

KOND 康大

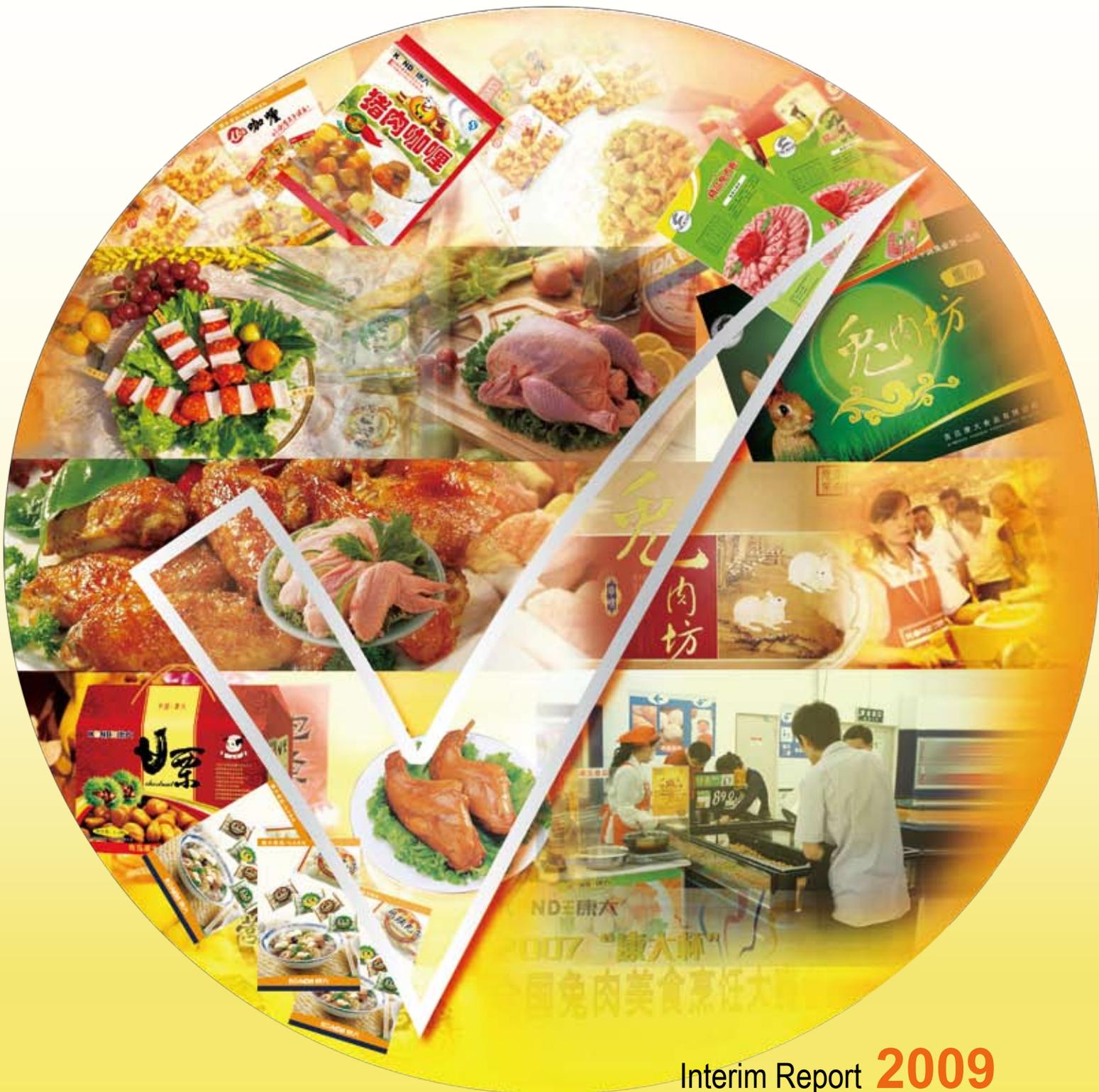
中國康大食品有限公司

CHINA KANGDA FOOD COMPANY LIMITED

(incorporated in Bermuda with limited liability)

Singapore stock code:P74

Hong Kong stock code:834



Interim Report **2009**

CORPORATE PROFILE

Established in 1992, China Kangda Food Company Limited (“China Kangda” or the “Company”), and together with its subsidiaries, the “Group”) is a diversified food processing group based in the PRC and is primarily engaged in the processing, sales and distribution of:

- a) chilled and frozen meat products, which are divided into rabbit and chicken meat;
- b) processed food products which include a wide range of food products such as instant soup, curry food, chicken-based cooked products, roasted rabbit food, meatballs, de-oxygenated consumer packed chestnuts and seafood; and
- c) other products which mainly include pet food, pork, dehydrated vegetables, poultry, rabbit organs, fruits, dried chili, pig liver and seasoning.

Apart from selling products under its own brand names of “康大”, “嘉府”, “U味” and “KONDA”, the Group also acts as an OEM manufacturer of a variety of processed food products including meatballs, seafood, chicken-based cooked products, chestnuts, instant soups and curry products for Japanese food corporations as well as Korean customers.

The Group currently distributes a wide range of products in 14 provinces and over 25 major cities in the PRC, and exports its products to more than 20 countries and cities including Japan, South Korea, Hong Kong, Russia and certain countries of the European Union.

As one of the 12 companies in the PRC licensed to supply rabbit meat to the European Union, China Kangda is currently the largest exporter of rabbit meat to the European Union and Russia in the PRC. The Group is further strengthening its foothold in this segment through aggressive expansion strategies.

For more information, please refer to the Group’s homepage: www.kangdafood.com.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:
Gao Yanxu (CEO)
An Fengjun

Non-executive:
Gao Sishi (Chairman)
Zhang Qi

Independent non-executive:
Kuik See Juan
Sim Wee Leong
Yu Chung Leung

COMPANY SECRETARIES

Leung Ting Yuk (HKICPA, CPA
Australia)
Josephine Toh Lei Mui (ACIS)
Kang Peiqiang

ASSISTANT SECRETARY

Richard J Evans (FCIS)

AUDIT COMMITTEE

Sim Wee Leong (Chairman)
Kuik See Juan
Zhang Qi
Yu Chung Leung

REMUNERATION COMMITTEE

Yu Chung Leung (Chairman)
Kuik See Juan
Sim Wee Leong
Gao Sishi

NOMINATING COMMITTEE

Kuik See Juan (Chairman)
Sim Wee Leong
Gao Yanxu
Yu Chung Leung

AUTHORISED REPRESENTATIVES

Leung Ting Yuk
Gao Yanxu

COMPLIANCE ADVISER

Daiwa Securities SMBC
Hong Kong Limited
Level 26, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISERS

as to Hong Kong law:
Woo, Kwan, Lee & Lo
26th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

as to Singapore law:
WongPartnership LLP
One George Street #20-01
Singapore 049145

as to PRC law:
Qindao Law Firm
22nd Floor
Northern Tower, Golden Square
20 Hong Kong Road Central
Qingdao
PRC

AUDITORS

Grant Thornton
Certified Public Accountants
6th Floor, Nexus building
41 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1, Hai Nan Road
Jiaonan City
Shandong Province
PRC

PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART XI OF THE COMPANIES ORDINANCE

Room 4215, Office Tower,
Convention Plaza,
No.1 Harbour Road,
Wanchai,
Hong Kong

HONG KONG SHARE REGISTRY

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen 's Road East
Hong Kong

BERMUDA SHARE REGISTRY

Codan Services Limited
Clarendon House
2 Churah Street
Hamilton HM II Bermuda

SINGAPORE SHARE TRANSFER AGENT

B.A.C.S Private Limited
63 Cantonment Road
Singapore 089758

WEBSITE OF THE COMPANY

www.kangdafood.com

Management Discussion and Analysis

BUSINESS REVIEW

The Group has the following acquisitions and disposal of subsidiaries during the six months ended 30 June 2009:

1. On 18 February 2009, the Group has entered into an agreement to sell its 70% equity interest in a subsidiary, Qingdao Spiritzone Asiawin Food Co., Ltd. ("Spiritzone Asiawin Food") to a related party at a consideration of RMB8.8 million. Spiritzone Asiawin Food is a sino-foreign equity joint venture established in the PRC and its principal business activity is production of processed food. After taken into account the operating loss made by Spiritzone Asiawin Food for the year 2008, the directors considered that it is in the interests of the Company to exit from Spiritzone Asiawin Food as Spiritzone Asiawin Food will probably not contribute positively to the profitability of the Group.
2. On 25 May 2009, the Group acquired 55% of the equity interest with consideration of RMB15.6 million in Qingdao Pu De Food Company Limited ("Qingdao Pu De"), a sino-foreign joint venture company incorporated in the People's Republic of China from several third parties. Qingdao Pu De is principally engaged in the manufacture and sale of processed food products such as frozen vegetables, seafood products and meat products such as meatballs, Dong Po meat (東坡肉) and Gu Lao meat (古老肉), primarily for export to the Japanese market. Its business is similar to the Group's business that can provide an opportunity for the Group to further expand its presence in the Japan market.
3. On 26 June 2009, the Group acquired 100% equity interest in each of Qingdao Kangda Modern Agricultural Technology Development Company Limited ("Modern Agricultural") and Qingdao Baishun Food Company Limited ("Baishun") from several related parties with a total consideration of RMB8.7 million.

The principal activity of Modern Agricultural is the planting and sale of vegetables. The acquisition of Modern Agricultural would provide the Group with its own source of supply of vegetables for the production of its processed food products. It will also strengthen the Group's existing production capacity of processed food products.

The principal activity of Baishun is the manufacture and sale of food products. Baishun has obtained the export license for chicken meat to be exported to the European Union ("EU"). The acquisition of Baishun will allow the Group to obtain such export license in addition to the export licence it has already obtained and increase its export quota to the European Union and thus expand its market in the EU.

The Group had experienced a dynamic and challenging environment for the six months ended 30 June 2009 resulting from the financial tsunami that created the worst trading conditions in living memory. For the first half year of 2009, the Group had experienced a decrease in its profit after tax by 70.6% to RMB17.6 million, mainly resulting from the significant decrease in the Group's products exported to EU and Japan markets.

Management had responded swiftly and decisively to the above decreasing demand by restructuring the products' cost of the Group.

The Group has also implemented an extensive market strategy with emphasis on good relationships with customers and suppliers and focus on widening its international client base and continual introduction of various products to the PRC market.

OUTLOOK AND FUTURE PLANS

Global economy hit by financial crisis in late 2008 is expected to recover in an orderly manner in the second half of 2009. With the support of RMB4 trillion economic stimulus plan and moderately loose monetary policy adopted by the PRC government, it is believed that the PRC economy will recover at a faster pace than other countries, and its growth momentum will be stronger. The Group may benefit from the PRC government's new policy to enhance the intrinsic demand in the PRC by selling of our brand name processed food products to the domestic market. The Group will continue to expand its sales network, implement stringent cost control measures, improve production efficiency and quality control system for ensuring quality of our products. The management and staff of the Group are confident in the business development prospects and performance to be improved in the second half of the year.

To ensure its long term development, the Group will explore appropriate acquisition opportunities that offer good returns to the Group and its shareholders.

OPERATING AND FINANCIAL REVIEW

	Six months ended 30 June		% Change +/-
	2009 RMB'000 Unaudited	2008 RMB'000 Unaudited	
Manufacturing and sale of processed food products	145,796	151,411	(3.7)
Manufacturing and sale of chilled and frozen rabbit meat	54,684	83,389	(34.4)
Manufacturing and sale of chilled and frozen chicken meat	107,325	200,232	(46.4)
Manufacturing and sale of other products	36,991	21,025	75.9
Total	344,796	456,057	(24.4)

Chilled and Frozen Meat Products

The rabbit and chicken meat segments contributed 47.0% to the Group's total revenue for the six months ended 30 June 2009 ("HY2009") compared to 62.2% of the previous corresponding period end 30 June 2008 ("HY2008"). The revenue of the rabbit and chicken meat segments registered a 42.9% decrease to RMB162.0 million in HY2009.

As a result of global economic downturn, export sales of rabbit meat products decreased following a decrease in demand from EU. Revenue from the sale of rabbit meat decreased by 34.4% to RMB54.7 million in HY2009 compared with HY2008. Export accounted for around 70% of total rabbit meat sales.

Revenue of the chicken meat segment contributed 31.1% to the Group's total revenue for HY2009. Revenue decreased by 46.4% to RMB107.3 million in HY2009 from RMB200.2 million in HY2008. The decrease was due mainly to keen competition in the PRC market. The significant increase in pork prices in the PRC had resulted an increase in demand for chicken meat product as a substitute in the past few years. The average prices of pork has

decreased continuously from the second half year of 2008 and this has resulted in a significant decrease in demand for chicken meat in HY2009.

Processed Food Products

Revenue from processed food showed a slightly decrease of 3.7% to RMB145.8 million in HY2009. The decrease was due mainly to a slow down of export of products to Japan resulted from the economic downturn.

Other products

Revenue from the manufacturing and sales of other products increased by 75.9% to RMB37.0 million in HY2009 from RMB21.0 million in HY2008, mainly due to strong demand from the domestic market and Korea market.

The increase in revenue of the products was largely driven by an increase in demand for the Group's pet food products. Pet food sales contributed over 60% to this segment with growth generated from Beijing and Shanghai markets in the PRC, and exports to Japan and Korea.

Revenue by Geographical Marekts

	Six months ended 30 June		% Change +/-
	2009 RMB'000 Unaudited	2008 RMB'000 Unaudited	
Export	145,883	165,935	(12.1)
PRC	198,913	290,122	(31.4)
Total	344,796	456,057	(24.4)

On a geographical basis, revenue from the export sales decreased by 12.1% to RMB145.9 million in HY2009 compared to RMB165.9 million in HY2008. The lower export sales were attributable mainly to a decrease in export sales of rabbit meat products.

PRC sales decreased by 31.4% to RMB198.9 million in HY2009 compared to RMB290.1 million in HY2008, mainly attributable to a decrease in sale of chicken meat products to domestic market.

PROFITABILITY

Gross Profit and Margin

	Six months ended 30 June 2009		Six months ended 30 June 2008		Change	% Change
	Gross Profit RMB'000 Unaudited	Margin % Unaudited	Gross Profit RMB'000 Unaudited	Margin % Unaudited		
					RMB'000 Unaudited	% Unaudited
Processed food	21,567	14.8	28,474	18.8	(6,907)	(24.3)
Rabbit meat	10,304	18.8	22,095	26.5	(11,791)	(53.4)
Chicken meat	9,764	9.1	20,442	10.2	(10,678)	(52.2)
Others	1,881	5.1	1,855	8.8	26	1.4
Total	43,516	12.6	72,866	16.0	(29,350)	(40.3)

Gross profit margin declined from 16.0% to 12.6% due mainly to rising raw material price of processed food and reduced price of rabbit meat to EU.

Processed Food

Processed food business remained as the main profit contributor in HY2009. Gross profit decreased by 24.3% to RMB21.6 million in HY2009 compared to RMB28.5 million in HY2008. Gross profit margin declined to 14.8% from 18.8% for HY2009, due mainly to rising raw material costs.

Rabbit Meat

Decrease in gross profit of rabbit meat segment was due mainly to a decrease in demand for rabbit meat in EU resulting from global economic downturn. Gross profit margin decreased to 18.8% in HY2009 and gross profit dropped by 53.4% to RMB10.3 million.

Chicken Meat

Gross profit margin for chicken meat segment remained relatively stable at 9.1% in HY2009 with a slight decline of 1.1% as the Group can control the cost of raw materials through its self-supply of chicken meat resulted from its vertically-integrated operation. Gross profit decreased by RMB10.7 million or 52.2% to RMB9.8 million from RMB20.4 million for HY2009.

Other Products

Gross profit remained constant at RMB1.9 million for HY2009.

Others are mainly chicken and rabbit meat by-products and pet food products, which are not the core profit drivers of the Group.

Other Income

Other income comprised mainly interest income from bank deposits amounting to RMB8.4 million. The rest were government grants, rental income, recovery of gas, electricity from customers.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly transportation costs of RMB3.9 million and salary of RMB1.4 million. Advertising and promotion activities remained constant in HY2009.

Administrative Expenses

Administrative expenses comprised mainly salaries and allowance expenses, professional fees, travelling expenses and etc. The significant increase in amount of RMB8.5 million or 54.6% for HY2009 was due mainly to the acquisition of two subsidiaries and the establishment of three subsidiaries in 2008. This had incurred more administrative expenses and employment of more employees by the Group.

Finance Costs

Finance costs increased by nearly 300.0% to RMB4.6 million for HY2009 from RMB1.2 million in HY2008 due to a 3-year syndication loan of HK\$105 million which was guaranteed and secured against the Company's interests in its two subsidiaries,

Perfect Good Group Limited and Spiritzone Group Limited and a bank loan of USD7 million obtained at the end of 2008 for the Group's project investment.

Taxation

Income tax expense decreased in line with decrease in profit before taxation for HY2009.

REVIEW OF THE GROUP'S FINANCIAL POSITION AS AT 30 JUNE 2009

The main increase in property, plant and equipment represented the Group's addition of facility and construction in progress mainly for Jilin project of approximately RMB44.6 million, depreciation for HY2009 amounted to RMB8.8 million.

Significant increase in prepaid premium for land leases in HY2009 was due mainly to the renting of two pieces of land located at Jiaonan, Shandong Province with area of totally 2,372 mu for the purposes of breeding and rearing of chickens and rabbits. The tenancy agreements were signed between the Group and local government on 26 April 2009 for a lease period of 30 years. Prepayment for these lands amounted to RMB47.8 million had been paid in May 2009.

Biological assets were included following the completion of acquisition of two subsidiaries namely, Qingdao Kangda Animal Rearing Co., Ltd. and Qingdao Kangda Rabbit Co., Ltd. on 31 May 2008 and establishment of three subsidiaries named, Jilin Kangda Rabbit Co., Ltd., Qingdao Kangda-Eurolap Rabbit Selection Co., Ltd. and Qingdao Kangda Shengwu Keji Co., Ltd. at the end of 2008.

Biological assets of the above subsidiaries were progeny rabbits and progeny chickens for sale and breeder rabbits and chickens held for breeding purpose. These biological assets were valued by the directors of the Group at 30 June 2009 with reference to the market-determined prices of items with similar size, species and age. The valuation methodology is in compliance with IAS 41 to determine the fair values of biological assets in their present location and condition.

Inventories increased by RMB12.2 million to RMB72.8 million to cater for the anticipated revival demand in the third quarter of 2009. The inventory turnover days for HY2009 represented 40 days as compared to 29 days for the year ended 31 December 2008 ("FY2008"); the increase was mainly due to a decrease in sale volume resulted from global economic downturn.

Trade receivables decreased by approximately RMB31.8 million

or 38.9% to approximately RMB50.1 million in HY2009 in tandem with the decrease in business volume. The trade receivable turnover days increased to 34 days in HY2009 compared with 27 days in FY2008.

Prepayments, other receivables and deposits increased by approximately RMB6.9 million from approximately RMB26.5 million as at FY2008 to approximately RMB33.4 million as at HY2009 due mainly to higher deposits placed with the Group's suppliers for construction in progress in Jilin project and prepayments for acquisition of three subsidiaries which will be consolidated into the Group once approvals are obtained from the PRC government.

Trade and bills payables decreased by approximately RMB30.7 million from approximately RMB82.5 million as at FY2008 to approximately RMB51.8 million as at HY2009 due to shorter payment terms granted by some of suppliers.

Accrued liabilities, other payables and deposits received decreased by approximately RMB7.7 million from approximately RMB43.3 million as at FY2008 to approximately RMB35.6 million as at HY2009. The decrease was due to lesser amount of deposits placed by customers compared with FY2008.

Tax payables decreased from RMB6.9 million in FY2008 to RMB3.2 million in HY2009. This was due to the settlement of income tax during the HY2009.

CAPITAL STRUCTURE

As at 30 June 2009, the Group had net assets of approximately RMB636.8 million (31 December 2008: RMB629.0 million), comprising non-current assets of approximately RMB385.2 million (31 December 2008: RMB311.0 million), and current assets approximately RMB505.6 million (31 December 2008: RMB657.5 million). The Group recorded a net current asset position of approximately RMB363.3 million (31 December 2008: RMB429.9 million) as at 30 June 2009, which primarily consist of cash and bank balances amounted to approximately RMB343.5 million (31 December 2008: RMB461.1 million). Moreover, inventories amounted to approximately RMB72.8 million (31 December 2008: RMB60.7 million) and trade receivables amounted to approximately RMB50.1 million (31 December 2008: RMB81.9 million) are also major current assets. Major current liabilities are trade and bills payables and interest-bearing bank borrowings amounted to RMB51.8 million (31 December 2008: RMB82.5 million) and RMB51.5 million (31 December 2008: RMB87.8 million) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group satisfied the working capital needs principally from cash flow from operations and bank loans. As at 30 June 2009, the Group has cash and cash equivalent of approximately RMB343.6 million (31 December 2008: RMB461.1 million) and had total interest-bearing bank borrowings of approximately RMB161.4 million (31 December 2008: RMB197.7 million). Where, RMB86.0 million was subject to floating rate of 3.0% over HIBOR per annum and the remaining RMB75.4 million was fixed rate debts with interest rate at 4.45% to 7.6% per annum. More than 65% of the Group's bank loans was denominated in Hong Kong dollars. Over 95% of the Group's cash was denominated in Renminbi.

As at 30 June 2009, bank borrowing of RMB51.5 million are payable in installments within one year and the remaining RMB109.9 million are payable in installment more than one year.

The gearing ratio for the Group was 25.3% (31 December 2008: 31.6%) as at 30 June 2009, based on net debt of RMB161.4 million (31 December 2008: RMB197.7 million) and equity attributable to equity holders of RMB636.8 million (31 December 2008: RMB625.4 million). The Group serves its debts primarily with recurring cash flow generated from its operation, the board of directors of the Company is confident that the Group has adequate financial resources to meet its future debt repayment and support its working capital requirement and future expansion.

FOREIGN CURRENCY EXPOSURE

The Group is exposed to foreign exchange risk during the period under review arising from various currency exposures mainly to the extent of its receivables in currencies denominated in US dollars, Japanese Yen and EURO.

The Group neither has a formal foreign currency hedging policy nor conducts hedging exercise to reduce foreign currency

exposure. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should it be necessary.

CAPITAL COMMITMENTS

As at 30 June 2009, the Group had capital commitments in respect of the acquisition of property, plant and equipment and land contracted for but not provided in the financial statements amounting to approximately RMB9.9 million (31 December 2008: RMB92.9 million) and did not have any authorised but not contracted for capital commitments (31 December 2008: Nil).

CHARGE ON ASSETS

As at 30 June 2009, a 3-year syndicated loan of HK\$105.0 million was guaranteed and secured against the Company's interests in its two subsidiaries, Perfect Good Group Limited and Spiritzone Group Limited.

Save as disclosed above, the remaining bank loans were guaranteed by the inter-group companies.

CONTINGENT LIABILITIES

As at 30 June 2009, the Group did not have any material contingent liabilities (31 December 2008: Nil)

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2009, the Group employed a total of 2,813 employees (six months ended 30 June 2008: 2,279 employees) situated in the PRC. The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the period under review, the total staff costs (including directors' emoluments) amounted to approximately RMB22.8 million (six months ended 30 June 2008: RMB17.2 million). The Company does not have share option scheme to employees.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES UNDER THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571) OF THE LAWS OF HONG KONG (THE "SFO")

At 30 June 2009, the interests of the directors and chief executive in the share capital of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "The Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

Name of Directors	Long positions in the shares the Company				Total	%
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
Gao Sishi	166,740,000	-	-	-	166,740,000	38.5
Gao Yanxu	14,310,000	-	-	-	14,310,000	3.3
Zhang Qi	8,910,000	-	-	-	8,910,000	2.1
An Fengjun	-	-	-	-	-	-
Kuik See Juan	-	-	-	-	-	-
Sim Wee Leong	-	-	-	-	-	-
Yu Chung Leung	-	-	-	-	-	-
	189,960,000	-	-	-	189,960,000	43.9

Save as disclosed above, as at 30 June 2009, none of the directors, chief executives of the Company nor their associates had or was deemed to have any interests or short position in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which have been recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the above mentioned Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

In respect of the Company

As at 30 June 2009, insofar as is known to the directors and chief executive of the Company, the following persons (not being a director or chief executive of the Company), had an interest or short position in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	Capacity/nature of interests	Number of shares held	Approximate percentage of issued share capital (%)
Cheng Xiutai (Note 1)	Registered and beneficial owner	38,300,000	8.8
Proven Choice Group Limited (Note 2)	Registered and beneficial owner	30,000,000	6.9
Huang Quan (Note 2)	Deemed interests	30,000,000	6.9
Zensho Co. Ltd. (Note 3)	Register and beneficial owner	28,835,000	6.7

Notes:

1. Mr. Cheng Xiutai is an independent third party.
2. Proven Choice Group Limited was wholly-owned by Huang Quan who is not related to any of the directors or shareholders of the Company. As such, Huang Quan is deemed to be interested in the 30,000,000 shares held by Proven Choice Group Limited under Part XV of the SFO.
3. Zensho Co. Ltd. is an independent third party and is a listed company in Japan.

Save as disclosed above, the directors are not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as at 30 June 2009, which would fall to be disclosed under Division 2 and 3 of Part XV of the SFO were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIVIDENDS

The Board of the directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2009. No interim dividend was paid in respect of the six months ended 30 June 2008.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHT TO ACQUIRE SHARES OR DEBENTURES

During the period under review, there was no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or the chief executive of the Company or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the directors or the chief executive of the Company to acquire such rights in any other body corporate.

PURCHASE, SALE, REDEMPTION OR CANCELLATION OF THE COMPANY'S LISTED SECURITIES OR REDEEMABLE SECURITIES

During the period from 13 January 2009 to 19 January 2009, the Company repurchased a total of 7,728,000 of its ordinary shares of HK\$0.25 each by way of market acquisition on the Mainboard of The Singapore Exchange Securities Trading Limited. The total consideration paid was approximately RMB6,127,000. Save as aforesaid, neither the Company nor any of its subsidiaries has purchased, redeemed, sold or cancelled any of the Company's listed securities or redeemable securities during the six months ended 30 June 2009.

AUDIT COMMITTEE

The audit committee of the Company consists of the independent non-executive directors, namely Mr. Sim Wee Leong, Mr. Kuik See Juan and Mr. Yu Chung Leung and the non-executive director of the Company, Mr. Zhang Qi. The audit committee has reviewed with management the accounting principles and standards adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the Company's unaudited financial statements for the six months ended 30 June 2009.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the directors of the Company, the Company has adopted and complied with the code provisions of the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Having made specific enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2009.

APPRECIATION

I would like to thank the management and all our staff for their hard work and dedication, as well as our shareholders and customers for their support to the Group.

On behalf of the Board
China Kangda Food Company Limited
Gao Sishi
Chairman

Hong Kong, 30 September 2009

As at the date of this interim report, the executive directors of the Company are Mr. Gao Yanxu (chief executive) and Mr. An Fengjun; the non-executive directors of the Company are Mr. Gao Sishi (non-executive chairman) and Mr. Zhang Qi; and the independent non-executive directors of the Company are Mr. Kuik See Juan, Mr. Sim Wee Leong and Mr. Yu Chung Leung.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
Revenue	5	344,796	456,057
Cost of sales		(301,280)	(383,191)
Gross profit		43,516	72,866
Other income	5	12,418	13,242
Selling and distribution costs		(7,950)	(6,194)
Administrative expenses		(24,110)	(15,594)
Other operating expenses		(492)	(860)
Profit from operations	6	23,382	63,460
Finance costs	7	(4,597)	(1,170)
Profit before taxation		18,785	62,290
Income tax expense	8	(1,145)	(2,239)
Profit for the period		17,640	60,051
Other comprehensive income		-	-
Total comprehensive income attributable to equity holders		17,640	60,051
Attributable to:			
Equity holders of the Company		17,568	60,238
Minority interests		72	(187)
Profit for the period		17,640	60,051
Dividends	9	-	-
Earnings per share attributable to equity holders of the Company	10		
Basic (RMB cents)		4.05	13.63
Diluted (RMB cents)		-	-

Consolidated Statement of Financial Position

As at 30 June 2009

	Notes	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		274,849	247,568
Prepaid premium for land leases		92,575	45,406
Long-term deposits		3,000	3,000
Biological assets		14,304	14,461
Deferred tax assets		521	554
		<u>385,249</u>	<u>310,989</u>
Current assets			
Biological assets		5,782	8,895
Inventories		72,811	60,655
Trade receivables	11	50,088	81,912
Prepayments, other receivables and deposits		33,367	26,538
Cash and bank balances		343,507	461,118
		<u>505,555</u>	<u>639,118</u>
Assets classified as held for sale		-	18,364
		<u>505,555</u>	<u>657,482</u>
Current liabilities			
Trade and bills payables	12	51,795	82,500
Accrued liabilities, other payables and deposits received		35,553	43,294
Interest-bearing bank borrowings		51,528	87,827
Amount due to a related company		-	1,047
Deferred government grants		185	185
Tax payables		3,211	6,890
		<u>142,272</u>	<u>221,743</u>
Liabilities directly associated with assets classified as held for sale		-	5,810
		<u>142,272</u>	<u>227,553</u>
Net current assets		<u>363,283</u>	<u>429,929</u>
Total assets less current liabilities		<u>748,532</u>	<u>740,918</u>

Consolidated Statement of Financial Position

As at 30 June 2009

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Non-current liabilities		
Interest-bearing bank borrowings	109,839	109,839
Deferred government grants	1,898	2,030
	<u>111,737</u>	<u>111,869</u>
Net assets	<u>636,795</u>	<u>629,049</u>
EQUITY		
Equity attributable to equity holders of the Company		
- Share capital	112,176	114,178
- Reserves	524,619	511,176
	<u>636,795</u>	<u>625,354</u>
Minority interests	<u>-</u>	<u>3,695</u>
Total equity	<u>636,795</u>	<u>629,049</u>

Consolidated Statement of Changes of Equity

For the six months ended 30 June 2009

	Equity attributable to equity holders of the Company									
	Share capital RMB'000	Proposed final dividends RMB'000	Share Premium RMB'000	Merger reserve RMB'000	Capital redemption reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2009 (Audited)	114,178	-	261,198	(41,374)	372	33,970	257,010	625,354	3,695	629,049
Repurchase of share capital (Unaudited)	(2,002)	-	(4,125)	-	-	-	-	(6,127)	-	(6,127)
Disposal of equity interest in a subsidiary (Unaudited)	-	-	-	-	-	-	-	-	(3,767)	(3,767)
Transfer to capital redemption reserve (Unaudited)	-	-	-	-	2,002	-	(2,002)	-	-	-
Transactions with owners (Unaudited)	(2,002)	-	(4,125)	-	2,002	-	(2,002)	(6,127)	(3,767)	(9,894)
Profit for the period (Unaudited)	-	-	-	-	-	-	17,568	17,568	72	17,640
Other comprehensive income (Unaudited)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	-	17,568	17,568	72	17,640
At 30 June 2009 (Unaudited)	112,176	-	257,073	(41,374)	2,374	33,970	272,576	636,795	-	636,795
At 1 January 2008 (Audited)	114,550	21,442	262,076	(41,374)	-	26,285	179,424	562,403	25,073	587,476
2007 final dividends declared (Unaudited)	-	(21,442)	-	-	-	-	-	(21,442)	-	(21,442)
Acquisition of a subsidiary (Unaudited)	-	-	-	-	-	-	-	-	(20,350)	(20,350)
Transactions with owners (Unaudited)	-	(21,442)	-	-	-	-	-	(21,442)	(20,350)	(41,792)
Profit for the period (Unaudited)	-	-	-	-	-	-	60,238	60,238	(187)	60,051
Other comprehensive income (Unaudited)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	-	60,238	60,238	(187)	60,051
At 30 June 2008 (Unaudited)	114,550	-	262,076	(41,374)	-	26,285	239,662	601,199	4,536	605,735

Consolidated Cash Flow Statement

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before taxation	18,785	62,290
Adjustments for:		
Interest Income	(8,424)	(5,274)
Interest expenses	4,597	1,170
Depreciation	8,754	6,717
Amortisation of prepaid premium for land leases	725	288
Excess over cost of business combinations recognised in the income statement	-	(2,379)
Gain arising from changes in fair value of financial liabilities at fair value through profit and loss	-	(1,673)
Arising from change in fair value of biological assets less estimated point-of-sale costs of biological assets, net	(188)	434
Amortisation of deferred income on government grants	(132)	-
Reversal of impairment on trade receivables	-	(54)
Loss on disposal of property, plant and equipment	882	350
Operating profit before working capital changes	24,999	61,869
Increase in inventories	(12,156)	(7,722)
Decrease/(Increase) in trade receivables	31,824	(18,657)
Decrease in biological assets	3,458	-
Decrease in amount due from a related company	-	33,062
Decrease in amount due to a related company	(1,047)	-
Increase in prepayments, other receivables and deposits	(6,829)	(12,818)
(Decrease)/Increase in trade and bills payables	(30,705)	8,721
(Decrease)/Increase in accrued liabilities, other payables and deposits received	(7,741)	5,225
Cash generated from operations	1,803	69,680
Interest paid	(4,597)	(1,170)
Income taxes paid	(4,791)	(16,027)
<i>Net cash (used in)/generated from operating activities</i>	<i>(7,585)</i>	<i>52,483</i>

Consolidated Cash Flow Statement

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Purchases of property, plant and equipment	(36,950)	(14,646)
Additions to prepaid premium for land leases	(47,894)	(4,279)
Long-term deposits paid	-	(6,480)
Proceeds from disposal of a subsidiary	8,787	-
Proceeds from disposal of property, plant and equipment	33	1,518
Acquisition of further equity interest in a subsidiary	-	(20,350)
Arising from acquisition of subsidiaries (net of cash and cash equivalent acquired)	-	(61,800)
Interest received	8,424	5,082
<i>Net cash used in investing activities</i>	<u>(67,600)</u>	<u>(100,955)</u>
Cash flows from financing activities		
Repayment of bank loans	(36,299)	(5,000)
Repurchase of shares	(6,127)	(21,442)
<i>Net cash used in financing activities</i>	<u>(42,426)</u>	<u>(26,442)</u>
Net decrease in cash and cash equivalents	(117,611)	(74,914)
Cash and cash equivalents at beginning of financial period	461,118	340,873
Cash and cash equivalents at end of financial period	<u>343,507</u>	<u>265,959</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<u>343,507</u>	<u>265,959</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 28 April 2006. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at No. 1, Hainan Road, Economic and Technology Development Zone, Jiaonan City, Qingdao, the People's Republic of China. The Company's shares have been listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 October 2006 and 22 December 2008 respectively.

The principal activity of the Company is investment holding. The principal activities of the Group are production and trading of food products, breeding and sale of livestock, poultry and rabbits.

The Group's operations are principally conducted in the People's Republic of China (the "PRC"). The financial statements are presented in Renminbi ("RMB"), being the functional currency of the Company.

2. ADOPTION OF NEW OR AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current period, the Group has adopted for the first time the new standards, amendments and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC") of the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on or after 1 January 2009. The new IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

At the date of authorisation of these financial statements, the following new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
IAS 39 (Amendment)	Eligible Hedged Items ¹
IFRS 1 (Revised)	First-time adoption of International Financial Reporting Standards ¹
IFRS 3 (Revised)	Business Combinations ¹
IFRIC – Int 17	Distribution of Non-cash Assets to Owners ¹
IFRIC – Int 18	Transfer of Assets from Customers ²
Various	Annual Improvements to IFRSs 2009 ³

Notes:

1. Effective for annual periods beginning on or after 1 July 2009
2. Effective for transfer of assets from customers received on or after 1 July 2009
3. Generally effective for annual periods beginning on or after 1 January 2010 unless otherwise stated in the specific IFRS

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

The Directors are currently assessing the impact of these new and amended IFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these IFRSs is unlikely to have a significant impact on the Group's results and financial position.

3. BASIS OF PREPARATION

The financial statements have been prepared in accordance with IFRSs which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial statements have been prepared on the historical cost basis except for biological assets which are stated at fair values. Disposal groups and non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

3. BASIS OF PREPARATION (CONTINUED)

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates.

4. SEGMENT INFORMATION

The Group is organised into four main business segments:

- Manufacturing and sale of chilled and frozen rabbit meat
- Manufacturing and sale of chilled and frozen chicken meat
- Manufacturing and sale of processed food
- Manufacturing and sale of other products

An analysis by principal activity of contribution to results is as follows:

	Manufacturing and sale of chilled and frozen rabbit meat		Manufacturing and sale of chilled and frozen chicken meat		Manufacturing and sale of processed food		Other products		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Segment revenue :										
Sales to external customers	54,684	83,389	107,325	200,232	145,796	151,411	36,991	21,025	344,796	456,057
Segment results	8,402	13,470	7,260	22,749	18,279	28,898	1,625	1,555	35,566	66,672
Unallocated other income									12,418	13,242
Unallocated corporate expenses									(24,602)	(16,454)
Finance costs									(4,597)	(1,170)
Profit before taxation									18,785	62,290
Income tax expense									(1,145)	(2,239)
Profit for the period									17,640	60,051
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	154,696	130,997	114,989	90,498	122,666	93,425	17,088	14,999	409,439	329,919
Unallocated assets									481,365	638,552
Total assets									890,804	968,471

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

5. REVENUE AND OTHER INCOME

Revenue of the Group represents the net invoiced value of goods sold, net of allowances for returns, trade discounts and value-added tax. An analysis of the Group's revenue and other income is as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	344,796	456,057
Other income		
Interest income on financial assets stated at amortised cost		
- Interest income on bank deposits	8,424	5,274
- Interest income from lease	-	230
Rental income	-	338
Amortisation of deferred income on government grants	132	-
Gain arising from changes in fair value of financial liabilities at fair value through profit or loss	-	1,673
Gains arising from changes in fair value less estimated point-of-sale costs of biological assets, net	188	-
Excess over the costs of business combinations recognised in the income statement	-	2,379
Others	3,674	3,348
	<u>12,418</u>	<u>13,242</u>

6. PROFIT FROM OPERATIONS

The Group's profit from operations is arrived at after charging/(crediting):

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories recognised as an expense	301,280	383,191
Depreciation	8,754	6,717
Amortisation of prepaid premium for land leases	725	288
Minimum lease payments under operating leases for production facilities	382	370
Reversal of impairment on trade receivables	-	(54)
Excess over the costs of business combinations recognised in the income statement	-	(2,379)
Gain arising from changes in fair value of financial liabilities through profit or loss	-	(1,673)
(Gain)/Loss arising from changes in fair value less estimated point-of-sale costs of biological assets, net	(188)	434
Staff costs (including directors' remuneration)	26,040	18,641
Less: Retirement scheme contribution	(3,257)	(1,442)
	<u>22,783</u>	<u>17,199</u>
Loss on disposal of property, plant and equipment	882	350
Exchange loss	1,303	1,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

7. FINANCE COSTS

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest charges on:		
Bank loans wholly repayable within five years	4,597	1,170

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current year provision:		
PRC corporate income tax	1,666	3,068
Over-provision in respect of prior year	-	(829)
	1,666	2,239
Deferred tax	(521)	-
Total income tax expense	1,145	2,239

No Hong Kong profits tax has been provided for the six months ended 30 June 2009 as the Group did not derive any assessable profit arising in Hong Kong during the period (six months ended 30 June 2008: Nil).

PRC corporate income tax is provided at the rates applicable to the subsidiaries in the PRC on the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof.

During the 5th session of the 10th National People's Congress of the PRC, which was concluded on 31 March 2007, the New PRC Corporate Income Tax Law was approved and became effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes, which include, but not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25% and the revoke of withholding tax exemption provision that applied to dividends paid by foreign-invested enterprises to its foreign investors. According to the implementation rules, a reduced withholding rate of 10% will be imposed on dividends distributed to foreign investors, unless a lower rate applies for tax-treaty countries.

On 22 February 2008, the State Tax Bureau further announced that all undistributed profits accumulated as at 31 December 2007 are exempted from the PRC withholding tax no matter when these profits are subsequently distributed.

9. DIVIDENDS

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2009 (six months ended 30 June 2008: Nil)

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately RMB17,568,000 (six months ended 30 June 2008: RMB60,238,000) and on the weighted average of 432,948,000 (six months ended 30 June 2008: 442,106,000 ordinary shares) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30 June 2009 has been presented as the Company has no potential dilutive ordinary shares during the period. Diluted earnings per share for the six months ended 30 June 2008 have not been presented as the share option outstanding during the period had an anti-dilutive effect on the basic earning per share during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

11. TRADE RECEIVABLES

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Trade receivables	<u>50,088</u>	<u>81,912</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values at initial recognition.

The aging analysis of trade receivables as at balance sheet dates are as follows:

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Within 30 days	40,206	60,160
31 – 60 days	4,301	13,291
61 – 90 days	2,606	4,446
91 – 120 days	1,438	2,325
Over 120 days	<u>1,537</u>	<u>1,690</u>
	<u>50,088</u>	<u>81,912</u>

Before accepting any new customer, the Group will assess the potential customer's credit quality and set credit limits for that customer. Limits attributed to customers are reviewed once a year.

12. TRADE AND BILLS PAYABLES

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Trade payables	51,795	70,707
Bills payables	<u>-</u>	<u>11,793</u>
	<u>51,795</u>	<u>82,500</u>

Trade and bills payables are non-interest bearing and are normally settled on 60 days terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

12. TRADE AND BILLS PAYABLES (CONTINUED)

The aging analysis of trade payables as at balance sheet dates are as follows:

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Within 60 days	38,929	47,526
61 – 90 days	7,044	6,796
91 – 120 days	2,732	17,738
Over 120 days	3,090	10,440
	<u>51,795</u>	<u>82,500</u>

13. INTEREST-BEARING BANK BORROWINGS

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Non-current Interest-bearing bank borrowings	109,839	109,839
Current Interest-bearing bank borrowings	<u>51,528</u>	<u>87,827</u>
Total interest-bearing bank borrowings	<u>161,367</u>	<u>197,666</u>

At 30 June 2009, the Group's interest-bearing bank borrowings were repayable as follows:

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Within one year	51,528	87,827
In the second year	66,848	66,848
In the third years to fifth year	<u>42,991</u>	<u>42,991</u>
Total interest-bearing bank borrowings	<u>161,367</u>	<u>197,666</u>

Total interest-bearing bank borrowings includes secured liabilities of approximately RMB85,982,000 (31 December 2008: RMB112,982,000).

As at 30 June 2009, a 3-year syndicated loan of HK\$105.0 million was guaranteed and secured against the Company's interests in its two subsidiaries, Perfect Good Group Limited and Spiritzone Group Limited.

Save as disclosed above, the remaining bank loans were guaranteed by the inter-group companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

14. SHARE CAPITAL

Ordinary shares of HK\$0.25 each	Note	Number of shares '000	Amount HK\$ '000
Authorised:			
At 31 December 2008 and 30 June 2009		2,000,000	500,000
Issued and fully paid:			
At 1 January 2008		442,106	110,527
Repurchase		(1,430)	(358)
At 31 December 2008 and 1 January 2009		440,676	110,169
Repurchase	1	(7,728)	(1,932)
At 30 June 2009		432,948	108,237

The issued and fully paid share capital is equivalent to approximately RMB112,176,000 and RMB 114,178,000 as at 30 June 2009 and 31 December 2008 respectively.

Note:

- During the period from 13 January 2009 to 19 January 2009, the Company repurchased totally 7,728,000 of its ordinary shares of HK\$0.25 each by way of market acquisition on the SGX-ST. The total consideration paid was approximately RMB6,127,000.

15. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements were as follows:

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Contracted but not provided for in respect of:		
Purchase of property, plant and equipment and land	9,900	92,943

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

16. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in the financial statements, the following transactions were carried out with related parties:

		Six months ended 30 June	
		2009	2008
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
	Notes		
Sales to related companies	(i)	340	287
Purchases from related companies	(ii)	40,058	33,260
Guarantees given by the related companies in connection with bank loans granted to the Group	(iii)	-	20,000
(b) Key management personnel compensation			
Short term employee benefits of directors and other members of key management		1,050	960

Notes:

- (i) Sales to related companies of which Mr. Gao Sishi, Mr. Gao Yanxu, Mr. An Fengjun and Mr. Zhang Qi were shareholders and/or directors of these related companies.
- (ii) Purchases from related companies, of which Mr. Gao Sishi, Mr. Gao Yanxu, Mr. An Fengjun and Mr. Zhang Qi were shareholders and/or directors, were made in the ordinary course of business with reference to the terms negotiated between the Group and these related companies.
- (iii) The Group's bank loans were guaranteed by the related companies of which Mr. Gao Sishi and Mr. Gao Yanxu were also directors. The loans were also secured by certain of its related company's property, plant and equipment as at 30 June 2008.



China Kangda Food Company Limited

(Company Registration Number:38299)

(Incorporated in Bermuda on 28 April 2006)

No.1 Hainan Road

Economic and Technology Development Zone

Jiaonan City,Qingdao

PRC

Tel:(86)0532 8576 1671

Fax:(86)0532 8616 7510