and equipment had contracted but not provided for, and which the Group had authorised but not yet contracted, amounted to approximately HK$3,188 million (31 December 2008: HK$1,680 million). The capital commitments for investments was nil as at 30 June 2009 (31 December 2008: HK$556 million).

Management Discussion and Analysis

Establishment of joint ventures, and acquisitions of shares and assets

During the period ended 30 June 2009, four joint ventures were established by the Group, namely, Zhangjiagang COFCO East Ocean Storage Co., Limited (張家港中糧東海倉儲有限公司), Hubei COFCO Xiangrui Oils & Grains Industries Co., Limited, and Tianjin COFCO Excel Joy Lingang Storage Co., Limited, with COFCO, and Tianjin COFCO Excel Joy Oils and Grains Terminal Co., Limited with COFCO and Tianjin Lingang Industry Port Corporation. The Group's total commitments of these joint ventures amounted to approximately HK$620 million.

On 17 April 2009, the date of acquisition, the Group acquired 100% interests in Guangxi China Resources from independent third parties at purchase consideration of HK$91 million. It is currently under construction stage and will be engaged in production and sale of edible oil.

On 28 April 2009, the Group completed the acquisitions of shares (including the purchase of shares in Kindgain, Uptech Investments, Cheerlink International and Parkwing) with an aggregate consideration of HK$1,031 million which was satisfied by the issue of shares in the Company at an issue price of HK$3.69 per each share pursuant to the relevant share purchase agreements. The fair value of the share at issue date is HK$3.91 per share. The acquisitions enhanced the Group's crushing, refining, biochem corn processing and packaging capacity. Please refer to the Company's announcement dated 17 February 2009 and circular dated 6 March 2009 for further details.

COFCO Gongzhuling, a wholly-owned subsidiary of the Company, acquired assets, consisting of land, buildings, structures and equipment and machinery for a consideration of HK$128 million.

Outlook

The Group has solid financial fundamentals with sound reputation. Amid uncertainties in global economic environment, we will continue to sustain our steady business operation. While striving to ensure our organic business growth against the effects of the global economic turmoil, we expand production capacity and achieve economies of scale, the key drivers of the Group's long-term growth.

Human Resources

As of 30 June 2009, the Group employed 18,588 staff (31 December 2008: 15,081), of whom 5,818 (31 December 2008: 3,602) were in the oilseed processing business, 7,661 (31 December 2008: 7,105) in the biofuel and biochemical business, 1,405 (31 December 2008: 726) in the rice trading and processing business, 533 (31 December 2008: 496) in the brewing materials business and 3,095 (31 December 2008: 3,075) in the wheat processing business. The Group's employees are remunerated according to job nature, individual performance and market trends with built-in merit components. Total remuneration for the six months ended 30 June 2009 was approximately HK$365 million (six months ended 30 June 2008: approximately HK$322 million).

The Group adopted a share option scheme on 12 January 2007 to attract, retain and motivate eligible participants to acquire equity interests in the Company, and to encourage them to work towards enhancing the value of the Company. On 7 August 2007, the Group granted a total of 27.6 million share options to certain Directors and employees at an exercise price of HK$4.666 per share.

Corporate Governance and Other Information

Directors' interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2009, the interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which 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 which they have taken or were deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register to be kept by the Company, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules were as follows:

Interest in Underlying Shares of the Company

Name of Director	Capacity	Number of Share options held in long position	Number of underlying shares held	Approximate percentage of the issued share capital of the Company
Ning Gaoning	Beneficial owner	700,000	700,000	0.02%
Yu Xubo	Beneficial owner	700,000	700,000	0.02%
Lu Jun	Beneficial owner	650,000	650,000	0.02%
Yue Guojun	Beneficial owner	650,000	650,000	0.02%
Chi Jingtao	Beneficial owner	600,000	600,000	0.02%
Ma Wangjun	Beneficial owner	600,000	600,000	0.02%

Note: *The percentages are calculated based on the total number of shares of the Company in issue as at 30 June 2009, being 3,857,532,839 Shares. Details of the share option scheme and movements are set out in note 13 to the condensed consolidated interim financial information.*

Save as disclosed above, as at 30 June 2009, none of the Directors, chief executives or their respective associates had any other Discloseable Interests in the Company.

Interest in Underlying Shares of Associated Corporation

Name of Director	Name of associated corporation	Capacity	Number of share options held in long position	Number of underlying shares held	Approximate percentage of the issued share capital of the Company
Ning Gaoning	China Foods	Beneficial owner	880,000	880,000	0.03%

Notes:

1. *The share options were granted on 27 September 2007, and the exercise price is HK$4.952 per share.*
2. *The exercise period of the share options ranges from 27 September 2009 to 26 September 2014.*
3. *The percentage is calculated based on the total number of shares of China Foods in issue as at 30 June 2009, being 2,791,383,356 shares.*

Save as disclosed above, as at 30 June 2009, none of the Directors, chief executives or their respective associates had any other Discloseable Interests in the Company's associated corporations.

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 June 2009, so far as was known to the Directors, the following persons (other than the Directors) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Substantial Shareholders	Capacity	Number of Shares held	Notes	Approximate percentage of the issued share capital of the Company
Wide Smart	Beneficial owner	1,922,550,331	(1)	49.84%
COFCO BVI	Beneficial owner	140,000,000	(1)	3.63%
COFCO (HK)	Beneficial owner	273,764,483	(1)	7.10%
	Interest of controlled corporations	2,062,550,331	(1) & (2)	53.47%
COFCO	Interest of controlled corporations	2,336,314,814	(1) & (3)	60.57%

Notes:

(1) *Long positions in the Shares.*

(2) *COFCO (HK) is deemed to be interested in the 2,062,550,331 Shares in aggregate held by Wide Smart and COFCO BVI, as COFCO (HK) is entitled to control the exercise of or exercise one-third or more of the voting power at general meetings of Wide Smart and COFCO BVI.*

(3) *COFCO is deemed to be interested in the 2,336,314,814 Shares in aggregate held by Wide Smart, COFCO BVI and COFCO (HK), as COFCO is entitled to control the exercise of or exercise one-third or more of the voting power at general meetings of such companies.*

(4) *The percentages are calculated based on the total number of shares of the Company in issue as at 30 June 2009, being 3,857,532,839 Shares.*

Save as disclosed above, as at 30 June 2009, so far as was known to the Directors, no other persons had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

Share Option Scheme

Details of the share option scheme and movements are set out in note 13 to the condensed consolidated interim financial information.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended 30 June 2009, 263,626,483 new Shares were allotted to COFCO (HK) on 28 April 2009 at a price of HK$3.69 per Share pursuant to the Share Purchase Agreements in consideration of the Company's acquisition of shares in Kindgain, Uptech Investments, Cheerlink International and Parkwing by the Company. The fair value of the share at the issue date is HK$3.91 per Share. Please refer to the Company's announcement dated 17 February 2009 and circular dated 7 March 2009 for further details.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Model Code

The Company has adopted the Model Code as the principal standards of securities transactions for Directors. The Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2009.

Corporate Governance and Other Information

Corporate Governance

The Company recognizes the importance of corporate transparency and accountability. The Directors are committed to following a high standard of corporate governance practices and procedures and striving for a transparent and accountable management framework on enhancing the interests of shareholders. The corporate governance principles of the Company emphases upholding sound ethics and integrity in all aspects of its business, and ensuring that affairs are conducted in accordance with applicable laws and regulations.

The Company had complied throughout the six months ended 30 June 2009 with all the applicable code provisions and, where the Board deems appropriate, the applicable recommended best practices of the CG Code except for the absence of the Chairman of the Board at the annual general meeting of the Company held on 9 June 2009 due to another business commitment.

The Board acknowledges that a properly designed internal control system is one of the key elements to monitor and safeguard the resources of the Group, to produce reliable financial report for Shareholders, and to enhance better corporate governance and compliance in return reduces the possibility of significant errors and irregularities by timely detection.

Directors re-elected at the Annual General Meeting

At the annual general meeting of the Company held on 9 June 2009, the Company re-elected 1) Mr. Ning Gaoning as a non-executive Director and the chairman of the Board; 2) Mr. Lu Jun as an executive Director; and 3) Mr. Victor Yang as an independent non-executive Director. Please refer to Appendix II of the Company's circular dated 27 April 2009 for the biographies of the Directors re-elected at the annual general meeting.

In compliance with Rule 13.51B, the Company discloses that 1) Mr. Ning Gaoning; ceased being a non-executive director of Lippo China Resources Limited from 24 August 2009; 2) Mr. Ning Gaoning and Mr. Yu Xubo have been both elected as non-executive directors of China Mengniu Dairy Company Limited and Mr. Ning has also become vice-chairman of its board of directors from 27 August 2009; and 3) the annual emolument of each of the independent non-executive directors (being Mr. Lam Wai Hon, Ambrose, Mr. Victor Yang and Mr. Patrick Vincent Vizzone) has been adjusted from HK$200,000 to HK$300,000, respectively, with effect from 1 January 2009.

Review of Interim Results

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2009 have been reviewed by the Audit Committee of the Company and our external auditors, Ernst & Young Certified Public Accountants.

Corporate Governance and Other Information

Interim Dividend

On 8 September 2009, the Board resolved to declare the payment of an interim dividend of HK6.7 cents per Share for the six months ended 30 June 2009 ("2009 Interim Dividend") payable on Friday, 16 October 2009 to Shareholders whose names appear on the register of members of the Company on Tuesday, 6 October 2009 ("Record Date"). No interim dividend was declared by the Board for the six months ended 30 June 2008.

The Notice was issued by the SAT on 22 April 2009, with effect on 1 January 2008. Pursuant to the Enterprise Income Tax Law and the Implementation Rules, both implemented in 2008, and the Notice, since the Company is a Chinese-controlled Offshore Incorporated Enterprises, the Company is likely to be regarded as a Chinese Resident Enterprise and, if so, it could be required under the Laws of the PRC to withhold and pay Enterprise Income Tax for its non-resident enterprise shareholders to whom the Company pays the 2009 Interim Dividend. The withholding and payment obligation lies with the Company.

Pursuant to the Notice, the Enterprise Income Tax Law and the Implementation Rules, the Company is likely to be required to withhold 10% enterprise income tax when it distributes the 2009 Interim Dividend to its non-resident enterprise shareholders. In respect of all shareholders whose names appear on the Company's register of members as at the Record Date who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the 2009 Interim Dividend after deducting enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2009 Interim Dividend payable to any natural person shareholders whose names appear on the Company's register of members on the Record Date.

If any resident enterprise (as defined in the Enterprise Income Tax Law) listed on the Company's register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold the said 10% enterprise income tax, it should lodge with Tricor Progressive Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend that it is entitled at or before 4:00 p.m. on 2 October 2009.

Investors should read the above carefully. If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold for payment of the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of tax withholding.

In the event that the Company is not regarded as a Chinese Resident Enterprise and hence no enterprise income tax should have been withheld, to the extent that such tax remains in the custody of the Company and so far as it is able to do so, the Company will procure an amount equal to such tax withheld in respect of the relevant shareholders to be paid to the relevant shareholders whose tax had been withheld. The Company would make a further announcement in such event.

Closure of Register of Members

The register of members of the Company will be closed from 5 October 2009 to 6 October 2009 (both days inclusive), during which period no transfers of shares will be registered. In order to be qualified for entitlement to the 2009 Interim Dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the share registrar and transfer office of the Company, Tricor Progressive Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:00 p.m. on 2 October 2009.

Investor Relations

China Agri is committed to developing an effective and efficient two-way communication with its Shareholders and the financial community at large.

To this end, we are striving to enhance corporate transparency and facilitate communications with the financial community in a timely manner through proactive, open and ongoing dialogues.

We provide a number of platforms, such as post-results analyst presentations and press briefings, conference calls, and face-to-face meetings, to strengthen the Company's relationship with investors worldwide. The analyst presentations are also webcast for greater transparency. Moreover, we participated in luncheons and non-deal investor roadshows on a regular basis.

Corporate Governance and Other Information

The proactive communication approach has ensured the Company's overall performance was widely recognized by different professional bodies.

The Company was accredited with the "Annual Recognition Awards" from *Corporate Governance Asia* magazine for its commitment to high standards in corporate governance for two consecutive years. The award recognizes China Agri's effort in setting out a clear vision of maintaining high standard of ethics, corporate governance, and effective accountability mechanisms in every aspect of its business operations.

Throughout the years China Agri has spared no effort in improving its corporate governance standards and it has taken a number of initiatives to achieve international best practice in corporate governance. In an effort to enhance the disclosure standard of our annual report, we set up a team dedicated to that task in the first half of 2009 that comprises department representatives from across the Company.

As part of our ongoing efforts to enhance communication with stakeholders through investor relations activities, the Company intended to organize corporate days for investors, analysts and the financial media in June 2009.

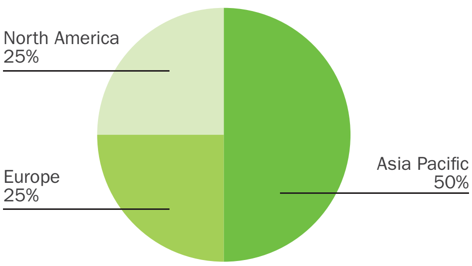
However, with the WHO pandemic alert on novel influenza A (H1N1) still in force, China Agri has decided to postpone the corporate day until further advice from the WHO.

We listen to the market and value the feedback from investment professionals. That is why we have taken steps to maintain dialogue with the investment community and the public. Our business performance is covered by a host of investment firms. For a complete list of the analysts, please visit our website at www.chinaagri.com

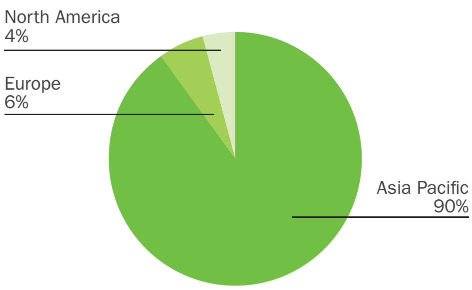
Corporate Governance and Other Information

We review the Company's ownership structure on a regular basis to identify the mix of investors. The geographical distribution of our top 20 investors is shown below:

By number of investors



By number of shares



Hong Kong, 8 September 2009

Report on Review of Interim Financial Information

ERNST & YOUNG

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

To the board of directors of China Agri-Industries Holdings Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 34 to 60 which comprises the condensed consolidated statement of financial position of China Agri-Industries Holdings Limited as at 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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 HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

8 September 2009

Condensed Consolidated Income Statement

For the six months ended 30 June 2009

	Notes	For the six months ended 30 June **2009** **HK$'000** **(Unaudited)**	 2008 HK$'000 (Unaudited)
REVENUE	4	**19,616,588**	20,272,766
Cost of sales	6	**(17,928,771)**	(17,778,587)
Gross profit		**1,687,817**	2,494,179
Other income and gains	4	**669,245**	586,514
Selling and distribution costs		**(728,957)**	(560,356)
Administrative expenses		**(359,675)**	(319,731)
Other expenses		**(10,394)**	(8,987)
Finance costs	5	**(117,842)**	(198,503)
Share of profits of associates		**283,913**	251,223
PROFIT BEFORE TAX	6	**1,424,107**	2,244,339
Tax	7	**(252,818)**	(302,630)
PROFIT FOR THE PERIOD		**1,171,289**	1,941,709
Attributable to:			
Equity holders of the Company		**1,031,930**	1,685,521
Minority interests		**139,359**	256,188
		1,171,289	1,941,709
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic – For profit for the period		**HK28.0 cents**	HK46.9 cents
Diluted – For profit for the period		**N/A**	HK46.9 cents
DIVIDEND PER SHARE	9	**HK6.7 cents**	–

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**1,171,289**	1,941,709
Exchange difference on translation of financial statements of overseas entities	**15,739**	663,493
Other comprehensive income for the period, net of tax	**15,739**	663,493
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**1,187,028**	2,605,202
Attributable to:		
Equity holders of the Company	**1,047,177**	2,252,559
Minority interests	**139,851**	352,643
	1,187,028	2,605,202

Condensed Consolidated Statement of Financial Position

30 June 2009

	Notes	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**9,155,508**	8,266,058
Prepaid land premiums		**710,173**	494,702
Deposits for purchases of items of property, plant and equipment		**139,193**	35,820
Goodwill		**1,022,569**	644,631
Interests in associates		**1,865,201**	1,595,695
Available-for-sale investments		**2,727**	9,621
Intangible assets		**28,674**	28,489
Deferred tax assets		**183,507**	122,851
Total non-current assets		**13,107,552**	11,197,867
CURRENT ASSETS			
Inventories		**7,612,716**	5,248,678
Accounts and bills receivable	11	**1,730,754**	1,853,560
Prepayments, deposits and other receivables		**2,440,357**	2,725,340
Derivative financial instruments		**5,562**	947
Due from fellow subsidiaries		**1,905,760**	1,597,700
Due from related companies		**38,607**	37,839
Due from the ultimate holding company		**174,567**	161,003
Due from minority shareholders of subsidiaries		**1,086**	101,184
Due from associates		**457,544**	360,667
Tax recoverable		**35,408**	23,791
Pledged deposits		**6,892**	63,517
Cash and cash equivalents		**5,861,753**	4,894,435
Total current assets		**20,271,006**	17,068,661
CURRENT LIABILITIES			
Accounts and bills payable	12	**2,305,433**	2,071,654
Other payables and accruals		**1,788,614**	1,690,218
Deferred income		**12,094**	11,977
Derivative financial instruments		**108,720**	506,934
Interest-bearing bank and other borrowings		**8,723,252**	5,220,132
Due to fellow subsidiaries		**186,645**	156,831
Due to the ultimate holding company		**58,478**	424,605
Due to related companies		**24,549**	195,779
Due to minority shareholders of subsidiaries		**46,500**	8,807
Due to associates		**62,913**	5,276
Tax payable		**395,438**	486,554
Total current liabilities		**13,712,636**	10,778,767
NET CURRENT ASSETS		**6,558,370**	6,289,894
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,665,922**	17,487,761

Condensed Consolidated Statement of Financial Position

30 June 2009

	Notes	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,665,922**	17,487,761
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,182,539**	1,155,922
Due to minority shareholders of subsidiaries		**129,513**	129,476
Long term payable		**–**	2,470
Deferred income		**110,690**	114,486
Deferred tax liabilities		**222,891**	139,976
Total non-current liabilities		**1,645,633**	1,542,330
Net assets		**18,020,289**	15,945,431
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	13	**385,753**	359,391
Reserves		**14,518,158**	12,718,407
Proposed dividend		**258,475**	524,624
		15,162,386	13,602,422
Minority interests		**2,857,903**	2,343,009
Total equity		**18,020,289**	15,945,431

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

		Attributable to equity holders of the Company										
	Notes	Issued capital HK$'000 (Unaudited)	Share premium HK$'000 (Unaudited)	Capital reserve HK$'000 (Unaudited)	Employee share-based compensation reserve HK$'000 (Unaudited)	Reserve funds HK$'000 (Unaudited)	Exchange fluctuation reserve HK$'000 (Unaudited)	Retained profits HK$'000 (Unaudited)	Proposed dividend HK$'000 (Unaudited)	Total HK$'000 (Unaudited)	Minority interests HK$'000 (Unaudited)	Total equity HK$'000 (Unaudited)
At 1 January 2009		359,391	2,746,299*	4,754,699*	22,959*	312,253*	1,246,596*	3,635,601*	524,624	13,602,422	2,343,009	15,945,431
Profit for the period		–	–	–	–	–	–	1,031,930	–	1,031,930	139,359	1,171,289
Other comprehensive income		–	–	–	–	–	15,247	–	–	15,247	492	15,739
Total comprehensive income		–	–	–	–	–	15,247	1,031,930	–	1,047,177	139,851	1,187,028
Transfer from retained profits		–	–	–	–	172,462	–	(172,462)	–	–	–	–
Equity-settled share option arrangements		–	–	–	6,662	–	–	–	–	6,662	–	6,662
Contribution from minority shareholders		–	–	–	–	–	–	–	–	–	182,628	182,628
Acquisition of a subsidiary	14	–	–	–	–	–	–	–	–	–	208,855	208,855
Dividends paid to minority shareholders		–	–	–	–	–	–	–	–	–	(16,440)	(16,440)
Issue of shares	13	26,362	1,004,417	–	–	–	–	–	–	1,030,779	–	1,030,779
Share issue expenses		–	(30)	–	–	–	–	–	–	(30)	–	(30)
Final 2008 dividend declared		–	–	–	–	–	–	–	(524,624)	(524,624)	–	(524,624)
Proposed interim 2009 dividend		–	–	–	–	–	–	(258,475)	258,475	–	–	–
At 30 June 2009		385,753	3,750,686*	4,754,699*	29,621*	484,715*	1,261,843*	4,236,594*	258,475	15,162,386	2,857,903	18,020,289

* These reserve accounts comprise the consolidated reserves of HK$14,518,158,000 (31 December 2008: HK$12,718,407,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to equity holders of the Company									
	Issued capital HK$'000 (Unaudited)	Share premium HK$'000 (Unaudited)	Capital reserve HK$'000 (Unaudited)	Employee share-based compensation reserve HK$'000 (Unaudited)	Reserve funds HK$'000 (Unaudited)	Exchange fluctuation reserve HK$'000 (Unaudited)	Retained profits HK$'000 (Unaudited)	Total HK$'000 (Unaudited)	Minority interests HK$'000 (Unaudited)	Total equity HK$'000 (Unaudited)
At 1 January 2008	359,391	2,746,299	4,754,699	6,647	178,070	685,694	1,669,471	10,400,271	1,352,110	11,752,381
Profit for the period	–	–	–	–	–	–	1,685,521	1,685,521	256,188	1,941,709
Other comprehensive income	–	–	–	–	–	567,038	–	567,038	96,455	663,493
Total comprehensive income	–	–	–	–	–	567,038	1,685,521	2,252,559	352,643	2,605,202
Transfer from retained profits	–	–	–	–	56,848	–	(56,848)	–	–	–
Equity-settled share option arrangements	–	–	–	8,253	–	–	–	8,253	–	8,253
Dividends paid to minority shareholder	–	–	–	–	–	–	–	–	(3,583)	(3,583)
At 30 June 2008	359,391	2,746,299	4,754,699	14,900	234,918	1,252,732	3,298,144	12,661,083	1,701,170	14,362,253

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	**(1,404,688)**	5,108
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(623,926)**	(411,865)
NET CASH INFLOW FROM FINANCING ACTIVITIES	**2,988,106**	1,758,741
NET INCREASE IN CASH AND CASH EQUIVALENTS	**959,492**	1,351,984
Cash and cash equivalents at beginning of period	**4,894,435**	3,286,643
Effects of foreign exchange rate changes, net	**7,826**	135,221
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**5,861,753**	4,773,848
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**4,692,610**	2,934,411
Liquid investments	**–**	1,347,912
Non-pledged time deposits with original maturity of less than three months when acquired	**1,169,143**	491,525
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**5,861,753**	4,773,848

Notes to the Condensed Consolidated Interim Financial Information

30 June 2009

1. Corporate Information

The Company is a limited liability company incorporated in Hong Kong. Its shares are listed on The Stock Exchange. The registered office of the Company is located at 33rd Floor, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.

During the period, the Group were involved in the following principal activities:

- oilseeds processing;
- production and sale of brewing materials;
- trading and processing of rice;
- wheat processing; and
- production and sale of biofuel and biochemical products.

The Company is a subsidiary of COFCO (HK), a company incorporated in Hong Kong. In the opinion of the Directors, the ultimate holding company of the Company is COFCO, which is a state-owned enterprise registered in the PRC.

2. Basis of Preparation and Accounting Policies

The condensed consolidated interim financial information is prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange. The accounting policies and basis of preparation adopted in the preparation of the interim financial information are the same as those used in the annual financial statements of the Group for the year ended 31 December 2008, except in relation to the following new HKFRSs (which include all HKFRSs, HKASs and Interpretations) that affect the Group and are adopted by the Group for the first time for the current period's financial statements:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting conditions and Cancellations*
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

The adoption of the above HKFRSs has had no impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated interim financial information.

3. Segment Information

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

(a) the oilseeds processing segment engages in the extraction, refining and trading of edible oils and related products;

(b) the brewing materials segment engages in the trading and processing of malt;

(c) the rice trading and processing segment engages in the trading and processing of rice;

(d) the wheat processing segment engages in the production and sale of flour products and related products;

(e) the biofuel and biochemical segment engages in the production and sale of biofuel and biochemical and related products; and

(f) the corporate and others segment comprises, principally, the Group's corporate income and expense items.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statement. Group financing (include finance cost and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

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.

During the period, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

3. Segment Information *(continued)*

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2009 and 2008, respectively.

Six months ended 30 June 2009

	Oilseeds processing HK$'000 (Unaudited)	Brewing materials HK$'000 (Unaudited)	Rice trading and processing HK$'000 (Unaudited)	Wheat processing HK$'000 (Unaudited)	Biofuel and biochemical HK$'000 (Unaudited)	Corporate and others HK$'000 (Unaudited)	Eliminations HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment revenue:								
Sales to external customers	11,835,178	742,629	2,173,458	1,666,462	3,198,861	–	–	19,616,588
Intersegment sales	5,728	–	88	–	–	–	(5,816)	–
Other revenue	221,476	19,664	2,957	2,414	368,085	–	–	614,596
Segment results	659,963	(3,504)	232,547	61,869	300,318	(47,806)	–	1,203,387
Interest income								16,802
Excess over the cost of business combinations								37,847
Finance costs								(117,842)
Share of profits of associates	259,359	–	–	1,953	22,601	–	–	283,913
Profit before tax								1,424,107
Tax								(252,818)
Profit for the period								1,171,289
Assets and liabilities								
Segment assets	13,469,931	2,217,298	1,488,131	1,425,949	7,014,000	9,928,428	(10,117,940)	25,425,797
Interests in associates	1,430,474	–	–	49,063	385,664	–	–	1,865,201
Unallocated assets								6,087,560
Total assets								33,378,558
Segment liabilities	4,485,580	747,413	1,312,838	1,042,432	3,173,474	4,190,352	(10,117,940)	4,834,149
Unallocated liabilities								10,524,120
Total liabilities								15,358,269
Other segment information								
Depreciation and amortisation	107,390	37,126	11,131	18,973	151,233	847	–	326,700
Capital expenditure	142,131	70,228	70,084	52,846	176,848	2,012	–	514,149

3. Segment Information *(continued)*

Six months ended 30 June 2008

	Oilseeds processing HK$'000 (Unaudited)	Brewing materials HK$'000 (Unaudited)	Rice trading and processing HK$'000 (Unaudited)	Wheat processing HK$'000 (Unaudited)	Biofuel and biochemical HK$'000 (Unaudited)	Corporate and others HK$'000 (Unaudited)	Eliminations HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment revenue:								
Sales to external customers	13,129,141	907,072	1,932,862	1,539,207	2,764,484	–	–	20,272,766
Intersegment sales	–	–	–	1,828	2,610	–	(4,438)	–
Other revenue	297,704	44,593	(5,615)	12,381	181,901	22,952	(1,124)	552,792
Segment results	1,575,571	216,272	174,115	74,736	128,718	(11,515)	–	2,157,897
Interest income								33,722
Finance costs								(198,503)
Share of profits of associates	207,521	–	–	257	43,445	–	–	251,223
Profit before tax								2,244,339
Tax								(302,630)
Profit for the period								1,941,709
Assets and liabilities								
Segment assets	10,849,515	2,119,915	2,318,961	1,444,940	6,424,016	7,279,261	(6,547,953)	23,888,655
Interests in associates	1,301,642	–	–	59,055	365,039	–	–	1,725,736
Unallocated assets								3,971,443
Total assets								29,585,834
Segment liabilities	5,391,965	955,488	1,343,423	1,054,729	2,759,509	2,086,996	(6,547,953)	7,044,157
Unallocated liabilities								8,179,424
Total liabilities								15,223,581
Other segment information								
Depreciation and amortisation	97,872	26,892	9,163	17,065	111,305	713	–	263,010
Capital expenditure	42,059	201,530	7,354	5,917	209,245	175	–	466,280

4. Revenue, Other Income and Gains

Revenue, which is the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the period.

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Other income		
Agency commission	**621**	30,640
Bank interest income	**16,802**	33,722
Investment income from liquid investments	**–**	21,654
Government grants *	**453,895**	190,201
Compensation income	**53,399**	19,485
Logistic service and storage income	**21,053**	19,086
Others	**13,696**	15,105
	559,466	329,893
Gains		
Gain on disposal of raw material, by-products and scrap items	**13,636**	23,634
Fair value gain on foreign currency forward contracts	**–**	36,074
Gain on foreign exchange, net	**57,387**	196,913
Excess over the cost of business combination (note 14)	**37,847**	–
Reversal of impairment of receivables	**909**	–
	109,779	256,621
	669,245	586,514

* Various government grants have been received for the sale of certain government subsidised products and for investments in certain provinces in Mainland China, which are available for industries or locations in which the Company's subsidiaries operate. Pursuant to relevant notices issued by the Finance Bureau of the PRC for fuel ethanol producers, Zhaodong Bio-Energy and Guangxi Bio-Energy are entitled to a financial subsidy based on the quantity of fuel ethanol produced and sold. An amount of HK$339,005,000 (30 June 2008: HK$129,000,000) in relation to such subsidy has been included in the government grants for the period. There are no unfulfilled conditions or contingencies relating to these grants.

5. Finance Costs

	For the six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans wholly repayable within five years	**112,638**	199,419
Loans from fellow subsidiaries	**5,204**	3,727
Total interest expense on financial liabilities not at fair value through profit or loss	**117,842**	203,146
Less: Interest capitalised	**–**	(6,291)
	117,842	196,855
Other finance costs:		
Fair value loss on foreign currency forward contracts	**–**	1,648
	117,842	198,503

6. Profit before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**16,908,009**	17,434,111
Realised fair value losses/(gains) of derivative financial instruments	**722,430**	(699,361)
Unrealised fair value losses of derivative financial instruments	**103,899**	1,043,837
Provision for loss on purchase commitment*	**199,648**	–
Reversal of provision against inventories	**(5,215)**	–
Cost of sales	**17,928,771**	17,778,587
Depreciation	**318,831**	257,393
Recognition of prepaid land premiums	**7,565**	5,617
Employee benefit expenses (including Directors' remuneration)	**364,533**	322,301
Loss on disposal of items of property, plant and equipment	**5,323**	3,748
(Reverse of impairment)/impairment of receivables	**(909)**	2,487
Net fair value loss on foreign currency forward contracts	**3,448**	–

* It is the Group's usual practice to enter into purchase contracts with delivery of raw materials at a specified future date. As at 30 June 2009, the Group had certain purchase commitments of raw materials (the "Purchase Contracts") on which the Group expects a loss as the unavoidable costs of meeting obligations under the Purchase Contracts will exceed the economic benefits expected to be received under it. The loss of HK$199,648,000 is estimated by the Directors with reference to the expected selling price of the corresponding products, and a provision thereon has been made in the condensed consolidated interim financial statements for the six months ended 30 June 2009. This provision is included in "other payables and accruals" on the face of the condensed consolidated statement of financial position. The Directors of the Company consider that these losses are resulted within the Group's ordinary course of business.

7. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Under the relevant PRC income tax law, except for certain preferential treatment available to the Group, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% (30 June 2008: 25%) on their respective taxable income.

	For the six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Provision for the period	**80,042**	113,013
Current – Mainland China		
Provision for the period	**180,464**	363,938
Underprovision in prior periods	**4,037**	258
Tax rebates	**(2,604)**	(40,714)
Deferred tax	**(9,121)**	(133,865)
Total tax charge for the period	**252,818**	302,630

8. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of basic earnings per share amount for the period ended 30 June 2009 is based on the profit for the period attributable to ordinary equity holders of the Company of HK$1,031,930,000 (30 June 2008: HK$1,685,521,000), and the weighted average number of ordinary shares of 3,687,122,350 ordinary shares (30 June 2008: 3,593,906,356 ordinary shares) in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares, calculated as follow:

8. Earnings Per Share Attributable to Ordinary Equity Holders of the Company *(continued)*

Weighted average number of ordinary shares:

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share	**3,687,122,350**	3,593,906,356
Weighted average number of ordinary shares:*		
Assumed issued at no consideration on deemed exercise of all share options outstanding during the period	**–**	3,000,825
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**3,687,122,350**	3,596,907,181

* Diluted earnings per share amount for the period ended 30 June 2009 has not been disclosed as the outstanding shares during the period has an anti-dilutive effect on the basis earnings per share.

9. Dividend Per Share

On 8 September 2009, the Board declared an interim dividend of a total HK$258,474,700 with HK6.7 cents per Share for the six months ended 30 June 2009. No dividend was declared by the Company for the six months ended 30 June 2008.

10. Property, Plant and Equipment

During the six months ended 30 June 2009, the Group acquired items of property, plant and equipment with total cost of HK$425,123,000 (30 June 2008: HK$466,280,000), not including property, plant and equipment acquired through business combination.

Items of property, plant and equipment with a net book value of HK$11,163,000 (30 June 2008: HK$6,308,000) were disposed of by the Group during the six months ended 30 June 2009, resulting in a net loss on disposal of HK$5,323,000 (30 June 2008: HK$3,748,000).

11. Accounts and Bills Receivable

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. 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 and bills receivable are non-interest-bearing and are normally settled within one to three months, and one to six months, respectively.

11. Accounts and Bills Receivable *(continued)*

An aged analysis of the accounts and bills receivable, based on the invoice date and bill issued date and net of impairment, is as follows:

	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
Outstanding balances with ages:		
Within 3 months	**1,567,546**	1,572,818
3 to 12 months	**162,867**	280,618
1 to 2 years	**341**	124
	1,730,754	1,853,560

The carrying amounts of the accounts and bills receivable approximate to their fair values.

12. Accounts and Bills Payable

An aged analysis of accounts and bills payable, based on the invoice date and bill issued date, is as follows:

	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
Outstanding balances with ages:		
Within 3 months	**1,882,668**	2,022,663
3 to 12 months	**409,912**	44,374
1 to 2 years	**8,919**	3,139
Over 2 years	**3,934**	1,478
	2,305,433	2,071,654

Accounts and bills payable are non-interest-bearing and are normally settled within one to three months, and one to six months, respectively. The carrying amounts of the accounts and bills payable approximate to their fair values.

13. Share Capital

Shares

	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
Authorised:		
4,000,000,000 ordinary shares of HK$0.1 each	**400,000**	400,000
Issued and fully paid:		
3,857,532,839 (31 December 2008: 3,593,906,356) ordinary shares of HK$0.1 each	**385,753**	359,391

As detailed in note 14 to the condensed consolidated interim financial information, during the period, the Company issued 263,626,483 Shares, at price of HK$3.69 per share to COFCO (HK) pursuant to Share Purchase Agreements, credited as fully paid for the acquisition of certain subsidiaries. The fair value of the share at the issue date is HK$3.91 per share.

Share options

On 12 January 2007, the Shareholders conditionally approved and adopted the Scheme for the purpose of attract, retain and motivate Directors and eligible participants to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company. Eligible participants include, but not limited to, any Directors, (excluding independent non-executive Directors), officers and employees of the Group, or any other person the Board may propose. The Scheme became unconditional and effective upon listing of the shares of the Company on 21 March 2007 and, unless otherwise cancelled, amended or terminated in accordance with the Scheme, will remain in force for 10 years from 21 March 2007.

The maximum number of shares of the Company which may be issued upon exercise of all share options granted under the Scheme or any other share option scheme shall not in aggregate exceed 10% of the Shares in issue as at the date of passing the relevant resolution adopting the Scheme unless it is approved by Shareholders in a general meeting of the Company. The maximum number of shares issued and to be issued on exercise of all share options granted and to be granted to each eligible participant in any 12-month period is limited to 1% of the shares in issue at the relevant time unless it is approved by Shareholders in a general meeting of the Company.

Any grant of share options under the Scheme to a Director, chief executive or Substantial Shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors. Any share options granted to a Substantial Shareholder of the Company or to any of their respective associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of grant) in excess of HK$5 million, in any 12-month period, are subject to Shareholders' approval in a general meeting of the Company.

13. Share Capital *(continued)*

Share options *(continued)*

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by each grantee. The exercise period of the share options granted is determinable by the Board.

The exercise price of share options is determinable by the Board, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; or the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at Shareholders' meetings.

The following share options were outstanding under the Scheme during the period:

	Weighted average exercise price HK$ per share	Number of options '000
At 1 January 2009 and 30 June 2009	4.666	27,370

There is no movement on the outstanding share options during the six months ended 30 June 2009 (30 June 2008: Nil).

The vesting periods, exercise price and exercise periods of the share options outstanding as at 30 June 2009 are as follows:

Number of options granted to Directors '000	Employees '000	Total '000	Vesting period	Exercise price per share HK$	Exercise period
1,300	7,824	9,124	7-8-2007 to 6-8-2009	4.666	7-8-2009 to 6-8-2014
1,300	7,822	9,122	7-8-2007 to 6-8-2010	4.666	7-8-2010 to 6-8-2014
1,300	7,824	9,124	7-8-2007 to 6-8-2011	4.666	7-8-2011 to 6-8-2014
3,900	23,470	27,370			

The Company recognised a share option expense of HK$6,662,000 during the period (30 June 2008: HK$8,253,000).

14. Business Combination

Business combination for the six months ended 30 June 2009

(a) On 17 April 2009, the date of acquisition, the Group acquired a 100% interest in Guangxi China Resources from independent third parties at purchase consideration of HK$90,783,000. Guangxi China Resources is currently under construction stage and will be engaged in production and sale of edible oils and meals.

(b) On 17 February 2009, the Company entered into Share Purchase Agreements with COFCO (HK), pursuant to which the Company agreed to purchase all issued share capital of Kindgain, Uptech Investments, Cheerlink International and Parkwing ("the Acquisition").

Kindgain, Uptech Investments and Parkwing held 100% equity interests in COFCO Dongguan, COFCO Feixian and Jilin Packaging, respectively, while Cheerlink International held a 57.136% equity interest in Yellow Dragon.

The Acquisition was completed on 28 April 2009, in consideration for the issue of 263,626,483 Shares, at price of HK$3.69 per share to COFCO (HK) pursuant to Share Purchase Agreements. The fair value of the share at the issue date is HK$3.91 per share.

COFCO Dongguan and COFCO Feixian are principally engaged in oilseeds processing business, mainly the production and sale of soybean oil and related products, and the production and sale of peanut oil and related products, respectively. Jilin Packaging is principally engaged in the production and sale of packaging materials, and mainly supplies to Yellow Dragon and the Group. Yellow Dragon is principally engaged in corn processing business, mainly the production and sale of starch and related biochemical products.

14. Business Combination *(continued)*

The fair values of the identifiable assets and liabilities of COFCO Dongguan and Guangxi China Resources as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Fair value recognised on acquisition HK$'000	**Previous carrying amount HK$'000**
Property, plant and equipment	366,825	372,919
Prepaid land premiums	58,028	13,154
Deferred tax assets	11,185	11,185
Inventories	170,342	164,993
Accounts and bills receivable	21,758	21,758
Prepayments, deposits and other receivables	78,928	79,219
Due from fellow subsidiaries	199,217	199,217
Due from associates	24,523	24,523
Pledged deposits	9,496	9,496
Cash and cash equivalents	114,393	114,393
Accounts and bills payable	(234,531)	(234,531)
Other payables and accruals	(140,879)	(140,879)
Derivative financial instruments	(32,240)	(32,240)
Interest-bearing bank and other borrowings	(174,897)	(174,897)
Due to fellow subsidiaries	(82,218)	(82,218)
Tax payable	(38,263)	(38,263)
Deferred tax liabilities	(10,960)	–
	340,707	307,829
Goodwill on acquisition	378,216	
	718,923	
Satisfied by:		
Cash	90,783	
Issue of Shares	628,140	
	718,923	

14. Business Combination *(continued)*

The fair values of the identifiable assets and liabilities of COFCO Feixian, Jilin Packaging and Yellow Dragon as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Fair value recognised on acquisition HK$'000	Previous carrying amount HK$'000
Property, plant and equipment	424,468	358,422
Prepaid land premiums	80,059	33,744
Deferred tax assets	2,724	2,724
Inventories	521,847	500,996
Accounts and bills receivable	109,757	109,757
Prepayments, deposits and other receivables	60,864	61,732
Due from fellow subsidiaries	14,241	14,241
Due from associates	9,211	9,211
Tax recoverable	5,611	5,611
Cash and cash equivalents	108,167	108,167
Accounts and bills payable	(20,097)	(20,097)
Other payables and accruals	(141,540)	(141,540)
Deferred income	(1,149)	(1,149)
Interest-bearing bank and other borrowings	(57,916)	(57,916)
Due to fellow subsidiaries	(386,692)	(386,692)
Due to minority shareholders of subsidiaries	(40,178)	(40,178)
Tax payable	(53)	(53)
Deferred tax liabilities	(33,085)	–
	656,239	556,980
Minority interests	(208,855)	
Excess over the cost of business combination (note 4)	(37,847)	
	409,537	
Satisfied by:		
Issue of Shares	402,639	
Available-for-sale investment	6,898	
	409,537	

14. Business Combination *(continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of these subsidiaries is as follows:

	For the six months ended 30 June 2009 HK$'000
Cash consideration	(90,783)
Cash and cash equivalents acquired	222,560
Net inflow of cash and cash equivalents in respect of the acquisition of the subsidiaries	131,777

During the six months ended 30 June 2009, these subsidiaries generated revenue and net profit of HK$2,737,058,000 and HK$21,472,000, respectively. Since the acquisition date, these subsidiaries contributed HK$971,020,000 to the Group's revenue and HK$6,520,000 to the Group's consolidated profit for the period.

On 11 March 2008, the date of acquisition, the Group acquired a 100% interest in Dalian BaiNong Rice Processing Limited, which subsequently changed name to Dalian Rice Processing, from independent third parties. Dalian Rice Processing is engaged in the processing and sale of rice business.

14. Business Combination *(continued)*

The fair values of the identifiable assets and liabilities of Dalian Rice Processing as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Fair value recognised on acquisition HK$'000	Previous carrying amount HK$'000
Property, plant and equipment	8,227	7,534
Inventories	31,763	31,763
Accounts and bills receivable	11,622	11,622
Prepayments, deposits and other receivables	311	311
Cash and cash equivalents	6,345	6,345
Accounts payable	(33,353)	(33,353)
Other payables and accruals	(13,622)	(13,622)
	11,293	10,600
Goodwill on acquisition	1,070	
	12,363	
Satisfied by:		
Cash	4,967	
Other payables and accruals	7,396	
	12,363	

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of the subsidiary is as follows:

	For the six months ended 30 June 2008 HK$'000
Cash consideration	(4,967)
Cash and cash equivalents acquired	6,345
Net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary	1,378

15. Related Party Transactions

(a) Transactions with related parties

The Group had the following transactions with related parties during the period:

	Notes	For the six months ended 30 June **2009** **HK$'000** **(Unaudited)**	 2008 HK$'000 (Unaudited)
Transactions with fellow subsidiaries:			
Sales of goods	(i)	**2,152,311**	3,831,569
Purchases of goods	(i)	**440,370**	567,085
Operating lease rental paid	(i)	**6,175**	14,662
Interest expense	(ii)	**5,204**	3,727
Brokerage fee paid	(i)	**11,372**	11,353
Purchase of assets	(iv)	**127,893**	–
Transactions with the ultimate holding company:			
Purchases of raw materials	(i)	**–**	4,063,713
Agency income	(iii)	**–**	30,568
Logistic service and storage income	(i)	**3,077**	46,018
Transactions with associates:			
Sales of goods	(i)	**989,361**	120,085
Purchases of goods	(i)	**7,802**	48,300
Transactions with related companies#:			
Sales of goods	(i)	**96,523**	828,135
Purchases of goods	(i)	**20,829**	11,303
Transactions with minority shareholders of subsidiaries:			
Sales of goods	(i)	**420,029**	–
Purchases of goods	(i)	**2,339,695**	999,363

Related companies are companies under significant influence by the Group's ultimate holding company.

Notes:

(i) Except for the transactions with an associate for sales of goods of HK$650,548,000 (30 June 2008: Nil) which was carried out at cost, other transactions were carried out with reference to the prevailing market prices or, where no market prices were available, at cost plus a percentage of profit mark-up.

(ii) The interest expense arose from loans from fellow subsidiaries which were unsecured and bore interest at rates of LIBOR+0.446, 4.374% and 4.779% per annum (30 June 2008: LIBOR+0.446 per annum), respectively.

(iii) The agency income for the period ended 30 June 2008 arose from the agency service provided by the Group for acting as an agent to purchase soybean and crude oil on behalf of the ultimate holding company. The agency income was recognised based on 1% of the purchase price set by the ultimate holding company. No such transactions incurred in the current period.

(iv) The purchase consideration of the acquisition of assets was determined by the Group and its fellow subsidiary, Jilin COFCO Bio-Chemical by reference to the appraised value of the assets at 31 December 2008. The assets acquired consisted of land use rights, buildings, equipments and machineries.

15. Related Party Transactions *(continued)*

(b) Outstanding balances with related parties

Except for the following, the balances with the holding companies, fellow subsidiaries, related companies and minority shareholders of the Group's subsidiaries as at the date of statement of financial position are unsecured, interest-free and have no fixed terms of repayment:

(1) the loans due to fellow subsidiaries of HK$550,506,000 (31 December 2008: HK$312,000,000), which bore interest at rates of LIBOR+0.446, 4.374% and 4.779% per annum (31 December 2008: LIBOR+1.08 per annum), respectively

(2) a loan due from an associate of HK$70,911,000 (31 December 2008: Nil), which bore interest at rate of 2.5% per annum.

(3) amounts due to minority shareholders of subsidiaries of HK$129,513,000 (31 December 2008: HK$129,476,000), which are financing in nature and are not repayable within one year from the date of statement of financial position.

The carrying amounts of balances with related parties approximate to their fair values.

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**10,191**	8,505
Post-employment benefits	**445**	143
Equity-settled share option expense	**2,081**	2,556
Total compensation paid to key management personnel	**12,717**	11,204

(d) Transactions with other State-Owned Enterprises

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous State-Owned Enterprises. During the period, the Group had transactions with State-owned Enterprises including, but not limited to, sales and purchases of processed foodstuffs and raw materials. The Directors consider that transactions with other State-Owned Enterprises are activities in the ordinary course of the business, and that dealings of the Group have not been significantly or unduly affected by the fact that the Group and those Stated-Owned Enterprises are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services, and such policies do not depend on whether or not the customers are State-Owned Enterprises. Having due regard to the substance of the relationships, the Directors of the Company are of the opinion that none of these transactions is a material related party transaction that requires separate disclosure.

16. Operating Lease Arrangements

The Group leases certain of its office properties and steel barrels under operating lease arrangements. Leases for office properties are negotiated for terms ranging from one to eleven years and those for steel barrels for terms ranging from one to nine years.

At the date of statement of financial position, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
Within one year	**13,067**	9,907
In the second to fifth years, inclusive	**5,441**	9,327
After five years	**386**	612
	18,894	19,846

17. Commitments

(a) Capital commitments

In addition to the operating lease commitments detailed in note 16 above, the Group had the following capital commitments at the date of statement of financial position:

	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
Capital commitments in respect of property, plant and equipment:		
Authorised, but not contracted for	**2,435,107**	1,451,580
Contracted, but not provided for	**752,885**	228,749
	3,187,992	1,680,329
Capital commitments in respect of investments:		
Authorised, but not contracted for	**–**	556,151

17. Commitments *(continued)*

(b) Other commitments

Commitments under commodity future contracts:

	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
Sales of soybean meal	**2,845,614**	89,120
Sales of soybean	**3,444,496**	2,822,679
Sales of soybean oil	**2,647,212**	1,858,913
Sales of palm oil	**3,653,895**	727,351
Sales of rapeseed oil	**936,029**	229,956
	13,527,246	5,728,019
Purchases of corn	**–**	51,880
Purchases of soybean	**297,561**	–
	297,561	51,880

Commitments under foreign currency forward contracts:

	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
Sales of United States dollars	**804,556**	1,266,360

Other than disclosed above, the Group did not have any significant commitments or contingent liabilities as at the statement of financial position date (31 December 2008: Nil).

18. Approval of the Condensed Consolidated Interim Financial Information

The condensed consolidated interim financial information was approved and authorised for issue by the Board on 8 September 2009.

Glossary

"associate(s)"	As defined in the Listing Rules
"Board"	Board of Directors
"CG Code"	The Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules
"Cheerlink International"	Cheerlink International Limited, a company incorporated in the British Virgin Islands with limited liability and a subsidiary of the Company
"Cheerlink International Share Purchase Agreement"	The share sale and purchase agreement dated 17 February 2009 between the Company and COFCO (HK) in relation to the sale and purchase of the two shares of US$1 each beneficially owned by and registered in the name of COFCO (HK), representing the entire issued share capital of Cheerlink International
"China Foods"	China Foods Limited, previously known as COFCO International Limited, a company incorporated in Bermuda with limited liability on 14 May 1990, the shares of which are listed on the Stock Exchange (Stock Code: 506), and which is a subsidiary of COFCO
"China Agri" or "Company"	China Agri-Industries Holdings Limited, a company incorporated on 18 November 2006 with limited liability under the Laws of Hong Kong, the shares of which are listed on the Stock Exchange
"COFCO"	COFCO Corporation (formerly known as COFCO Limited), a wholly State-owned company incorporated in the PRC in September 1952 currently under the preview of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, the ultimate controlling shareholder of the Company
"COFCO BVI"	COFCO (BVI) No. 108 Limited, a company incorporated in the British Virgin Islands with limited liability and which is a subsidiary of COFCO
"COFCO Dongguan"	COFCO Xinsha & Oils Grains Industrial (Dongguan) Co., Limited, a limited liability company incorporated in the PRC and a subsidiary of the Company
"COFCO East Ocean"	COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. (formerly known as East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd), a limited liability company incorporated in the PRC and a subsidiary of the Company
"COFCO Feixian"	Feixian COFCO Oil & Grain Industries Co., Ltd. (formerly known as Fei Country COFCO Oils & Fats Industries Co., Ltd), a limited liability company incorporated in the PRC and a subsidiary of the Company

Glossary

"COFCO Gongzhuling"	COFCO Bio-Chemical Energy (Gongzhuling) Co., Ltd., a limited liability company incorporated in the PRC and a subsidiary of the Company
"COFCO (HK)"	COFCO (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, a controlling shareholder of the Company and a direct wholly-owned subsidiary of COFCO
"Dalian Rice Processing"	COFCO Dalian Rice Processing Limited, a limited liability company incorporated in the PRC and a subsidiary of the Company
"Director(s)"	Director(s) of the Company
"Discloseable Interest"	The interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO, which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of taken or were deemed to have under such provisions of the SFO), or which are required , pursuant to section 352 of the SFO, to be entered in the register to be kept by the Company, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules
"Enterprise Income Tax Law"	the Enterprise Income Tax Law of the People's Republic of China
"Guangxi Bio-Energy"	Guangxi COFCO Bio-Energy Co., Ltd., a limited liability company incorporated in the PRC and a subsidiary of the Company
"Guangxi China Resources"	Guangxi China Resources Hongshui River Pier Storage Co., Limited, a limited liability company established in the PRC and a subsidiary of the Company
"Group"	The Company and its subsidiaries
"HKAS(s)"	Hong Kong Accounting Standard(s)
"HKFRS(s)"	Hong Kong Financial Reporting Standard(s)
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Implementation Rules"	Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China

Glossary

"Jilin Packaging"	Jilin CRC Biochemistry Packaging Company Limited, a limited liability company established in the PRC and a subsidiary of the Company
"Jilin COFCO Bio-Chemical"	Jilin COFCO Bio-chemical Co Ltd, a limited liability company established in the PRC and a subsidiary of COFCO (HK)
"Kindgain"	Kindgain Limited, a company incorporated in the British Virgin Islands with limited liability and a subsidiary of the Company
"Kindgain Share Purchase Agreement"	The share sale and purchase agreement dated 17 February 2009 between the Company and COFCO (HK) in relation to the sale and purchase of the two shares of US$1 each beneficially owned by and registered in the name of COFCO (HK), representing the entire issued share capital of Kindgain
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Notice"	The Notice Regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management which was issued by the SAT
"Parkwing"	Parkwing Limited, a company incorporated in the British Virgin Islands with limited liability and a subsidiary of the Company
"Parkwing Share Purchase Agreement"	The share sale and purchase agreement dated 17 February 2009 between the Company and COFCO (HK) in relation to the sale and purchase of the two shares of US$1 each beneficially owned by and registered in the name of COFCO (HK), representing the entire issued share capital of Parkwing
"PRC"	People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SAT"	the State Administration of Taxation of the People's Republic of China
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shanghai Rongs"	Shanghai Rongs Biotech Co., Ltd., a limited liability company incorporated in the PRC

Glossary

"Share Purchase Agreements"	Collectively, the Kindgain Share Purchase Agreement, the Uptech Investments Share Purchase Agreement, the Cheerlink International Share Purchase Agreement and the Parkwing Share Purchase Agreement
"State-Owned Enterprises"	Enterprises directly or Indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Shareholder(s)"	Holder(s) of Shares
"Share(s)"	Ordinary share(s) of HK$0.10 each in the capital of the Company
"Substantial Shareholder(s)"	Any person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company
"The Scheme"	A share option scheme conditionally adopted by the Company on 12 January 2007 which became effective and unconditional upon listing of the Shares on 21 March 2007
"Uptech investments"	Uptech Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a subsidiary of the Company
"Uptech Investments Share Purchase Agreement"	The share sale and purchase agreement dated 17 February 2009 between the Company and COFCO (HK) in relation to the sale and purchase of the two shares of US$1 each beneficially owned by and registered in the name of COFCO (HK), representing the entire issued share capital of Uptech Investments
"Wide Smart"	Wide Smart Holdings Limited
"WHO"	World Health Organization
"Yellow Dragon"	Yellow Dragon Food Industry Company Limited
"Zhaodong Bio-Energy"	COFCO Bio-Energy (Zhaodong) Co., Ltd., a limited liability company established in the PRC and a subsidiary of the Company
"%"	Per cent
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

This report has been issued in the English language with a separate Chinese language translation. If there is any conflict in the report between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.

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