C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

Stock Code : 43

2011

Interim Report

CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of China's Economy

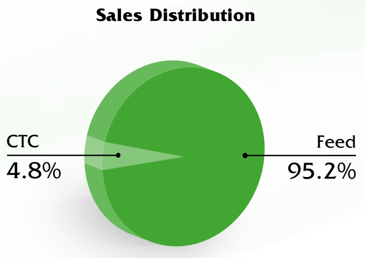
Since the second half of 2010, asset prices have been rising as a result of excessive domestic liquidity in a low interest rate environment. In order to curb inflation while maintaining healthy economic growth, the Chinese government has been implementing step-by-step, monetary tightening policies, such as raising interest rates and employing more stringent credit control. In the first half of 2011, China's economy continued to expand steadily, with the country's GDP rising 9.6% year-on-year. However, its inflation for the period under review was 5.4%, exceeding the target set by the government of below 4%.

Due to this inflationary pressure, the prices of livestock products and commodities were higher across the board. To help livestock breeders counter rising production costs, the Chinese government has rolled out measures to stabilize corn and soybean prices, and has enhanced various policies to further support the industry for providing a steady supply of livestock products to the market. According to the National Bureau of Statistics, domestic meat production in the first half of 2011 grew by 0.2% over the corresponding period of the previous year. However, domestic pork production was down by 0.5% because of inadequate sow inventories and unusual weather conditions in certain parts of China during the period under review.

On the industrial business front, sales in China of construction machinery products witnessed strong growth thanks to a continued surge in infrastructure development, particularly in the western part of the country, accelerating investments in water conservation projects and in the further development of the mining industry. However, the demand for motorcycles and automobiles fell as the Chinese government began to implement tightening policies with regard to the consumption of these products.

Business Review

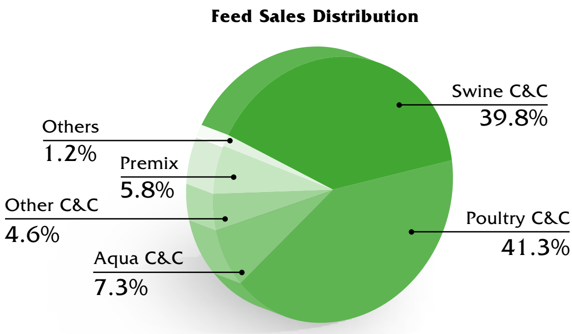
For the six months ended 30 June 2011, the Group's profit attributable to equity holders of the Company grew by 25.3% to US$64.2 million (1H 2010: US$51.3 million). During the period under review, total turnover amounted to US$1,191.1 million (1H 2010: US$729.3 million), of which 95.2% was attributable to the Group's feed business and 4.8% to its chlortetracycline business. Turnover of the Group's feed business reported significant growth compared to the same period last year, mainly attributable to improved sales mix and increased selling prices. Meanwhile, the Group's overall gross profit margin achieved a record high of 16.2% (1H 2010: 15.7%), as sales of high-gross margin products continued to grow. Basic and diluted earnings per share were US cent 0.398 (1H 2010: US cent 0.548) and US cent 0.324 (1H 2010: US cent 0.356), respectively. In terms of business development, the Group announced in May 2011, the acquisition from its parent company a 70.82% controlling stake in an integrated agricultural company in Vietnam (the acquisition was completed on 29 July 2011) and 100% ownership of an aquaculture company in China.



Feed Business

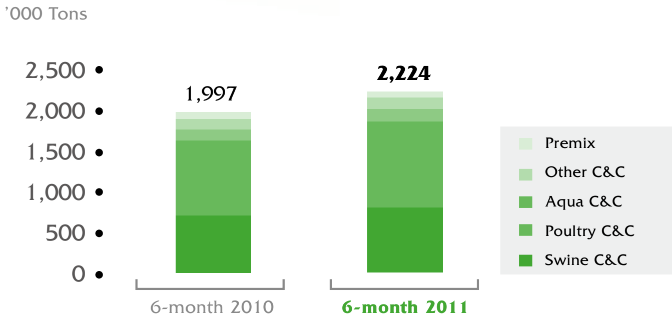
Last year, on 28 February 2010, the Group completed the acquisition of certain feed assets in China. However, to give a better picture of the Group's feed business, all comparative growth figures in this feed section are based on the first six months of 2010 instead of the March-to-June period.

China's feed industry continued to grow steadily in the first half of 2011, which helped meet the stable demand from China's livestock and aquaculture industries. During the period under review, the Group's feed business revenue amounted to US$1,133.5 million, representing a year-on-year growth of 19.8%. Of this turnover, complete and concentrate feed ("C&C") accounted for 93.0%, (with feed products for swine, poultry, aqua and other animal species making up 39.8%, 41.3%, 7.3% and 4.6%, respectively), while premix feed accounted for 5.8%. Total feed sales volume grew by 11.3% year-on-year to approximately 2,224,000 tons. Gross margin increased by 1.5 percentage point to 15.3% for the first half of 2011.



With regard to the Group's swine feed business, domestic hog prices spiked amid a fall in hog supply during the period under review. According to the Ministry of Agriculture, the average selling prices of pork, hogs, and piglets recorded year-on-year increases of 37.3%, 46.9%, and 53.7%, respectively. Hog supply declined, in particular, due to shortage in breeding stocks and the prolonged cold weather at the end of last year. According to the National Bureau of Statistics, pork production in China declined by 0.5% year-on-year. Nevertheless, during the period under review, sales of the Group's swine feed products were higher because of increased sales of the Group's "Chia Tai Zhu San Bao" ("San Bao" – means the three phases in piglet's nutrition system) feed products. The Group's complete and concentrate swine feed rose 11.9% to approximately 806,000 tons, generating US$450.7 million in sales.

Sales Volume of Feed



Over the years, the Chinese government has been calling for the industrialization of the country's farming industry, and its moves to this end have centered around the promotion of large-scale, standardized farming practices in the rearing of livestock and aquaculture. The Group has been an advocate of this initiative, playing an important role in the industrialization of the agricultural industry. Specifically, the Group has been directing its sales efforts towards large-scale farms, building teams of sales and customer service professionals to provide on-site technical support, and setting up animal health care centers to cater to veterinarian needs. During the period under review, 40% of the Group's poultry feed products sales were already sold directly to large-scale farms, a favorable factor for the Group to achieve continued sales growth in the poultry feed market. Meanwhile, higher poultry consumption domestically has helped drive the demand for the Group's poultry feed products. This demand, combined with a higher sales volume and rising prices, led to robust performance in the Group's poultry feed business during the period under review. Sales of the Group's complete and concentrate poultry feed rose 9.6% to around 1,069,000 tons, generating US$469.4 million in revenue.

On the other hand, according to the Ministry of Agriculture, China's aquaculture production rose just slightly by 2.0% year-on-year in the first half of this year. During the period under review, sales of the Group's complete and concentrate aqua feed jumped 16.4% to approximately 136,000 tons, translating into US$82.3 million in revenue.

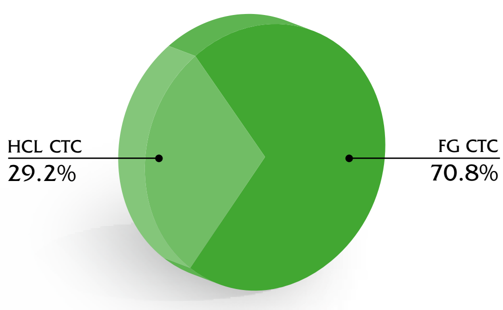
As a result of recent food scares in the PRC, the Chinese government has quickly brought more stringent quality control requirements into law across the entire food chain. With feed companies upstream and food processing companies downstream having to speed up the adoption of standardized production processes, feed producers, in particular, have been prompted to be more conscientious with regard to their choice of raw materials ingredients, and to monitor product safety and quality at every step of production.

The Group upholds strict quality control, prohibiting the use of illegal feed additives to ensure that the Group's products pass national safety and quality inspections. In this regard, the Group also has and stringently implements strict internal quality control measures. For example, raw materials are only purchased from raw material suppliers that are approved by accredited authorities, and the Group's product quality testing is conducted both internally and by independent third parties. Thanks to these quality assurance measures, the Group's feed products are highly regarded and well received in the market, helping to bolster the Group's business development and sustain sales growth.

Chlortetracycline Business

Revenue of the Group's chlortetracycline ("CTC") business continued to grow steadily in the first half of 2011, rising by 9.6% year-on-year to US$57.4 million. Meanwhile, the gross profit margin of this business remained at a similar level compared to the corresponding period of the previous year. However, the sales volume of the Group's CTC business fell as a result of the relocation of the Group's CTC production plant and the fall in swine breeding stock numbers. During the period under review, feed-grade CTC ("FG CTC") and hydrochloride CTC ("HCL CTC") accounted for 70.8% and 29.2%, respectively, of this segment's revenue. At the same time, domestic sales and exports were split 18.7% and 81.3%, respectively.

CTC Sales Distribution

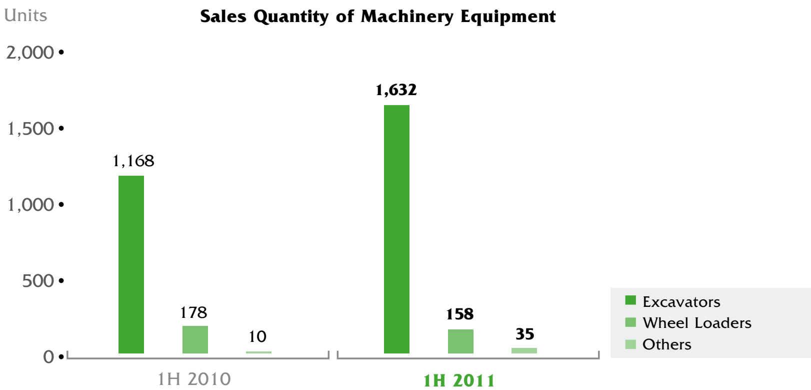


Sales were affected as a result of the relocation of the CTC production plant which had an impact on the production of CTC. The Group's overseas sales of FG CTC fell slightly by 1.4% to approximately 14,200 tons during the period under review, while sales slid by 31.7% to approximately 4,600 tons domestically. On the other hand, the Group's domestic sales and exports of HCL CTC remained relatively stable, totaling 43 tons and 621 tons, respectively.

Industrial Business

The Group's industrial business comprises three jointly-controlled entities, which respectively engages in the production and sale of motorcycles, the production and sale of automobile accessories, and the distribution of Caterpillar machinery. During the period under review, the Group's industrial business generated an aggregate profit of US$8.7 million, a year-on-year decrease of 23.3%.

According to the National Bureau of Statistics, fixed asset investments in China grew by 25.6% year-on-year in the first half of 2011. Growth in the real estate and mining sectors resulted in a boost to China's construction machinery market. With the western part of the country reporting as much as 29.2% growth in fixed-asset investment, the demand for large-scale construction machinery products was especially robust there. The Group's sales of construction machinery products increased by 34.6% year-on-year to 1,825 units, and the sales of the Group's excavators, in particular, rose by 39.7 % year-on-year to 1,632 units.



According to China Association of Automobile Manufacturers, the overall performance of the domestic motorcycle market in the first-half of 2011 was weaker than the corresponding period last year. The implementation of the new "National Standard III", which led to higher motorcycle prices, a general tightening of credit, and increased competition from electric bicycle manufacturers discouraged prospective motorcycle buyers from purchasing these products.

Faced with this adverse operating environment, the Group's domestic motorcycle sales declined, along with the market, by 31.2% to 174,000 units during the first half of the year. However, the Group was able to achieve a strong growth in exports. Export sales of the Group's motorcycle business outpaced that of the market, registering a 74.1% year-on-year increase to approximately 70,000 units.

With regard to the market for motorcycle carburetors, the Group's sales decreased by 2.8% year-on-year to approximately 3,800,000 units during the period under review. Finally, with regard to the automotive industry, domestic automobile sales slowed in the first half of the year because of the termination of tax concessions relating to vehicle purchases and the introduction of government-imposed restrictions on vehicle purchases in certain markets. As a result, sales of the Group's automotive spare parts dropped by 8.3% to approximately 1,900 tons during the period under review.

Outlook

As the industrialization and modernization of China's farming industry continues to gather pace, the Group believes that the domestic supply for livestock will remain stable. Moreover, with livestock products continuing to rise in price, livestock farmers have all the more incentive to expand their production. Therefore, the operating environment for the feed industry is expected to be positive in the second half of 2011.

Looking ahead, the Group will continue to strengthen its market position in China's feed industry. The Group will continue to promote its high-value "nutrition systems" products, including the "Chia Tai Zhu San Bao" and layer feed products. With state-of-the-art technology, the Group will continue to build its position as a respected feed provider, providing high-quality feed products to customers nationwide.

In July of this year, the Group successfully completed the acquisition of an integrated agricultural business in Vietnam from its parent company, accelerating the Group's business expansion. From 2011 to 2015, the Vietnam government has set annual growth rate targets of 7.5% to 8.0% as part of the five-year growth plan for its local livestock industry. To achieve these goals, the Vietnamese government has been facilitating the modernization of its livestock industry, and increasing the production of corn and soybean for use as feed raw materials. With this favorable market environment, the Group is confident that its newly-acquired, Vietnam operation will stand to benefit. During the first half of 2011, the revenue of this new business in Vietnam grew by 45.3% to approximately VND 13.3 trillion as compared to the same period last year.

With regard to the Group's CTC business, its research and development efforts will continue to focus on creating new and improved feed additives; enhancing production efficiency; improving fermentation level and the utilization of raw materials; and strengthening the efficacy and functions of its CTC products.

Finally with regard to the industrial business, the Group will continue to strengthen its position in both domestic and overseas motorcycle markets, enhance its research and development capabilities, and develop new and more appealing motorcycle models that have trendier and more fashionable designs. As for Caterpillar machinery, the Group will aim to boost sales by tracking and pursuing business opportunities arising from major development projects within its distribution regions.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group had total assets of US$1,152.6 million, increased by 6.1% as compared with US$1,086.5 million as at 31 December 2010.

Total borrowings and the borrowings to equity ratio (calculated by dividing the total borrowings by total equity) were US$287.5 million and 48.5% respectively, as compared to US$239.9 million and 43.0% as at 31 December 2010.

The borrowings of the Group are in Renminbi ("RMB"), U.S. dollars and H.K. dollars, and the interest rates ranged from 1.5% to 6.9% per annum.

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

The Group had not engaged in any derivative for hedging against both the interest and exchange rate.

All sales in the PRC are transacted in RMB, and export sales are transacted in foreign currencies. Foreign currencies are required for purchase of imported raw materials, parts and components, and the Group keeps necessary foreign currencies to meet its operational needs. The Board considers the appreciation of RMB during the period had no material impact on the Group's business.

CAPITAL STRUCTURE

The Group finances its working capital requirements through a combination of funds generated from operations and short term bank borrowings. The Group had cash and cash equivalents of US$99.7 million as at 30 June 2011 (31 December 2010: US$138.1 million), a decrease of US$38.4 million.

CHARGES ON GROUP ASSETS

As at 30 June 2011, out of the total borrowings of US$287.5 million (31 December 2010: US$239.9 million) obtained by the Group, US$37.4 million (31 December 2010: US$23.7 million) were secured by the Group's property, plant and equipment, land lease prepayments with net book value of US$54.1 million (31 December 2010: US$60.2 million) and US$34.8 million (31 December 2010: US$25.1 million) were secured by Group's time deposits with carrying amount of US$30.4 million (31 December 2010: US$25.9 million).

CONTINGENT LIABILITIES

As at 30 June 2011, the guarantees provided by the Group amounted to US$80.9 million (31 December 2010: US$31.3 million).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2011, the Group employed around 20,000 staff (including 12,000 staff from subsidiaries, 1,000 staff from an associate and 7,000 staff from the jointly-controlled entities) in the PRC and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market rate while performance bonuses are granted on a discretionary basis. Other employee benefits include insurance and medical coverage, subsidised training programmes as well as share option scheme.

UNAUDITED CONSOLIDATED RESULTS

The board of directors ("Board") of C.P. Pokphand Co. Ltd. (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June **2011** ***US$'000*** **(Unaudited)**	 2010 *US$'000* (Unaudited)
REVENUE	*3*	**1,191,057**	729,282
Cost of sales		**(998,661)**	(615,040)
Gross profit		**192,396**	114,242
Selling and distribution costs		**(62,397)**	(28,339)
General and administrative expenses		**(56,371)**	(35,698)
Other income	*4*	**7,688**	7,541
Finance costs		**(7,042)**	(5,551)
Share of profits and losses of:			
Jointly-controlled entities		**12,726**	14,501
An associate		**2,827**	1,464
PROFIT BEFORE TAX	*5*	**89,827**	68,160
Income tax	*6*	**(17,427)**	(9,812)
PROFIT FOR THE PERIOD		**72,400**	58,348
OTHER COMPREHENSIVE INCOME:			
Exchange differences on translation of foreign operations		**9,773**	4,043
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**82,173**	62,391
Profit attributable to:			
Owners of the Company		**64,230**	51,261
Non-controlling interests		**8,170**	7,087
		72,400	58,348
Total comprehensive income attributable to:			
Owners of the Company		**73,691**	55,219
Non-controlling interests		**8,482**	7,172
		82,173	62,391
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*	***US cent***	*US cent*
– Basic		**0.398**	0.548
– Diluted		**0.324**	0.356

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	276,534	265,095
Investment properties		7,921	7,895
Land lease prepayments		18,924	18,899
Investments in jointly-controlled entities		123,585	109,280
Investment in an associate		34,532	37,094
Due from related companies		141,680	139,372
Deferred tax assets		945	929
Available-for-sale investments		975	964
Total non-current assets		605,096	579,528
CURRENT ASSETS			
Inventories		275,505	238,594
Accounts receivable, other receivables and deposits	10	128,170	98,280
Bills receivable		3,405	3,307
Due from non-controlling shareholders		117	885
Due from related companies		8,448	1,951
Pledged deposits		32,182	25,921
Cash and cash equivalents		99,682	138,068
Total current assets		547,509	507,006
CURRENT LIABILITIES			
Accounts payable, other payables and accrued expenses	11	221,728	239,817
Income tax payable		10,549	13,925
Provisions for staff bonuses and welfare benefits		6,317	6,365
Due to non-controlling shareholders		8,870	4,531
Due to related companies		4,487	5,370
Interest-bearing loans and borrowings		287,542	227,573
Total current liabilities		539,493	497,581
NET CURRENT ASSETS		8,016	9,425
TOTAL ASSETS LESS CURRENT LIABILITIES		613,112	588,953

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	Notes	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings		–	12,375
Deferred tax liabilities		3,420	3,550
Other non-current liabilities		16,486	14,869
Total non-current liabilities		19,906	30,794
NET ASSETS		593,206	558,159
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*12*	161,238	161,238
Share premium		777,694	868,694
Reserves		(435,030)	(566,821)
Proposed dividend	*8*	32,900	33,074
		536,802	496,185
Non-controlling interests		56,404	61,974
TOTAL EQUITY		593,206	558,159

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011 (Unaudited)

	Attributable to owners of the Company															
	Issued capital US$'000	Share premium US$'000	Share option reserve US$'000	Deferred payable shares US$'000	Other reserve US$'000	Asset revaluation reserve US$'000	Available-for-sale investment revaluation reserve US$'000	Capital reserve US$'000	Reserve fund US$'000	Expansion fund US$'000	Exchange equalization reserve US$'000	Retained profits US$'000	Proposed dividend US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2011	161,238	868,694	8,470	249,658	(1,178,453)	26,887	185	4,673	36,115	14,034	60,000	211,610	33,074	496,185	61,974	558,159
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	64,230	–	64,230	8,170	72,400
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	9,461	–	–	9,461	312	9,773
Total comprehensives income for the period	–	–	–	–	–	–	–	–	–	–	9,461	64,230	–	73,691	8,482	82,173
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(14,052)	(14,052)
Final 2010 dividend declared	–	–	–	–	–	–	–	–	–	–	–	–	(33,074)	(33,074)	–	(33,074)
Proposed interim 2011 dividend	–	–	–	–	–	–	–	–	–	–	–	(32,900)	32,900	–	–	–
Transfer in/(out)	–	(91,000)	–	–	–	–	–	–	4,236	1,115	–	85,649	–	–	–	–
At 30 June 2011	161,238	777,694	8,470	249,658	(1,178,453)	26,887	185	4,673	40,351	15,149	69,461	328,589	32,900	536,802	56,404	593,206

For the six months ended 30 June 2010 (Unaudited)

	Attributable to owners of the Company															
	Issued capital US$'000	Share premium US$'000	Share option reserve US$'000	Deferred payable shares US$'000	Other reserve US$'000	Asset revaluation reserve US$'000	Available-for-sale investment revaluation reserve US$'000	Capital reserve US$'000	Reserve fund US$'000	Expansion fund US$'000	Exchange equalization reserve US$'000	Retained profits US$'000	Proposed dividend US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2010	28,898	–	8,470	–	–	18,424	185	–	4,821	385	14,352	40,704	7,843	124,082	9,697	133,779
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	51,261	–	51,261	7,087	58,348
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	3,958	–	–	3,958	85	4,043
Total comprehensives income for the period	–	–	–	–	–	–	–	–	–	–	3,958	51,261	–	55,219	7,172	62,391
Acquisition of subsidiaries	96,271	631,940	–	522,479	(1,149,647)	1,132	–	5,662	23,460	9,574	18,675	65,059	–	224,605	37,469	262,074
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(4,963)	(4,963)
Final 2009 dividend declared	–	–	–	–	–	–	–	–	–	–	–	(181)	(7,843)	(8,024)	–	(8,024)
Transfer in/(out)	–	–	–	–	–	–	–	–	1,819	72	–	(1,891)	–	–	–	–
At 30 June 2010	125,169	631,940	8,470	522,479	(1,149,647)	19,556	185	5,662	30,100	10,031	36,985	154,952	–	395,882	49,375	445,257

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Net cash inflow from operating activities before tax paid	**8,136**	16,249
Interest paid	**(6,747)**	(5,255)
Tax paid	**(21,256)**	(5,551)
Net cash (outflow)/inflow from operating activities	**(19,867)**	5,443
Net cash (outflow)/inflow from investing activities	**(11,282)**	87,946
Net cash (outflow)/inflow before financing activities	**(31,149)**	93,389
Net cash outflow from financing activities	**(8,894)**	(1,975)
(Decrease)/increase in cash and cash equivalents	**(40,043)**	91,414
Effect of exchange rate changes, net	**1,657**	109
Cash and cash equivalents at beginning of period	**138,068**	6,636
Cash and cash equivalents at end of period	**99,682**	98,159

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPLE ACCOUNTING POLICIES

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

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31 December 2010. As described in the annual financial statements for the year ended 31 December 2010, the Group has adopted the following new and revised IFRSs for the first time for the current interim period:

IFRS 1 Amendment	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*
IAS 24 (Revised)	*Related Party Disclosures*
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
IFRIC-Int 14 Amendments	Amendments to IFRIC-Int 14 *Prepayments of a Minimum Funding Requirement*
IFRIC-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to IFRSs 2010	Amendments to a number of IFRSs issued in May 2010

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

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements:

IFRS 1 Amendments	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
IFRS 9	*Financial Instruments*
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The Group is in the process of making an assessment of the impact of these new and revised IFRSs. So far, the Group considers that adoption of these new and revised IFRSs is unlikely to have a significant impact on the Group's results of operations and financial position.

2. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

Segment liabilities exclude interest-bearing loans and borrowings, income tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

(a) Business segments

The following tables present revenue, profit and certain assets, liability and expenditure information for the Group's business segments for the six months ended 30 June 2011 and 2010.

2. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

Group

For the six months ended 30 June 2011 (Unaudited)

	Manufacturing and sale of feed products *US$'000*	Manufacturing and sale of chlortetracycline products *US$'000*	Manufacturing and sale of motorcycles and automobile accessories and trading of machinery* *US$'000*	Investment and property holding *US$'000*	Total *US$'000*
Segment revenue					
Sales to external customers	1,133,483	57,438	–	136	1,191,057
Intersegment sales	–	841	–	6	847
	1,133,483	58,279	–	142	1,191,904
Reconciliation:					
Elimination of intersegment sales					(847)
					1,191,057
Segment results	65,405	13,694	(2,057)	(3,359)	73,683
Reconciliation:					
Elimination of segment results					(55)
Other income	6,814	(259)	444	(18)	6,981
Bank interest income					707
Finance costs					(7,042)
Share of profits and losses of:					
Jointly-controlled entities	2,398	–	10,328	–	12,726
An associate	2,827	–	–	–	2,827
Profit before tax					89,827
Segment assets	837,633	72,233	100,572	87,064	1,097,502
Reconciliation:					
Elimination of intersegment receivables					(77,706)
Unallocated assets					132,809
Total assets					1,152,605
Segment liabilities	228,899	34,663	46,421	25,611	335,594
Reconciliation:					
Elimination of intersegment payables					(77,706)
Unallocated liabilities					301,511
Total liabilities					559,399
Other segment information					
Depreciation and amortisation	10,987	1,877	28	37	12,929
Investments in jointly-controlled entities	24,039	–	99,546	–	123,585
Investment in an associate	34,532	–	–	–	34,532
Capital expenditure**	11,346	10,332	–	37	21,715

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

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

Group ***(Continued)***

For the six months ended 30 June 2010 (Unaudited)

	Manufacturing and sale of feed products *US$'000*	Manufacturing and sale of chlortetracycline products *US$'000*	Manufacturing and sale of motorcycles and automobile accessories and trading of machinery* *US$'000*	Investment and property holding *US$'000*	Total *US$'000*
Segment revenue					
Sales to external customers	676,748	52,397	–	137	729,282
Segment results	42,337	12,462	(1,726)	(2,564)	50,509
Reconciliation:					
Elimination of segment results					(304)
Other income	6,105	(145)	400	832	7,192
Bank interest income					349
Finance costs					(5,551)
Share of profits and losses of:					
Jointly-controlled entities	1,819	–	12,682	–	14,501
An associate	1,464	–	–	–	1,464
Profit before tax					68,160
Segment assets	820,028	55,708	97,483	29,307	1,002,526
Reconciliation:					
Unallocated assets					98,337
Total assets					1,100,863
Segment liabilities	197,545	30,844	3,693	9,246	241,328
Reconciliation:					
Elimination of intersegment payables					(25,084)
Unallocated liabilities					439,362
Total liabilities					655,606
Other segment information					
Depreciation and amortisation	6,979	1,830	42	28	8,879
Investments in jointly-controlled entities	11,392	–	78,628	–	90,020
Investments in an associate	32,635	–	–	–	32,635
Capital expenditure**	10,522	638	1	57	11,218

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

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

(b) Geographical information

(i) Revenue from external customers

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Mainland China	**1,143,986**	689,126
United States of America	**13,275**	10,602
Other countries	**33,796**	29,554
	1,191,057	729,282

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

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

3. REVENUE

Revenue, which is also the Group's turnover, represents: (i) the aggregate of the invoiced value of goods sold, net of value-added tax, consumption tax and government surcharges, and after allowances for goods returned and trade discounts, and (ii) rental income on investment properties, and after eliminations of intra-group transactions.

An analysis of revenue is as follows:

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Sales to/income from external customers:		
Feed operations	**1,133,483**	676,748
Biochemical operations	**57,438**	52,397
Investment and property holding	**136**	137
	1,191,057	729,282

4. OTHER INCOME

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**707**	349
Other interest income	**1,930**	1,981
Government grants	**906**	391
Gain on disposal of property, plant and equipment	**97**	–
Rental income on land, buildings and plant and machinery	**1,526**	–
Foreign exchange gain, net	**1,438**	238
Gain on disposal of financial assets	**–**	14
Tax refund in respect of reinvestment from PRC ventures	**–**	934
Waiver of an amount due to a related company	**–**	3,634
Others	**1,084**	–
	7,688	7,541

The government grants represented tax refunds and government subsidies for construction and modification of plants and energy saving improvement projects. Government grants received for which the related expenditure has not yet been undertaken are included in other non-current liabilities. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**12,602**	8,683
Amortisation of land lease prepayments	**327**	196
(Write-back of impairment)/impairment of accounts receivable	**(103)**	111
Gain on disposal of property, plant and equipment	**(97)**	–
Foreign exchange differences, net	**(1,438)**	(238)
Staff costs	**65,192**	32,817

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the period (2010: Nil).

The subsidiaries and jointly-controlled entities operating in the PRC are subject to income tax at the rate of 25% (2010: 25%) on their taxable income according to the PRC Enterprises Income Tax Law. In accordance with the relevant tax rules and regulations in the PRC, certain of the Group's PRC subsidiaries, jointly-controlled entities and an associate enjoy income tax exemptions and reductions.

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	**17,571**	9,812
Overprovision in prior year	**(14)**	–
Deferred tax income	**(130)**	–
Total tax charge for the period	**17,427**	9,812

7. EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to equity owners of the Company, used in the basic earnings per share calculation	**64,230**	51,261
Shares		
Weighted average number of ordinary shares and convertible preference shares for the purposes of basic earnings per share calculation	**16,123,752,377**	9,361,970,658
Effect of dilution – weighted average number of ordinary shares and convertible preference shares from:		
Deferred payables shares	**3,300,540,621**	4,763,954,338
Share options	**401,495,049**	258,584,911
Weighted average number of ordinary shares and convertible preference shares, used in the diluted earnings per share calculation	**19,825,788,047**	14,384,509,907

7. EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY *(Continued)*

The calculation and presentation of the earnings per share in these results is different from that in the Company's previously released interim results for the half year ended 30 June 2010 (the "2010 Interim Results"). The presentation and calculation of the earnings per share in these results is consistent with that of the results for the full year ended 31 December 2010 (the "2010 Full Year Results"), and the Board considers that the calculation and presentation of the earnings per share in these results and in the 2010 Full Year Results better reflect the earnings per share of the Company.

The basic earnings per share in the 2010 Interim Results did not take into account the weighted average number of convertible preference shares of US$0.01 each in issue as at 30 June 2010 and the diluted earnings per share in the 2010 Interim Results was based on the full number as opposed to the weighted average number of deferred payables shares which the Company was required to issue (as part of the consideration for an acquisition completed in February 2010) upon certain subsequent events.

8. INTERIM DIVIDEND

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Proposed interim dividend – HK$0.012 (approximately equivalent to US cent 0.154) per share	**32,900**	–

In June 2011, the final dividend in respect of the financial year ended 31 December 2010 of HK$0.016 (31 December 2009: HK$0.005) per share totalling US$33,074,000 (31 December 2009: US$8,024,000) was paid to shareholders.

An interim dividend in respect of the six months ended 30 June 2011 of HK$0.012 (six months ended 30 June 2010: Nil) per share, amounting to a total dividend of US$32,900,000 (six months ended 30 June 2010: Nil) was declared by the Board on 26 August 2011.

9. PROPERTY, PLANT AND EQUIPMENT

	Office premises in Hong Kong	Office premises in Mainland China	Industrial buildings in Mainland China	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles and transport facilities	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost or valuation:								
At 1 January 2011	24,827	12,550	216,208	320,820	45,360	18,270	12,830	650,865
Additions	–	–	993	1,979	1,378	917	16,415	21,682
Transfer in/(out)	–	–	10,710	(4,832)	271	52	(6,201)	–
Disposals	–	–	(831)	(1,232)	(799)	(581)	–	(3,443)
Exchange realignment	–	164	3,672	5,449	746	295	218	10,544
At 30 June 2011	**24,827**	**12,714**	**230,752**	**322,184**	**46,956**	**18,953**	**23,262**	**679,648**
Accumulated depreciation and impairment losses:								
At 1 January 2011	–	–	(115,639)	(227,036)	(32,084)	(11,011)	–	(385,770)
Depreciation provided during the period	–	(188)	(7,591)	(2,709)	(1,206)	(908)	–	(12,602)
Disposals	–	–	–	949	400	503	–	1,852
Exchange realignment	–	–	(2,027)	(3,861)	(530)	(176)	–	(6,594)
At 30 June 2011	**–**	**(188)**	**(125,257)**	**(232,657)**	**(33,420)**	**(11,592)**	**–**	**(403,114)**
Net book value:								
At 30 June 2011 (Unaudited)	**24,827**	**12,526**	**105,495**	**89,527**	**13,536**	**7,361**	**23,262**	**276,534**
At 31 December 2010 (Audited)	24,827	12,550	100,569	93,784	13,276	7,259	12,830	265,095

10. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND DEPOSITS

The Group normally grants a credit period of up to 60 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, there is no significant concentration of credit risk. An aged analysis of the Group's accounts receivable, based on the invoice date, together with other receivables and deposits, as at 30 June 2011, is as follows:

	30 June 2011 ***US$'000*** **(Unaudited)**	31 December 2010 *US$'000* (Audited)
Less than 60 days	**49,467**	56,803
61 to 180 days	**1,483**	1,347
181 to 360 days	**698**	313
Over 360 days	**158**	340
	51,806	58,803
Impairment	**(93)**	(196)
	51,713	58,607
Other receivables and deposits	**76,457**	39,673
	128,170	98,280

11. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED EXPENSES

An aged analysis of the accounts payable, based on the date of receipt of the respective goods, together with other payables and accrued expenses of the Group, as at 30 June 2011, is as follow:

	30 June 2011 ***US$'000*** **(Unaudited)**	31 December 2010 *US$'000* (Audited)
Less than 60 days	**100,966**	149,634
61 to 180 days	**5,243**	4,244
181 to 360 days	**340**	132
Over 360 days	**87**	107
	106,636	154,117
Other payables and accrued expenses	**115,092**	85,700
	221,728	239,817

Accounts payable are non-interest-bearing and are normally settled on 60-day terms.

12. SHARE CAPITAL

	30 June 2011	31 December 2010
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Authorised:		
Ordinary shares		
30,000,000,000 (2010: 30,000,000,000) of US$0.01 each	**300,000**	300,000
Series A Convertible preference shares		
20,000,000,000 (2010: 20,000,000,000) of US$0.01 each	**200,000**	200,000
	500,000	500,000
Issued and fully paid:		
Ordinary shares		
14,987,835,710 (2010: 11,600,287,323) of US$0.01 each	**149,878**	116,003
Series A Convertible preference shares		
1,135,916,667 (2010: 4,523,465,054) of US$0.01 each	**11,360**	45,235
	161,238	161,238

The convertible preference shares are convertible into ordinary shares of the Company and are entitled to the same dividends that are declared for the ordinary shares. Convertible preference shares do not carry the right to vote in shareholders' meeting. Upon winding up, the Company's residual assets and funds are distributed to the members of the Company in the following priority:

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

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

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

12. SHARE CAPITAL *(Continued)*

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

A summary of the movements in the Company's issued ordinary shares and convertible preference shares during the period is as followings:

	Number of shares in issue					
	Ordinary shares	Convertible preference shares	Issued ordinary shares	Issued convertible preference shares	Share premium	Total
			US$'000	*US$'000*	*US$'000*	*US$'000*
At 31 December 2010 and 1 January 2011	11,600,287,323	4,523,465,054	116,003	45,235	868,694	1,029,932
Conversion of convertible preference shares	3,387,548,387	(3,387,548,387)	33,875	(33,875)	-	-
Transfer to retained profits	-	-	-	-	(91,000)	(91,000)
At 30 June 2011	**14,987,835,710**	**1,135,916,667**	**149,878**	**11,360**	**777,694**	**938,932**

13. RELATED PARTY TRANSACTIONS

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

		Six months ended 30 June	
	Notes	**2011** ***US$'000*** **(Unaudited)**	2010 *US$'000* (Unaudited)
Sales of goods to:			
Jointly-controlled entities and an associate	*(i)*	**9,426**	9,370
Related companies	*(ii)*	**204,081**	129,963
Purchases of raw materials from:			
Jointly-controlled entities	*(i)*	**7,544**	4,799
Related companies	*(iii)*	**32,884**	6,685
Interest income on overdue accounts receivable from related companies	*(iv)*	**1,435**	1,244
Interest income on amounts due from:			
Jointly-controlled entities	*(v)*	**406**	381
Related companies	*(v)*	**74**	335
Rental income received from related companies	*(vi)*	**1,695**	590
Rental expenses paid to related companies	*(vii)*	**1,538**	–

13. RELATED PARTY TRANSACTIONS *(Continued)*

(a) *(Continued)*

Notes:

(i) The sales of goods and purchases of raw materials were made by reference to the published prices and conditions offered to the major customers and offered by the major suppliers of the Group, respectively.

(ii) The sales of goods to related companies were made by reference to the prevailing market prices of, the cost of marketing (if any) and demand for the goods in Mainland China, and shall be no less favourable than those available to the Group's customers which are independent third parties.

(iii) The purchases of raw materials from related companies were determined on the basis of arm's length negotiations and the purchase prices shall not be higher than the prevailing market prices in Mainland China, and shall be no less favourable than those available to the Group from suppliers which are independent third parties.

(iv) The interest income was charged at a daily rate of 0.05% on the overdue accounts receivable from the related companies.

(v) The interest income was charged on loan advanced to the related companies and jointly-controlled entity at mutually agreed rates.

(vi) The rental income was related to the lease of land, buildings and plant and machinery by the Group to the related companies for their non-feed production activities. The rental income was determined by reference to the depreciation charge incurred by the Group in relation to the assets rented to the related companies.

(vii) The rental expense was related to the lease of land, buildings and plant and machinery by the related companies to the Group for their feed production activities. The rental expense was determined by reference to the depreciation charge incurred by the related companies in relation to the assets rented to the Group.

13. RELATED PARTY TRANSACTIONS *(Continued)*

(b) The amounts due from related companies of US$141,680,000 included in non-current assets as at 30 June 2011 (31 December 2010: US$139,372,000) are unsecured, interest-free and shall be fully settled by the related companies within three years from 28 February 2010.

Included in the accounts receivable as at 30 June 2011 is an aggregate amount of US$37,006,000 (31 December 2010: US$43,335,000) due from related companies of the Group arising from transactions carried out in the ordinary course of business of the Group. The balances are unsecured, bear daily interest at 0.05% after past due and are repayable within credit periods similar to those offering by the Group to its major customers.

The balances with related parties of US$8,448,000 (31 December 2010: US$1,951,000) and US$4,487,000 (31 December 2010: US$5,370,000) included in current assets and liabilities respectively were arising from the normal business operation of the Group and are unsecured, interest-free or bear interest at rates mutually agreed with the related companies.

The amount due from/(to) non-controlling shareholders of US$117,000 (31 December 2010: US$885,000) and US$8,870,000 (31 December 2010: US$4,531,000) respectively are unsecured, interest-free and have no fixed term of repayment.

(c) As at 30 June 2011, the Group provided guarantees of US$80,858,000 (31 December 2010: US$31,315,000) to a jointly-controlled entity and a related company which comprised the following:

	30 June 2011 ***US$'000*** **(Unaudited)**	31 December 2010 *US$'000* (Audited)
Guarantees given to a financial institution for facilities granted to:		
A jointly-controlled entity	**50,550**	–
A related company	**6,154**	7,564
Guarantee in respect of a loan borrowed by a jointly-controlled entity	**24,154**	23,751
	80,858	31,315

At 30 June 2011, the facilities granted to a jointly-controlled entity and related companies subject to guarantees given to financial institutions by the Group were utilized to the extent of US$49,935,000 (31 December 2010: Nil) and US$6,154,000 (31 December 2010: US$7,564,000) respectively.

13. RELATED PARTY TRANSACTIONS *(Continued)*

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

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Short term employee benefits	**1,791**	1,134

The key management personnel of the Group are 13 directors (2010: 12 directors and 3 senior management members).

14. EVENTS AFTER THE REPORTING PERIOD

On 30 May 2011, the Company entered into an acquisition agreement with CPG Overseas Company Limited whereby the Company agreed to acquire the entire issued share capital of Modern State Investments Limited ("Modern State") at an aggregate consideration of approximately HK$4,735 million (approximately US$607 million) and will be satisfied by the issue to CPG Overseas Company Limited (or as it may direct), credited as fully paid, a total of 3,261,077,748 new convertible preference shares and 2,000,000,000 new ordinary shares of the Company.

Modern State is an investment company which holds 70.82% interest in C.P. Vietnam Livestock Corporation, an integrated livestock and aquaculture company in Vietnam.

The acquisition has been approved by the independent shareholders at the Company's special general meeting held on 22 July 2011 and the acquisition was completed on 29 July 2011. Upon completion of the acquisition, Modern State had become a wholly-owned subsidiary of the Company.

Further details regarding the acquisition of Modern State are set out in the Company's circular dated 21 June 2011.

15. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and restated to conform with the current period's presentation.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.012 (30 June 2010: Nil) per share for the six months ended 30 June 2011. The interim dividend will be distributed on or about 15 November 2011 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 28 October 2011.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 26 October 2011 to 28 October 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the 2011 interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 25 October 2011.

DISCLOSURE PURSUANT TO RULE 13.13 OF THE LISTING RULES

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

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

As at 30 June 2011, various entities within the Group have provided funds to certain entities of OSIL and its subsidiaries ("The OSIL Group") and corporate guarantees in respect of banking facilities which have been extended by financial institutions to the OSIL Group collectively exceeded 8% under the assets ratio (as defined under Rule 14.07(1) of the Listing Rules), with details set out below:

(a) Intercompany debt

Lender:	The Group
Borrower:	The OSIL Group
Outstanding balance as at 30 June 2011:	US$141,680,000
Repayment date:	Within three years from the date of completion of acquisition (i.e. 28 February 2010), subject to the terms and conditions set out in the relevant acquisition agreement
Interest:	Interest-free
Security:	Unsecured

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

(b) Corporate guarantees

Guarantor:	The Group
Borrower:	The OSIL Group
Type and maturity of the relevant banking facilities:	Short term loan with maturity of one year or less except for one facility of RMB20,000,000 with maturity date on 10 September 2012
Maximum amount of the corporate guarantee:	RMB40,000,000 (equivalent to US$6,154,000)
Amount of the corporate guarantee utilized as at 30 June 2011:	US$6,154,000
Security:	Secured by an indemnity provided by the OSIL Group to the Group in respect of all losses and costs which the Group may suffer or incur as a result of any demand on the corporate guarantees provided by the Group

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

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

Save as disclosed below, the directors are not aware of any circumstances which would give rise to a disclosure obligation pursuant to the requirements under Rule 13.18 of the Listing Rules as at 30 June 2011.

On 8 March 2010, CPI, a wholly-owned subsidiary of the Company, entered into an amendment agreement (the "Amendment Agreement") with two banks in Thailand (the "Lenders") to amend certain terms under a term loan facility agreement dated 21 August 2008 relating to a facility amount of US$102.8 million granted to CPI by the Lenders (the "Facility Agreement"), which is to be repaid on 4 semi-annual consecutive instalments and will expire on 30 April 2012. As at 30 June 2011, the outstanding amount owed by CPI under the Facility Agreement was US$28.7 million.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES *(Continued)*

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

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

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

As at 30 June 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he is taken or deemed to have under such provisions of the SFO), recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

(a) Directors' interests in share options granted by the Company

As at 30 June 2011, the interests of the Directors in share options to subscribe for shares in the capital of the Company under the share option scheme adopted by the Company on 26 November 2002 were as follows:

Name of Director	Capacity	Number of shares issuable upon exercise of share options held	Approximate percentage of the Company's issued ordinary share capital *(Note)*
Mr. Dhanin Chearavanont	Beneficial owner	37,600,000	0.25%
Mr. Thanakorn Seriburi	Beneficial owner	62,584,807	0.42%
Mr. Meth Jiaravanont	Beneficial owner	21,000,000	0.14%
Mr. Robert Ping-Hsien Ho	Beneficial owner	62,584,807	0.42%

Note: The percentage shown is based on the number of ordinary shares in issue as at 30 June 2011.

Save as disclosed above, at no time during the period under review was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

(b) Directors' interests in shares of associated corporations of the Company (Long Positions)

(i) Charoen Pokphand Group Company Limited ("CPG")

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

(ii) Kinghill Limited

Name of Director	Capacity	Number of shares held	Approximate percentage of the issued share capital of Kinghill Limited
Mr. Dhanin Chearavanont	Beneficial owner	5,882,196	2.80%
Mr. Thanakorn Seriburi	Beneficial owner	947,000	0.45%
Mr. Robert Ping-Hsien Ho	Beneficial owner	50,000	0.02%

Save as disclosed above, as at 30 June 2011, none of the Directors and chief executive of the Company had any interest or short position in shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he is taken or deemed to have under such provisions of the SFO), recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS AND PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER THE SFO

As at 30 June 2011, the following persons (other than a Director or chief executive of the Company) had the following interests or short positions in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	*Notes*	Capacity/ Nature of interest	Number of ordinary shares/underlying shares held *(Note 1)*	Approximate percentage of the Company's issued ordinary share capital *(Note 2)*
CPI Holding Co., Ltd.	(3)	Beneficial owner	1,004,014,695 (L)	6.70%
C.P. Intertrade Co., Ltd.	(3)	Interest of controlled corporation	1,004,014,695 (L)	6.70%
Orient Success International Limited	(4)	Beneficial owner and other interest	19,578,426,125 (L)	130.63%
			3,503,700,001(S)	23.38%
CPG Overseas Company Limited	(4)&(5)	Interest of controlled corporation and other interest	20,059,676,125 (L) 3,503,700,001(S)	133.84% 23.38%
Charoen Pokphand Group Company Limited	(4)&(5)	Interest of controlled corporation and other interest	20,059,676,125(L) 3,503,700,001(S)	133.84% 23.38%
Burnside Asia Holdings Limited	(6)	Beneficial owner and other interest	5,774,616,668(L)	38.53%
			2,270,916,667(S)	15.15%
CAP III Ltd.	(6)	Interest of controlled corporation	5,774,616,668(L)	38.53%
			2,270,916,667(S)	15.15%
Carlyle Offshore Partners II, Ltd.	(6)	Interest of controlled corporation	5,774,616,668(L)	38.53%
			2,270,916,667(S)	15.15%
D. E. Shaw Valence Portfolios, L.L.C.	(7)	Beneficial owner and interest of controlled corporation	895,296,933(L)	5.97%
D. E. Shaw Composite Portfolios, L.L.C.	(7)	Interest of controlled corporation	895,296,933(L)	5.97%
D. E. Shaw & Co., L.L.C.	(7)	Interest of controlled corporation	895,296,933(L)	5.97%
D. E. Shaw & Co. II, Inc.	(7)	Interest of controlled corporation	895,296,933(L)	5.97%
D. E. Shaw & Co. (Asia Pacific) Limited	(7)	Investment manager	895,296,933(L)	5.97%
D. E. Shaw & Co. L.P.	(7)	Investment manager	895,296,933(L)	5.97%
D. E. Shaw & Co., Inc.	(7)	Interest of controlled corporation	895,296,933(L)	5.97%
David Elliot Shaw	(7)	Interest of controlled corporation	895,296,933(L)	5.97%

SUBSTANTIAL SHAREHOLDERS AND PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER THE SFO *(Continued)*

Notes:

(1) The letter "L" denotes a long position and the letter "S" denotes a short position.

(2) The percentage shown above is based on the number of ordinary shares in issue as at 30 June 2011.

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

(4) OSIL has a long position in 19,578,426,125 ordinary shares and underlying shares, which represent (i) 8,745,891,089 ordinary shares; (ii) 3,300,540,621 ordinary shares upon full conversion of 3,300,540,621 Series A convertible preference shares (assuming the full repayment of the outstanding advances from the CPP Group to OSIL, subsidiaries, jointly-controlled entities and associates); (iii) other interest in 2,270,916,667 underlying shares; and (iv) the 2,000,000,000 ordinary shares and 3,261,077,748 ordinary shares upon full conversion of 3,261,077,748 Series B convertible preference shares. OSIL also has a short position in 3,503,700,001 ordinary shares and underlying shares. CPG Overseas Company Limited ("CPG Overseas") is deemed to be interested in the said shares held by OSIL for the purpose of SFO as OSIL is wholly-owned by CPG Overseas. CPG also declared interest in these shares by virtue of its shareholding in CPG Overseas.

(5) CPG Overseas has also declared interest in 481,250,000 ordinary shares which are beneficially owned by its wholly-owned subsidiary, Worth Access Trading Limited. CPG also declared in these shares by virtue of its shareholding in CPG Overseas.

(6) Burnside Asia Holdings Limited ("Burnside") beneficially owned 2,595,333,334 ordinary shares and underlying shares and other interest in 3,179,283,334 underlying shares, both are in long positions. Burnside also has a short position in 2,270,916,667 underlying shares. CAP III Ltd. ("CAP") has declared an interest in these shares by virtue of its shareholding in Burnside whilst Carlyle Offshore Partners II, Ltd. has also declared an interest in such number of shares by virtue of its shareholding in CAP.

(7) D. E. Shaw Valence Portfolios, L.L.C. beneficially owned 679,720,000 ordinary shares and it also declared an interest in 215,576,933 ordinary shares which are beneficially owned by its wholly-owned subsidiary. D. E. Shaw Valence Portfolios, L.L.C., was controlled by D. E. Shaw Composite Portfolios, L.L.C., which was controlled by D. E. Shaw & Co., L.L.C., which was controlled by D. E. Shaw & Co. II, Inc., which in turn was wholly-owned by Mr. David Elliot Shaw, who controls D. E. Shaw & Co., Inc., which controls D. E. Shaw & Co., L.P., which in turn controls D. E. Shaw & Co. (Asia Pacific) Limited. All of these companies and Mr. David Elliot Shaw are deemed under SFO to be interested in the same 895,296,933 ordinary shares.

Save as disclosed above, so far as is known to the Directors, as at 30 June 2011, no person (other than a Director or chief executive of the Company) had an interest or a short position in shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

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

Category of participant	At 1 January 2011	Granted/ Exercised/ Cancelled/Lapsed during the period	At 30 June 2011	Date of grant	Exercise period	Exercise price *HK$*
(i) Directors						
Mr. Dhanin Chearavanont	12,800,000	–	12,800,000	26 February 2003	26 February 2003 to 25 February 2013	0.390
	12,800,000	–	12,800,000	3 May 2004	3 May 2004 to 2 May 2014	0.390
	12,000,000	–	12,000,000	19 May 2005	19 May 2005 to 18 May 2015	0.354
Mr. Thanakorn Seriburi	21,584,807	–	21,584,807	26 February 2003	26 February 2003 to 25 February 2013	0.390
	20,000,000	–	20,000,000	3 May 2004	3 May 2004 to 2 May 2014	0.390
	21,000,000	–	21,000,000	19 May 2005	19 May 2005 to 18 May 2015	0.354
Mr. Meth Jiaravanont	21,000,000	–	21,000,000	19 May 2005	19 May 2005 to 18 May 2015	0.354
Mr. Robert Ping-Hsien Ho	21,584,807	–	21,584,807	26 February 2003	26 February 2003 to 25 February 2013	0.390
	20,000,000	–	20,000,000	3 May 2004	3 May 2004 to 2 May 2014	0.390
	21,000,000	–	21,000,000	19 May 2005	19 May 2005 to 18 May 2015	0.354
(ii) Other senior executives in aggregate	60,739,236	–	60,739,236	26 February 2003	26 February 2003 to 25 February 2013	0.390
	49,248,078	–	49,248,078	3 May 2004	3 May 2004 to 2 May 2014	0.390
	41,848,078	–	41,848,078	19 May 2005	19 May 2005 to 18 May 2015	0.354
(iii) Other participants in aggregate	99,139,228	–	99,139,228	26 February 2003	26 February 2003 to 25 February 2013	0.390
	92,800,000	–	92,800,000	3 May 2004	3 May 2004 to 2 May 2014	0.390
	120,000,000	–	120,000,000	19 May 2005	19 May 2005 to 18 May 2015	0.354
	647,544,234	–	647,544,234			

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance that properly protect and promote the interests of all the shareholders and enhance corporate value and accountability.

In the opinion of the Board, the Company has applied the principles and complied with all the code provisions prescribed in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Directors have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2011.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters. The audit committee has reviewed the unaudited financial results of the Group for the six months ended 30 June 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 June 2011.

By Order of the Board
Robert Ping-Hsien Ho
Director

Hong Kong, 26 August 2011

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