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

INCREASE OPERATIONAL EFFICIENCY

提 升 運 營 效 率

2014 INTERIM REPORT
中期業績報告

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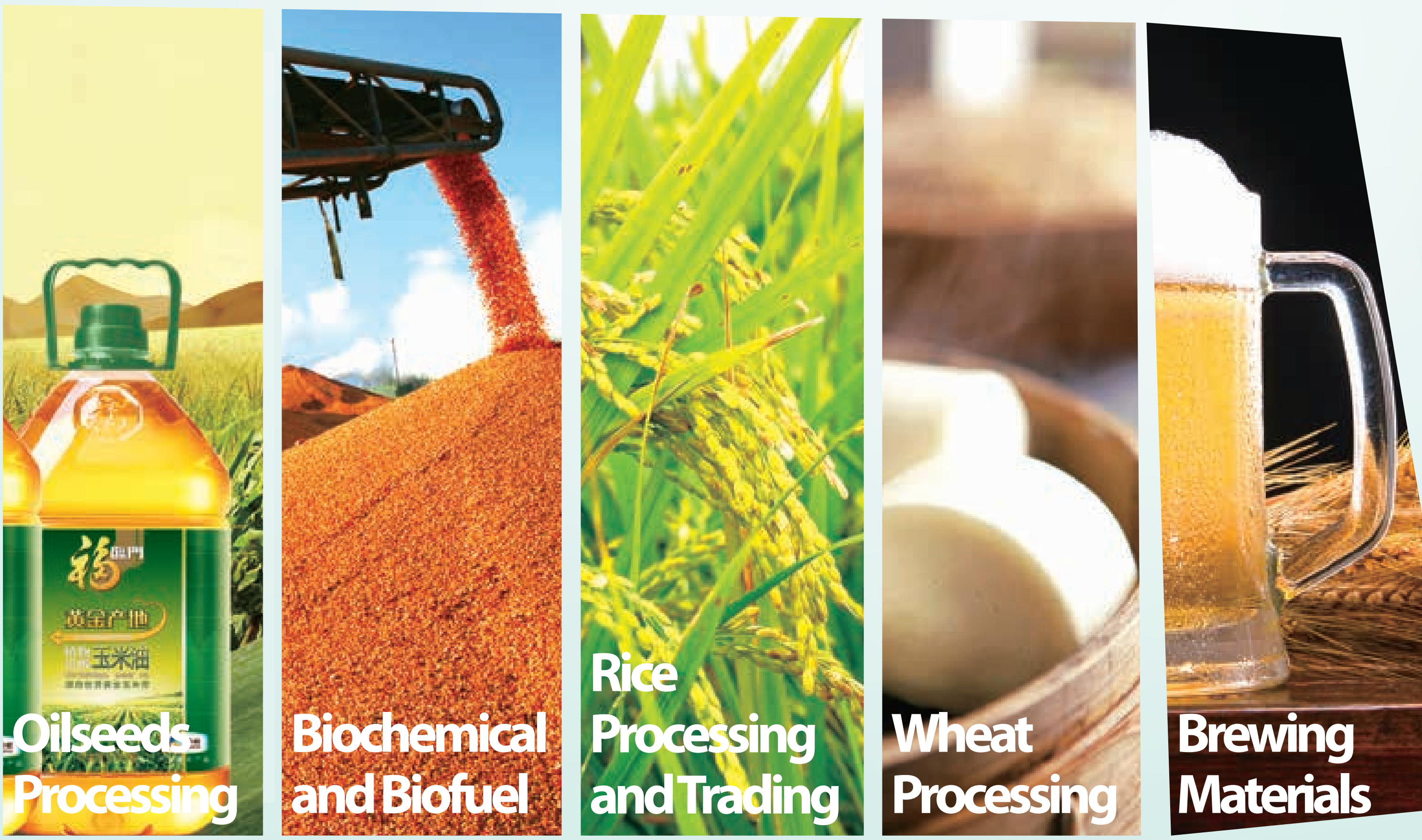
CHINA AGRI-INDUSTRIES HOLDINGS LIMITED
中國糧油控股有限公司


Oilseeds Processing
Biochemical and Biofuel
Rice Processing and Trading
Wheat Processing
Brewing Materials

INCREASE OPERATIONAL EFFICIENCY

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Corporate Information

Directors

Chairman of the Board and Executive Director
YU Xubo

Executive Directors
YUE Guojun *(Managing Director)*
SHI Bo

Non-executive Directors
NING Gaoning
MA Wangjun
WANG Zhiying

Independent Non-executive Directors
LAM Wai Hon, Ambrose
Victor YANG
Patrick Vincent VIZZONE

Audit Committee

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

Remuneration Committee

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

Nomination Committee

YU Xubo *(Chairman)*
WANG Zhiying
LAM Wai Hon, Ambrose
Victor YANG
Patrick Vincent VIZZONE

Executive Committee

YUE Guojun *(Chairman)*
YU Xubo
SHI Bo

Qualified Accountant

CHAN Ka Lai, Vanessa

Company Secretary

LOOK Pui Fan

Auditors

Ernst & Young
Certified Public Accountants

Legal Advisor

Herbert Smith Freehills LLP

Registered Office

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

Share Registrar and Transfer Office

Tricor Progressive Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

Agricultural Bank of China Limited
Agricultural Development Bank of China
Australia and New Zealand Banking Group Limited
Bank of China Limited
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
DBS Bank Limited
Deutsche Bank
Industrial and Commercial Bank of China Limited
Rabobank International (Hong Kong Branch)
Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Investor Relations

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Stock Code

606

Financial Highlights

For the six months ended 30 June 2014

		For the period ended 30 June		
	Unit	2014	2013	Increase/ (Decrease) %
Revenue:	HK$ million	**44,964.5**	40,234.1	**12%**
– Oilseeds processing	HK$ million	**26,769.2**	23,345.9	**15%**
– Biochemical and biofuel	HK$ million	**8,065.5**	7,250.8	**11%**
– Rice processing and trading	HK$ million	**2,887.9**	3,795.3	**(24%)**
– Wheat processing	HK$ million	**4,189.6**	3,693.0	**13%**
– Brewing materials	HK$ million	**1,571.3**	983.1	**60%**
– Corporate and others	HK$ million	**1,481.0**	1,166.0	**27%**
Profit/(Loss) before tax	HK$ million	**(467.4)**	1,220.5#	**(138%)**
Operating profit/(loss) (segment results)	HK$ million	**(558.4)**	1,339.2#	**(142%)**
Operating profit before depreciation and amortisation	HK$ million	**267.7**	2,019.4#	**(87%)**
Operating margin	%	**(1.2)**	3.3#	**N/A**
Profit/(Loss) attributable to owners of the Company	HK$ million	**(290.2)**	706.8#	**(141%)**
Earnings/(Loss) per share:				
– Basic	HK cents	**(5.53)**	13.46#	**(141%)**
– Diluted	HK cents	**(5.53)**	13.46#	**(141%)**
Interim dividend per share	HK cents	**–**	3.1	**N/A**
Closing price per share at period-end	HK$	**2.95**	3.40	**(13%)**
Market capitalisation at period-end	HK$ million	**15,487.1**	17,849.6	**(13%)**

Restated

Management Discussion and Analysis

BUSINESS REVIEW

Oilseeds Processing Business

China Agri-Industries Holdings Limited ("China Agri" or the "Company") is one of the largest vegetable oil and oilseed meal producers in China. Its products include soybean oil, palm oil, rapeseed oil and oilseed meal, and are primarily sold under the brand names "Fuzhanggui" (福掌柜), "Sihai" (四海), "Xiyingying" (喜盈盈) and "Guhua" (谷花).

In the first half of 2014, international soybean prices have risen sharply due to tight old-crop stockpiles in the United States. However, prices for soybean oil in China have declined and remained at a historical low level during the period under review, due to an imbalance of supply and demand in the domestic market. Inventories have increased as a result of a rise in soybean imports and weak vegetable oil demand. Soybean meal prices, on the other hand were depressed by continued losses in the hog industry and a recurrence of bird flu earlier in the year. Product prices have been lower than material prices in the market. The industry is facing severe challenges, with both a depreciating renminbi and the failure of the market to transmit higher soybean costs to product prices.

During the first half of 2014, the oilseeds processing business reported revenue of HK$26,769.2 million, a year-on-year increase of 14.7%. In order to maintain supply to customers, the Company increased the volume of oilseed meal sales significantly by 73.5% to 3,280,000 metric tons. The percentage increase was on a low base from the same period in 2013. The overall industry faced challenges during the period, due to complex market trends in the soybean crushing industry and weak product prices relative to the overseas market. The Company recorded a loss in oilseeds processing business in the first half of 2014.

Quality check for branded packaged oil products

During the period under review, the Company actively developed new markets and strengthened its pricing power by increasing sales of diversified oil products, to avoid competing against commoditised products. The Company took advantage of major customer accounts and technological resources to introduce a new series of wholesome and delicious "Zicai" (滋采) frozen baking oil products, which further diversified the product portfolio to meet customer demand.

As of 30 June 2014, the Company operated a total of sixteen oilseeds-processing plants in Jiangsu, Shandong, Tianjin, Guangxi, Hubei, Guangdong, Liaoning, Jiangxi, Anhui, Chongqing and Xinjiang. The plants had a combined annual crushing capacity of 11,520,000 metric tons and a combined refining capacity of 4,250,000 metric tons, and retained a leading position in the industry in China.

In the second half of 2014, the traditional peak season for vegetable oil and animal feed spending is expected to underpin consumption growth in China's domestic market. The Company will focus on diversifying its businesses and enhancing its pricing power by using premium products to weaken the impact of price volatility on performance. It will promote medium and long chain triacylglycerol (MLCT) products and specialty oil products in order to avoid competing against commoditised products. In the long term, the protein market in China has huge potential. The Company will continue to increase its market share by reaching new markets. It will explore means of extending its lines of business and finding synergies among businesses. Such strategies will enhance its core competitiveness and industry position, as well as maintain performance and shareholder returns over the long term.

Biochemical and Biofuel Business

In the first half of 2014, China Agri's biochemical and biofuel revenues totaled HK$8,065.5 million, an increase of 11.2% year-on-year. The segment's gross margin was 12.7%, a decrease year-on-year.

Biochemical Business

The main feedstock for the Company's biochemical business is corn. Its products include cornstarch, sweeteners (including maltodextrin, fructose syrup, maltose syrup and other sweeteners), crude corn oil, monosodium glutamate (MSG), and the raw materials for animal feed.

During the first half of 2014, corn prices were kept high by the government's stockpiling policy and its incentive program to subsidise transport of northern grain to southern consuming regions, despite an abundant supply of corn on the domestic market. In order to secure cheaper raw grain supply, the Company streamlined its sourcing workflow to lower costs, actively participated in the temporary corn reserve scheme to earn extra income, and adjusted its procurement strategy to cope with the government's reserve and auction policies. By leveraging its strong customer base and quality products, the Company was able to expand market share by improving service quality. As a result, sales volume of sweeteners rose sharply by 35.5% year-on-year to 321,000 metric tons. The increased scale to some extent eased margin pressure caused by falling product prices. The biochemical business overall remained stable and retained its leading position in the industry with a total revenue of HK$4,648.7 million, an increase of 4.1% year-on-year.

Bioenergy laboratory

As of 30 June 2014, the Company had a total of eight factories in Jilin, Heilongjiang, Shanghai, Hubei, Hebei and Sichuan, with an annual corn processing capacity of 2,450,000 metric tons and an annual sweetener production capacity of 1,040,000 metric tons. The Company's Heilongjiang facility had a production of 100,000 metric tons of MSG.

Looking ahead, with the start of government auctions in northeastern China to reduce high state corn stockpiling, the expansion in auction scale in the second half should address the problem of short supply. In addition, government subsidies for auction participants are also expected to contribute to the Company's performance. Going forward, the Company will continue to control expenses and improve management efficiency. The Company will further strengthen its leading position and pricing power by leveraging its sophisticated technological capacity to develop high value-added products including specialised cornstarch and other downstream corn products.

Biofuel Business

The company is one of China's major producers of fuel ethanol. The Company's biofuel products include fuel ethanol, anhydrous ethanol, consumable alcohol, crude corn oil and dried distillers grains with solubles (DDGS).

During the first half of 2014, the sales volume of fuel ethanol was 206,000 metric tons, similar to the same period last year. Consumable alcohol sales have been recovering. Revenues from the biofuel business increased 22.7% year-on-year to HK$3,416.8 million, due to higher fuel ethanol prices led by a rise in crude oil prices. At the same time, the Company closely monitored market trends and government policy. Prior to the start of government procurement for its corn reserves, the Company moved to secure low-cost inventories of raw materials. It also reduced costs and expenses through improved business processes. Overall earnings of the business increased steadily.

As of 30 June 2014, the Company had one factory in Heilongjiang and one in Guangxi with a combined production capacity of 600,000 metric tons for fuel ethanol, anhydrous ethanol, and consumable alcohol.

Looking ahead to the second half of 2014, the Company will continue to manage key customer relationships by deepening cooperation with customers, which will help to stabilise market share and strengthen industry position. The Company will take advantage of auctions of the national temporary corn reserves and related government subsidy policies, in order to secure low cost inventories and maintain profitability. In addition, the Company will take part in cellulosic fuel programs to lay a foundation for future growth. These programs are part of the government's plan to manage atmospheric pollution by promoting clean and green energy. The Company believes these efforts will build a solid foundation for long-term development of the biofuel business.

Rice Processing and Trading Business

The Company is the largest rice importer and exporter in China, as well as a leading supplier of packaged rice. It processes and trades rice, with branded products sold under the trade names "Fortune" (福临门), "Five Lakes" (五湖) and "Jinying" (金盈). Its traditional export markets include Japan, South Korea, Hong Kong, and Macau.

During the period under review, paddy rice prices remained high relative to processed rice prices as the government instituted a floor price for paddy rice. State grain purchases increased in scale over a shorter period of time, relative to previous years, leading to a reduced supply of paddy rice on the market. Round shaped paddy prices, in particular rose in the second quarter of the year. Processed rice prices, in contrast, remained stable during the period under review, due to the absence of any significant increase in consumer demand for rice and rice products. This effect has left rice processors facing margin contraction as they are unable to transmit higher paddy rice costs to product prices.

The Company has increasingly focused on the quality of its businesses and allocated its resources to mid-to-high-end rice products, which have a higher profit margin than the Company's traditional product range. This helped to reduce losses in the domestic market in the first half of 2014. However, domestic sales declined 12.0% year-on-year to 463,000 metric tons due to reduced import trade. High margin export sales, on the other hand recorded lower sales than a year ago, as a result of delays in the execution of international trade contracts. Total revenues from the rice processing and trading businesses fell by 23.9% year-on-year to HK$2,887.9 million, with an overall gross profit margin of 7.2%.

Fortune branded rice products

The Company has completed all of the initial phase of its planned capacity expansion for rice processing, enabling it to access raw materials nationwide, monitor prices, and control raw materials costs through rapid-response procurement based on market trends. These efforts have created a solid foundation for the small packaged rice business. During the period, the Company expanded distribution and direct sales channels in order to promote sales and increase the efficient use of capacity. As a result of these endeavors, the Company met a higher percentage of its sales targets and increased its market share. According to research from Nielsen NV, the consumer reporting company, the Company's market share in terms of sales volume was 18.4% in the small packaged rice market in China, based on rice sold in hypermarkets in 13 cities. The Nielsen report reinforced market intelligence from other sources indicating the Company's leading position in China.

As of 30 June 2014, the Company operated sixteen rice-processing plants in Heilongjiang, Liaoning, Jiangsu, Jilin, Jiangxi, Anhui, Ningxia, Sichuan, Hubei and Hunan, with a combined annual production capacity of 2,265,000 metric tons.

Over the next six months, the Company will concentrate on three areas. First, it will increase the number of traditional sales channels to raise sales volume and build market share for its small-packaged rice products. Second, it will focus resources on increasing sales and strengthening the pricing power of its core brand Fortune, as well as several other retail brands to raise brand visibility and improve overall results and profitability. Finally, the Company will make use of its extensive experience in international trade to resolve any delays in execution of trade contracts, giving priority to customer needs, in order to contribute to overall earnings.

Wheat Processing Business

China Agri is one of the largest wheat processors in China. Its products include general-purpose flour, special-purpose flour, noodles, and bread products. Its branded products are primarily sold under the trade names "Xiangxue"(香雪) and "Fortune" (福临门).

During the first half of 2014, policy-based support for wheat prices under the government's market stabilisation program kept raw materials costs from coming down. On the demand side, the macro-economic slowdown kept grain food sales at a low level. Even during the peak consumption season, customers in the downstream business saw reductions in capacity utilisation rates due to lower sales orders. Demand was also weak in the feed industry. Bran prices declined dramatically, leading to reduced profit margins for wheat processors. At the same time, major wheat processors increased capacity. This has accelerated industry consolidation and led to heightened competition among the players.

During the period under review, the Company defended its leading position in the specialty flour industry, by reinforcing strategic partnerships with existing key customers and by enhancing customer services capabilities using its technological superiority. Meanwhile, the Company has increasingly focused its resources on strengthening its distributor network and building up modern sales channels to increase scale and market share. These actions also made it possible to improve utilisation of the Company's newer factories. Flour sales and noodle sales increased 10.7% and 15.8% year-on-year, respectively. Total revenues for wheat processing increased from 13.4% to HK$4,189.6 million year-on-year. As market competition has increased due to a weakening in consumer activity, pressures have

Xiangxue branded flour and noodle products also increased to pass the costs of higher input prices to end users. The Company's new production capacity is yet to be fully utilised against its potential economies of scale and profits. As a result, the segment's gross profit margin decreased from a year ago to 5.1%.

As of 30 June 2014, the Company operated thirteen plants in Henan, Zhejiang, Hebei, Jiangsu, Liaoning, Sichuan, Fujian, Shandong and Beijing, with total annual processing capacity of 3,451,000 metric tons of wheat, 195,000 metric tons of noodles and around 2,000 metric tons of bread products.

Over the next six months, the company will continue to focus on increasing utilisation of its newer factories, increasing overall operating efficiency, and reducing production costs. These strategies will mitigate the cost pressures generated by intensified competition and support a return to profitability once downstream demand has recovered. The Company will put efforts to widen its modern sales channel and execute its business plan of penetrating local markets with its branded flour products, starting off with a few key regional markets. This will reinforce its current businesses and strengthen its leading position in the industry.

Brewing Materials Business

The Company is engaged in the production and sales of malt. It is a leading supplier of brewing materials in China's domestic market. Sales are in the domestic market and other Asian countries and regions.

The barley market was strong in the first half of 2014, with the FIFA World Cup football season leading to an early peak in sales of brewing materials as higher demand for malt products translated into active purchasing by the downstream industry. Despite an abundant malt supply on the global market, barley prices were driven to a periodic high due to strong demand and logistics problems among leading exporters.

During the period under review, the brewing materials business recorded a 69.6% year-on-year increase in sales volume to 388,000 metric tons. Revenue rose by 59.8% to HK$1,571.3 million. In anticipation of the upturn in the downstream market, the Company worked to expand its customer base in the brewing industry and execute contracts promptly. Hallmarks of the first six months included a significant increase in sales volume and an improvement in capacity utilisation, which effectively diluted fixed costs. Gross profit margin remained above the industry average due to reductions in production costs through leveraging the Company's core competencies, in particular, its business acumen in malt purchasing. The Company also continued to explore the market for high-quality, differentiated malt products, a business segment in which it has experienced increasing sales in relative terms, reflecting industry migration towards mid-to-high-end products.

As of 30 June 2014, the combined annual processing capacity of the Company's three malt-processing plants in Liaoning, Jiangsu and Inner Mongolia was 740,000 metric tons. The plants in Liaoning and Jiangsu are close to coastal ports and major markets. Their location makes it possible to use imported raw materials and move up the value chain in its product mix, in response to the demand trend for mid-to-high-end products. The plant in Inner Mongolia is close to domestic barley farming regions where domestic barley is grown and used.

Over the coming summer months, the Company expects the annual summer peak season for beer consumption to underpin demand. The Company will pursue greater access to high-quality raw materials. It is also working to improve services and better manage the needs of its large brewery customers. Finally, it will take advantage of its understanding of customer requirements, products, and the market to increase scale and market share and deliver solid earnings. As customer demand diversifies in the downstream industry, the Company will use its supply chain and processing technology to explore new markets and reinforce its long-term prospects.

Provision of quality malt to brewing customers

FINANCIAL REVIEW

Overview of Financial Results for the Six Months Ended 30 June 2014

Revenue

	Six months ended 30 June	
	2014 HK$ million	2013 HK$ million
Business units:		
Oilseeds processing	**26,769.2**	23,345.9
Biochemical and biofuel	**8,065.5**	7,250.8
Rice processing and trading	**2,887.9**	3,795.3
Wheat processing	**4,189.6**	3,693.0
Brewing materials	**1,571.3**	983.1
Corporate and others	**1,481.0**	1,166.0
	44,964.5	40,234.1

The total revenue of the Group for the six months ended 30 June 2014 rose 11.8% year-on-year to HK$44,964.5 million. During the period, all business units recorded growth in revenue except for rice processing and trading business, which experienced a decline in revenue on lower import and export trades.

Gross Profit and Gross Profit Margin

During the period, the gross profit of the Group dropped by HK$1,159.3 million to HK$1,680.4 million and the overall gross profit margin was 3.7%, a decrease of 3.4 percentage points from the year-earlier period as restated (please refer to note 2.2(ii) of the Notes to the Condensed Consolidated Interim Financial Information). Rising prices for imported soybeans and weak product prices in the domestic market resulted in an imbalance, with product prices lower than import costs, leading to severe losses in the crushing industry. As a result, the oilseeds processing business recorded a net loss for the period. For the biochemical and biofuel business, gross profit remained stable. For the rice processing and trading business, upgrading of the domestic product portfolio improved the gross profit margin of domestic sales. However, a decline in high-margin import and export businesses led to a lower overall gross profit margin. For the wheat processing business, the gross profit margin declined as a result of dual impact of intense competition within the industry and sluggish demand for the products. For the brewing materials business, gross profit grew significantly, raising gross profit margin to a high level.

Other Income and Gains

Other income and gains decreased by HK$232.3 million year-on-year to HK$699.7 million. The Group incurred exchange losses arising from Renminbi depreciation against United States dollars for the current period, compared to a significant exchange gain on Renminbi appreciation in the same period last year. Nonetheless, the Group generated considerable interest income through effective cash management.

Selling and Distribution Expenses

Selling and distribution expenses for the period were HK$1,486.0 million (six months ended 30 June 2013: HK$1,403.8 million). The rise was due to higher logistics costs, such as transportation costs, arising from the increase in sales volume of oilseed and malt products during the period.

Administrative Expenses

For the six months ended 30 June 2014, administrative expenses dropped 7.6% from a year earlier to HK$796.9 million. Administrative expenses decreased steadily as a result of stronger cost control measures implemented by the Group during the period.

Finance Costs

During the period, overall average bank borrowings increased. However, finance costs of the Group dropped 7.1% year-on-year to HK$299.7 million due to an increase in the proportion of low-cost borrowings. An analysis of the finance costs by category is as follows:

	Six months ended 30 June	
	2014 HK$ million	2013 HK$ million
Interest on:		
Bank loans wholly repayable within five years	**259.3**	193.1
Bank loans wholly repayable over five years	**18.6**	16.9
Loans from fellow subsidiaries wholly repayable within five years	**5.5**	36.1
Loan from an intermediate holding company wholly repayable within five years	**1.4**	46.9
Loan from the ultimate holding company wholly repayable within five years	**–**	4.4
Convertible bonds	**16.7**	52.8
Total interest expenses on financial liabilities not at fair value through profit or loss	**301.5**	350.2
Less: Interest capitalised	**(1.8)**	(27.7)
	299.7	322.5

Income Tax Expense

For the six months ended 30 June 2014, income tax expense of the Group was HK$130.4 million, which mainly related to taxable income generated by the biochemical and biofuel business.

Loss Attributable to Owners of the Company

During the period, the Group recorded a loss attributable to owners of the Company of HK$290.2 million due to the loss generated by the oilseeds processing business amid an unprecedentedly severe operating environment.

Interim Dividend

The Board does not declare the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: 3.1 HK cents per share).

Significant Investments Held and Material Acquisitions and Disposals of Subsidiaries

Save as disclosed in this report, the Group did not have any other significant investments held nor any material acquisitions and disposals of subsidiaries during the period.

Working Capital and Financial Policy

The Group adheres to a prudent financial management policy in the management of our financial affairs and centralises funding required for all business operations. The policy ensures that cash inflows generated from operating activities together with undrawn banking facilities are sufficient to meet the demands required for day-to-day operations, loan repayments, capital expenditure and potential business expansion opportunities, while effectively monitoring the Group's liquidity and financial resources. During the period, the Group's operations were mainly financed by its own funds and bank borrowings.

The Group entered into the financial services agreement with COFCO Finance Co., Ltd. through COFCO Agri-Industries Management Co., Ltd. (a subsidiary of the Company) for the purpose of achieving more efficient deployment and application of funds within the Group so as to reduce the average borrowing costs and better facilitate intra-Group settlement services. During the period, the Group enhanced the liquidity of funds, reduced finance costs and effectively monitored the use of funds through this treasury platform.

By closely monitoring its exposures to fluctuations in exchange rates and commodity prices, the Group enters into appropriate amount of the commodity futures contracts to timely hedge its risks associated with price fluctuations in raw material purchases or sales of the related products, as well as the foreign currency forward contracts to mitigate exchange rate exposure.

Cash and Bank Deposits

The cash and bank deposits (including pledged deposits) of the Group were HK$17,037.9 million as at 30 June 2014 (31 December 2013: HK$13,944.4 million). During the period, the Group recorded net cash outflow from operations of approximately HK$2,005.7 million (year ended 31 December 2013: net cash inflow of HK$4,473.3 million). These liquid funds were mainly denominated in Hong Kong dollars, Renminbi and United States dollars.

Bank Loans and Other Borrowings

The total interest-bearing bank loans and other borrowings (including the liability component of convertible bonds) amounted to HK$38,105.4 million (31 December 2013: HK$33,390.7 million) as at 30 June 2014. The borrowings were mainly used for the daily operation and business expansion of the Group. These loans are repayable within the following periods:

	30 June 2014 HK$ million	31 December 2013 HK$ million
Within one year or on demand	**35,441.1**	30,233.4
In the second year	**1,881.9**	2,352.7
In the third to fifth years, inclusive	**371.1**	461.9
Beyond five years	**411.3**	342.7
	38,105.4	33,390.7

The interest-bearing bank loans carried annual interest rates ranging between 0.81% and 6.80% (31 December 2013: between 0.83% and 6.55%). Other borrowings (including the liability component of convertible bonds) carried annual interest rates ranging between 1.92% and 5.60% (31 December 2013: between 1.16% and 3.40%). As at 30 June 2014, the Group has pledged assets with an aggregate carrying value of HK$363.7 million (31 December 2013: HK$371.9 million) to secure bank loans and banking facilities of the Group. These interest-bearing bank loans and other borrowings were denominated in Hong Kong dollars, Renminbi and United States dollars. The Group had no unutilised committed banking facilities as at 30 June 2014 and 31 December 2013. The Group will continue to obtain financing on an unsecured basis whenever possible and supplement such borrowings with secured financing.

Financial Ratios

The Group's financial ratios at 30 June 2014 and 31 December 2013 are set out below:

	30 June 2014	31 December 2013
Net gearing ratio (the ratio of net debts to shareholders' equity)	**74.3%**	67.1%
Liquidity ratio (the ratio of current assets to current liabilities)	**1.07**	1.10
Quick ratio (the ratio of current assets less inventories to current liabilities)	**0.67**	0.70

Net debt represents the Group's total interest-bearing bank loans and other borrowings (including the liability component of convertible bonds) less cash and cash equivalents and pledged deposits. Therefore, the net debt of the Group was HK$21,067.5 million at 30 June 2014 (31 December 2013: HK$19,446.3 million).

Capital Expenditures

The total capital expenditures of the Group for the period ended 30 June 2014 are tabulated below:

	Six months ended 30 June	
	2014 HK$ million	2013 HK$ million
Business units:		
Oilseeds processing	**879.7**	336.5
Biochemical and biofuel	**123.2**	487.2
Rice processing and trading	**115.1**	168.2
Wheat processing	**36.2**	118.2
Brewing materials	**15.5**	6.1
Corporate and others	**42.9**	110.4
	1,212.6	1,226.6

Capital Commitments

Capital commitments outstanding and not provided for in the Group's condensed consolidated interim financial information as at 30 June 2014 are set out below. These commitments are to be financed by loans and working capital of the Group.

	30 June 2014 HK$ million	31 December 2013 HK$ million
Capital commitments in respect of property, plant and equipment:		
Authorised, but not contracted for	**702.0**	544.2
Contracted, but not provided for	**647.5**	967.2
	1,349.5	1,511.4

HUMAN RESOURCES

The Group employed 29,342 (31 December 2013: 30,146) staff as at 30 June 2014. The Group's employees are remunerated according to job nature, individual performance and market trends with built-in merit components. Total remuneration (including directors' and chief executive's remuneration) for the period ended 30 June 2014 amounted to approximately HK$965.2 million (six months ended 30 June 2013: HK$943.4 million). Employees in Hong Kong receive retirement benefits, mostly in form of a Mandatory Provident Fund entitlement, and a similar benefit scheme is offered to employees in Mainland China. Of the total remuneration, pension scheme contribution amounted to HK$110.2 million (six months ended 30 June 2013: HK$94.1 million) for the period.

The Group adopted a share option scheme on 12 January 2007 to attract, retain and motivate senior management personnel and key employees, and provide eligible participants with an opportunity to acquire equity interests in the Company and to encourage them to work towards enhancing the value of the Company and its shares.

Besides, the Group also encourages employees' participation in continuing training programmes, seminars and e-learning courses, through which their career, knowledge and technical skills can be enhanced with the development of individual potentials.

OUTLOOK

In the second half of 2014, an increasing supply of oilseeds in the international market is expected to bring down feedstock costs and help ease loss-making pressures in the industry on a temporary, seasonal basis. However, it will still be hard to pass along high raw material prices to consumers. An abundant supply of oilseed products in China's domestic market will leave product prices lower than raw material prices. In addition, soybeans purchased by the Company in the first half of 2014 at a higher cost will be processed and sold in the second half of 2014. The Company is expected to face a loss-making pressure for the second half of 2014.

Going forward, the Company will build management capability, by focusing on core competencies and by inspiring creativity and initiative through all segments of its business, efforts which will make it easier to weather market turbulence. The government is in the process of rolling out market reforms of state-owned enterprises ("SOE"), which will soon be brought to a new level. Marketisation will influence SOE operational dynamics, helping SOEs to strengthen their competitive edge and market positions. The Company's view is that the reforms will support its goal of sustainable, long-term growth.

Hong Kong, 27 August 2014

Corporate Governance and Other Information

SHARE OPTION SCHEME

Movements of the share options, which were granted under the share option scheme of the Company, during the period are set out below:

Share Options Granted on 7 August 2007

Category of participants	Date of grant (d-m-yyyy)	Exercise price per share (HK$)	Vesting date (d-m-yyyy)	Exercise period (d-m-yyyy)	Number of share options: At 1 January 2014	Exercised	Lapsed	At 30 June 2014
(A) Directors								
NING Gaoning	7-8-2007	4.399	7-8-2009	7-8-2009 to 6-8-2014	148,400	–	–	148,400
			7-8-2010	7-8-2010 to 6-8-2014	148,400	–	–	148,400
			7-8-2011	7-8-2011 to 6-8-2014	148,400	–	–	148,400
			7-8-2012	7-8-2012 to 6-8-2014	148,400	–	–	148,400
			7-8-2013	7-8-2013 to 6-8-2014	148,400	–	–	148,400
					742,000	–	–	742,000
YU Xubo	7-8-2007	4.399	7-8-2009	7-8-2009 to 6-8-2014	148,400	–	–	148,400
			7-8-2010	7-8-2010 to 6-8-2014	148,400	–	–	148,400
			7-8-2011	7-8-2011 to 6-8-2014	148,400	–	–	148,400
			7-8-2012	7-8-2012 to 6-8-2014	148,400	–	–	148,400
			7-8-2013	7-8-2013 to 6-8-2014	148,400	–	–	148,400
					742,000	–	–	742,000
YUE Guojun	7-8-2007	4.399	7-8-2009	7-8-2009 to 6-8-2014	137,800	–	–	137,800
			7-8-2010	7-8-2010 to 6-8-2014	137,800	–	–	137,800
			7-8-2011	7-8-2011 to 6-8-2014	137,800	–	–	137,800
			7-8-2012	7-8-2012 to 6-8-2014	137,800	–	–	137,800
			7-8-2013	7-8-2013 to 6-8-2014	137,800	–	–	137,800
					689,000	–	–	689,000

Category of participants	Date of grant (d-m-yyyy)	Exercise price per share (HK$)	Vesting date (d-m-yyyy)	Exercise period (d-m-yyyy)	Number of share options: At 1 January 2014	Exercised	Lapsed	At 30 June 2014
MA Wangjun	7-8-2007	4.399	7-8-2009	7-8-2009 to 6-8-2014	127,200	–	–	127,200
			7-8-2010	7-8-2010 to 6-8-2014	127,200	–	–	127,200
			7-8-2011	7-8-2011 to 6-8-2014	127,200	–	–	127,200
			7-8-2012	7-8-2012 to 6-8-2014	127,200	–	–	127,200
			7-8-2013	7-8-2013 to 6-8-2014	127,200	–	–	127,200
					636,000	–	–	636,000
SHI Bo	7-8-2007	4.399	7-8-2009	7-8-2009 to 6-8-2014	106,000	–	–	106,000
			7-8-2010	7-8-2010 to 6-8-2014	106,000	–	–	106,000
			7-8-2011	7-8-2011 to 6-8-2014	106,000	–	–	106,000
			7-8-2012	7-8-2012 to 6-8-2014	106,000	–	–	106,000
			7-8-2013	7-8-2013 to 6-8-2014	106,000	–	–	106,000
					530,000	–	–	530,000
(B) Employees	7-8-2007	4.399	7-8-2009	7-8-2009 to 6-8-2014	1,973,832	–	63,600	1,910,232
			7-8-2010	7-8-2010 to 6-8-2014	4,716,792	–	201,350	4,515,442
			7-8-2011	7-8-2011 to 6-8-2014	4,716,792	–	201,350	4,515,442
			7-8-2012	7-8-2012 to 6-8-2014	4,716,792	–	201,350	4,515,442
			7-8-2013	7-8-2013 to 6-8-2014	4,716,792	–	201,350	4,515,442
					20,841,000	–	869,000	19,972,000
	Total				24,180,000	–	869,000	23,311,000

Share Options Granted on 31 March 2011

Category of participants	Date of grant (d-m-yyyy)	Exercise price per share (HK$)	Vesting date (d-m-yyyy)	Exercise period (d-m-yyyy)	Number of share options			
					At 1 January 2014	Exercised	Lapsed	At 30 June 2014
(A) Directors								
NING Gaoning	31-3-2011	8.220	31-3-2013	31-3-2013 to 30-3-2018	127,200	–	–	127,200
			31-3-2014	31-3-2014 to 30-3-2018	127,200	–	–	127,200
			31-3-2015	31-3-2015 to 30-3-2018	127,200	–	–	127,200
			31-3-2016	31-3-2016 to 30-3-2018	127,200	–	–	127,200
			31-3-2017	31-3-2017 to 30-3-2018	127,200	–	–	127,200
					636,000	–	–	636,000
YU Xubo	31-3-2011	8.220	31-3-2013	31-3-2013 to 30-3-2018	127,200	–	–	127,200
			31-3-2014	31-3-2014 to 30-3-2018	127,200	–	–	127,200
			31-3-2015	31-3-2015 to 30-3-2018	127,200	–	–	127,200
			31-3-2016	31-3-2016 to 30-3-2018	127,200	–	–	127,200
			31-3-2017	31-3-2017 to 30-3-2018	127,200	–	–	127,200
					636,000	–	–	636,000
YUE Guojun	31-3-2011	8.220	31-3-2013	31-3-2013 to 30-3-2018	116,600	–	–	116,600
			31-3-2014	31-3-2014 to 30-3-2018	116,600	–	–	116,600
			31-3-2015	31-3-2015 to 30-3-2018	116,600	–	–	116,600
			31-3-2016	31-3-2016 to 30-3-2018	116,600	–	–	116,600
			31-3-2017	31-3-2017 to 30-3-2018	116,600	–	–	116,600
					583,000	–	–	583,000
MA Wangjun	31-3-2011	8.220	31-3-2013	31-3-2013 to 30-3-2018	116,600	–	–	116,600
			31-3-2014	31-3-2014 to 30-3-2018	116,600	–	–	116,600
			31-3-2015	31-3-2015 to 30-3-2018	116,600	–	–	116,600
			31-3-2016	31-3-2016 to 30-3-2018	116,600	–	–	116,600
			31-3-2017	31-3-2017 to 30-3-2018	116,600	–	–	116,600
					583,000	–	–	583,000
WANG Zhiying	31-3-2011	8.220	31-3-2013	31-3-2013 to 30-3-2018	116,600	–	–	116,600
			31-3-2014	31-3-2014 to 30-3-2018	116,600	–	–	116,600
			31-3-2015	31-3-2015 to 30-3-2018	116,600	–	–	116,600
			31-3-2016	31-3-2016 to 30-3-2018	116,600	–	–	116,600
			31-3-2017	31-3-2017 to 30-3-2018	116,600	–	–	116,600
					583,000	–	–	583,000

Category of participants	Date of grant (d-m-yyyy)	Exercise price per share (HK$)	Vesting date (d-m-yyyy)	Exercise period (d-m-yyyy)	Number of share options At 1 January 2014	Exercised	Lapsed	At 30 June 2014
SHI Bo	31-3-2011	8.220	31-3-2013	31-3-2013 to 30-3-2018	106,000	–	–	106,000
			31-3-2014	31-3-2014 to 30-3-2018	106,000	–	–	106,000
			31-3-2015	31-3-2015 to 30-3-2018	106,000	–	–	106,000
			31-3-2016	31-3-2016 to 30-3-2018	106,000	–	–	106,000
			31-3-2017	31-3-2017 to 30-3-2018	106,000	–	–	106,000
					530,000	–	–	530,000
(B) Employees	31-3-2011	8.220	31-3-2013	31-3-2013 to 30-3-2018	8,498,200	–	233,200	8,265,000
			31-3-2014	31-3-2014 to 30-3-2018	8,360,400	–	127,200	8,233,200
			31-3-2015	31-3-2015 to 30-3-2018	8,360,400	–	254,400	8,106,000
			31-3-2016	31-3-2016 to 30-3-2018	8,360,400	–	254,400	8,106,000
			31-3-2017	31-3-2017 to 30-3-2018	8,360,400	–	254,400	8,106,000
					41,939,800	–	1,123,600	40,816,200
	Total				45,490,800	–	1,123,600	44,367,200

Notes:

1. *The amended vesting schedule under the share option scheme was approved by the shareholders on 25 May 2010 and the resulting amendments to the terms of the share options granted on 7 August 2007 took effect accordingly.*

2. *As a result of the completion of the rights issue in December 2012, the number of outstanding share options granted on 7 August 2007 and 31 March 2011, and the exercise prices thereof have been adjusted with effect from 28 March 2013.*

3. *The first batch of the share options, which were granted on 7 August 2007, has lapsed on 7 August 2014 due to the expiry of the exercise period.*

Additional information in relation to the share option scheme is set out in note 16 to the condensed consolidated interim financial information.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (together, "Discloseable Interests") were as follows:

Interests in the Shares and Underlying Shares of the Company

Name	Capacity	Number of shares held in long position	Number of underlying shares held in long position (Note 1)	Percentage (Note 2)
NING Gaoning	Beneficial owner	–	1,378,000	0.03%
YU Xubo	Beneficial owner and interest of spouse (Note 3)	235,364	1,378,000	0.03%
YUE Guojun	Beneficial owner	460,000	1,272,000	0.03%
MA Wangjun	Beneficial owner	–	1,219,000	0.02%
SHI Bo	Beneficial owner	48,000	1,060,000	0.02%
WANG Zhiying	Beneficial owner	39,000	583,000	0.01%
Patrick Vincent VIZZONE	Beneficial owner	100,000	–	0.00%

Notes:

1. *These underlying shares are share options granted pursuant to the share option scheme of the Company, particulars of which are set out in the section "Share Option Scheme" above. On 7 August 2014, the first batch of share options (which were granted on 7 August 2007) has lapsed due to the expiry of the exercise period and accordingly their underlying shares held have been reduced.*
2. *The percentage of interests is calculated based on the total number of shares of the Company in issue as at 30 June 2014, being 5,249,880,788 shares.*
3. *235,364 shares were held by the spouse of Mr. Yu Xubo.*

Interests in Underlying Shares of Associated Corporation

Name	Name of associated corporation	Capacity	Number of underlying shares held in long position (Note 1)	Percentage (Note 2)
NING Gaoning	China Foods Limited	Beneficial owner	1,620,000	0.06%

Notes:

1. *Mr. Ning Gaoning has been granted share options entitling him to subscribe an aggregate of 1,620,000 shares of China Foods Limited, of which: (i) 880,000 share options were granted on 27 September 2007 at an exercise price of HK$4.952 per share and, subject to a vesting schedule, exercisable during the period from 27 September 2009 to 26 September 2014; and (ii) 740,000 share options were granted on 29 March 2011 at an exercise price of HK$4.910 per share and, subject to a vesting schedule, exercisable during the period from 29 March 2013 to 28 March 2018.*

2. *The percentage of interests is calculated based on the total number of shares of China Foods Limited in issue as at 30 June 2014, being 2,797,223,396 shares.*

Save as disclosed above, as at 30 June 2014, none of the Directors, chief executive or their respective close associates had any other Discloseable Interests.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES OF THE COMPANY

As at 30 June 2014, the following persons had an interest or short position in the shares and underlying shares of the Company as recorded in the register kept by the Company under section 336 of the SFO:

Name	Capacity	Number of shares held (Note 1)	Percentage (Note 2)
Wide Smart Holdings Limited	Beneficial owner	2,499,315,430	47.61%
COFCO (BVI) No.108 Limited	Beneficial owner	182,000,000	3.47%
COFCO (Hong Kong) Limited	Beneficial owner	363,662,827	6.93%
	Interest of controlled corporations (Note 3)	2,681,315,430	51.07%
COFCO Corporation	Interest of controlled corporations (Note 4)	3,044,978,257	58.00%

Notes:

1. *Long positions in the shares of the Company.*
2. *The percentage of interests is calculated based on the total number of shares of the Company in issue as at 30 June 2014, being 5,249,880,788 shares.*
3. *COFCO (Hong Kong) Limited is deemed to be interested in any shares held by Wide Smart Holdings Limited and COFCO (BVI) No.108 Limited, as it is entitled to control the exercise of or exercise one-third or more of the voting power at their general meetings.*
4. *COFCO Corporation is deemed to be interested in any shares held by Wide Smart Holdings Limited, COFCO (BVI) No.108 Limited and COFCO (Hong Kong) Limited, as it is entitled to control the exercise of or exercise one-third or more of the voting power at their general meetings.*

Save as disclosed above, as at 30 June 2014, so far as was known to the Directors, no other persons had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register kept by the Company under section 336 of the SFO.

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

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

MODEL CODE

The Company has adopted the Model Code as the principal standards of securities transactions for Directors. Upon specific enquiries of all the Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2014.

The Company has also adopted a code for securities transactions by relevant employees based on the Model Code concerning dealings by employees in the securities of the Company. Specified employees who are likely to be in possession of unpublished price-sensitive information related to the Group and its activities must comply with guidelines as exacting as those set out in the Model Code. During the first half of 2014, the Company has not received any non-compliance report from any of such employees.

CORPORATE GOVERNANCE

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

During the six months ended 30 June 2014, the Company has complied with all the code provisions and, where appropriate, the applicable recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

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

DIRECTORS RE-ELECTED AT THE ANNUAL GENERAL MEETING

At the annual general meeting of the Company held on 5 June 2014, the Company re-elected Mr. Yue Guojun and Mr. Shi Bo as executive Directors, Mr. Wang Zhiying as a non-executive Director, and Mr. Patrick Vincent Vizzone as an independent non-executive Director. Please refer to Appendix II to the Company's circular dated 25 April 2014 for their biographies and other information.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2014 has been reviewed by the Audit Committee of the Company and our external auditors, Ernst & Young.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014.

INVESTOR RELATIONS

Investor relations have always been one important pillar of China Agri's corporate governance. The Company has a dedicated investor relations team to provide two-way communication between management and the investment community and continually update investors about the Company's latest business developments in a timely manner. The team also regularly engages management by passing along market feedback and opinions from the investment community to help improve the governance and operations of the Company.

In the first half of 2014, the Company continued to increase corporate transparency and improve the quality of information disclosure. Through organising a variety of investor relations activities, which included regular one-on-one meetings, conference calls and luncheons with both current and potential shareholders and analysts, investor concerns could be addressed in a timely manner. The Company held a press conference and analyst presentation after the release of its results, where the Company's management elaborated on financial performance and business strategies to the market. The Company's non-deal roadshows in Hong Kong and its participation in large-scale investor meetings organised by international investment banks also demonstrated its efforts to actively maintain communication with investors and strengthen their understanding of the Company's business.

The Company reviewed its shareholder structure regularly to monitor changes in the shareholder base to help the Company build a solid foundation for communicating with both existing and new shareholders and maintain a stable and diversified shareholder base. China Agri's shareholder base includes institutional investors from all over the world which accounted for 18% of the total issued shares of the Company. Among those, Institutional investors from North America accounted for 47%, while Asian based institutional investors accounted for 29%, European-based institutional investors accounted for 22% and the rest of the world made up 2%.

During the period under review, China Agri was awarded the "Best Investor Relations Company" at 4th Asian Excellence Recognition Awards 2014 by Corporate Governance Asia magazine. Mr. Shi Bo, Executive Director and Vice President of the Company, was honoured with an "Asia's Best CFO" award. The Company believes that receiving aforesaid awards demonstrated the market's recognition on China Agri's commitment to corporate governance and investor relations. Moreover, the Company is also included as a constituent of several key benchmark indices, including the Hang Seng Composite Index, the Hang Seng Composite Industry Index – Consumer Goods, the Hang Seng Composite MidCap Index, the Hang Seng Corporate Sustainability Benchmark Index, the Hang Seng (Mainland and HK) Corporate Sustainability Index, and the FTSE Asian Sector Food and Beverage Index.

A number of analysts at investment banks and financial institutions currently cover and write research about the Company. For a complete list, please visit the Company's website at www.chinaagri.com.

Independent Review Report

EY 安永

To the board of directors of China Agri-Industries Holdings Limited
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 28 to 66 which comprises the condensed consolidated statement of financial position of China Agri-Industries Holdings Limited (the "Company") and its subsidiaries as at 30 June 2014 and the related condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34").

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

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such opinion.

Conclusion

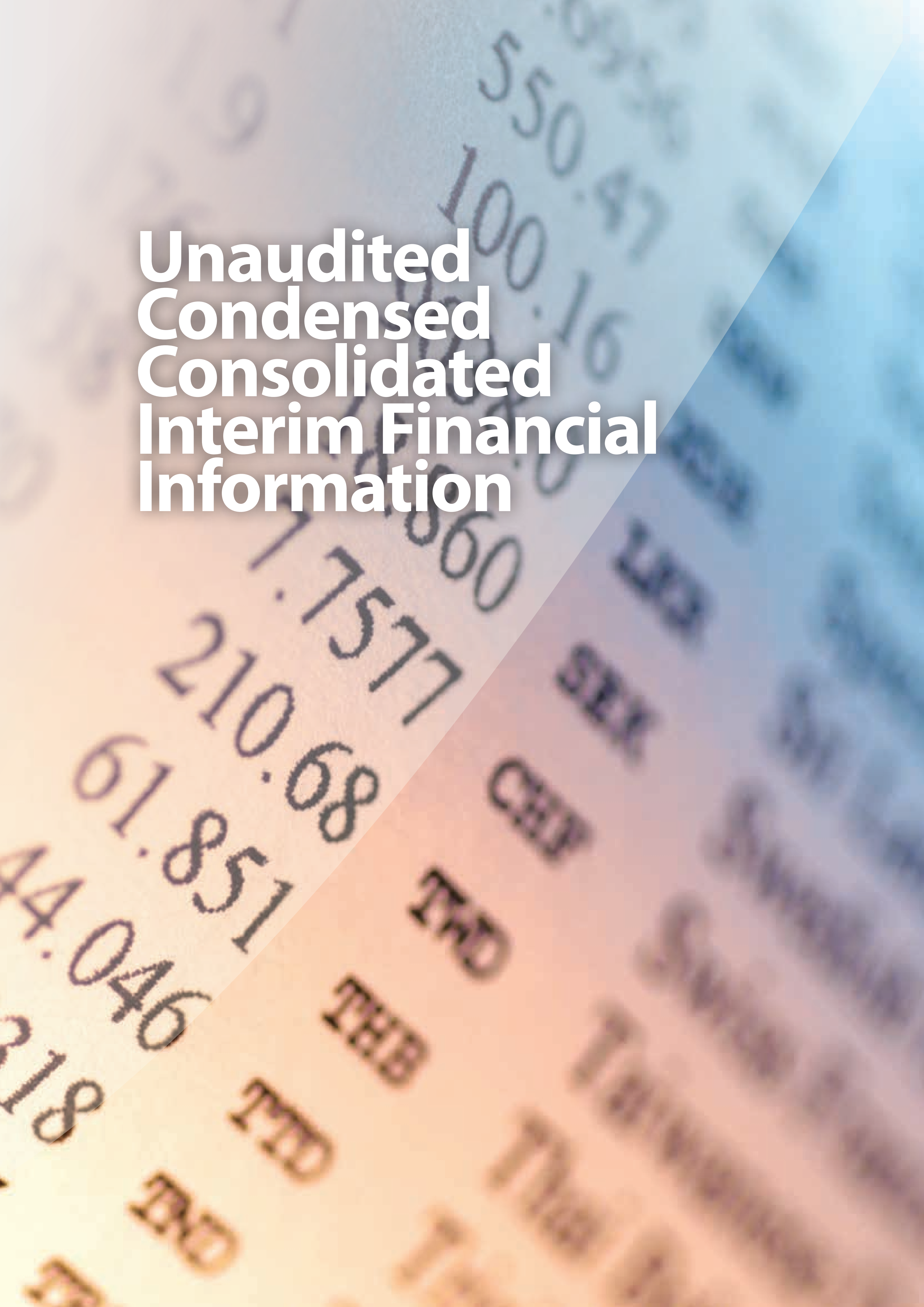
Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

27 August 2014

Unaudited Condensed Consolidated Interim Financial Information



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

	Notes	For the six months ended 30 June 2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited) (Restated)
REVENUE	4	**44,964,455**	40,234,086
Cost of sales	6	**(43,284,024)**	(37,394,345)
Gross profit		**1,680,431**	2,839,741
Other income and gains	4	**699,733**	931,980
Selling and distribution expenses		**(1,486,027)**	(1,403,807)
Administrative expenses		**(796,905)**	(862,778)
Other expenses		**(296,802)**	(8,960)
Finance costs	5	**(299,732)**	(322,497)
Share of profits and losses of associates		**31,867**	46,812
PROFIT/(LOSS) BEFORE TAX	6	**(467,435)**	1,220,491
Income tax expense	7	**(130,354)**	(181,397)
PROFIT/(LOSS) FOR THE PERIOD		**(597,789)**	1,039,094
Attributable to:			
Owners of the Company		**(290,155)**	706,811
Non-controlling interests		**(307,634)**	332,283
		(597,789)	1,039,094
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		**(5.53) HK cents**	13.46 HK cents
Diluted		**(5.53) HK cents**	13.46 HK cents

Details of the dividend are disclosed in note 8 to the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
PROFIT/(LOSS) FOR THE PERIOD	**(597,789)**	1,039,094
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	**(252,224)**	482,291
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**(252,224)**	482,291
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(850,013)**	1,521,385
Attributable to:		
Owners of the Company	**(506,042)**	1,124,866
Non-controlling interests	**(343,971)**	396,519
	(850,013)	1,521,385

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2014

	Notes	**30 June 2014 HK$'000 (Unaudited)**	31 December 2013 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**25,205,651**	25,202,383
Prepaid land premiums		**2,716,791**	2,775,758
Deposits for purchases of items of property, plant and equipment		**127,665**	316,450
Goodwill		**1,079,349**	1,079,869
Investments in associates		**2,245,600**	2,303,222
Available-for-sale investments		**378**	382
Intangible assets		**47,316**	59,988
Due from associates	18	**–**	132,786
Deferred tax assets		**686,175**	807,000
Total non-current assets		**32,108,925**	32,677,838
CURRENT ASSETS			
Inventories		**22,005,743**	18,304,422
Accounts and bills receivables	11	**3,708,098**	4,244,776
Prepayments, deposits and other receivables		**6,574,998**	4,175,051
Other receivables due from Sinograin	12	**4,691,240**	–
Derivative financial instruments		**44,117**	525,522
Due from fellow subsidiaries	18	**3,025,749**	4,972,782
Due from related companies	18	**495,727**	433,155
Due from the ultimate holding company	18	**3,056**	9,565
Due from non-controlling shareholders of subsidiaries	18	**85,192**	51,898
Due from associates	18	**397,685**	1,428,601
Tax recoverable		**357,139**	309,670
Available-for-sale investments		**251,969**	1,691,617
Pledged deposits		**636,516**	663
Cash and cash equivalents		**16,401,409**	13,943,724
Total current assets		**58,678,638**	50,091,446
CURRENT LIABILITIES			
Accounts and bills payables	13	**7,972,542**	7,989,018
Other payables and accruals		**5,318,953**	5,688,371
Deferred income		**39,111**	38,075
Derivative financial instruments		**445,540**	–
Interest-bearing bank and other borrowings		**35,441,100**	30,233,451
Bank borrowings due to ADBC	12	**4,707,874**	–
Due to fellow subsidiaries	18	**409,893**	766,483
Due to the ultimate holding company	18	**181,285**	782,674
Due to an intermediate holding company	18	**61**	2,502
Due to related companies	18	**6,320**	12,143
Due to non-controlling shareholders of subsidiaries	18	**36,919**	25,899
Due to associates	18	**51,184**	64,646
Tax payable		**95,764**	44,920
Total current liabilities		**54,706,546**	45,648,182
NET CURRENT ASSETS		**3,972,092**	4,443,264
TOTAL ASSETS LESS CURRENT LIABILITIES		**36,081,017**	37,121,102

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2014

	Notes	**30 June 2014 HK$'000** (Unaudited)	31 December 2013 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,418,913**	1,922,516
Convertible bonds	**14**	**1,245,410**	1,234,718
Due to non-controlling shareholders of subsidiaries	**18**	**209,601**	210,467
Deferred income		**822,395**	777,883
Deferred tax liabilities		**133,351**	243,062
Total non-current liabilities		**3,829,670**	4,388,646
Net assets		**32,251,347**	32,732,456
EQUITY			
Equity attributable to owners of the Company			
Issued capital	**15**	**9,771,664**	524,988
Reserves		**18,578,893**	28,242,470
Proposed dividend		**–**	215,245
		28,350,557	28,982,703
Non-controlling interests		**3,900,790**	3,749,753
Total equity		**32,251,347**	32,732,456

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

		Attributable to owners of the Company											
	Notes	Issued capital HK$'000 (unaudited)	Share premium HK$'000 (unaudited)	Capital reserve HK$'000 (unaudited)	Equity component of convertible bonds HK$'000 (unaudited)	Employee share-based compensation reserve HK$'000 (unaudited)	Reserve funds HK$'000 (unaudited)	Exchange fluctuation reserve HK$'000 (unaudited)	Retained profits HK$'000 (unaudited)	Proposed dividend HK$'000 (unaudited)	Total HK$'000 (unaudited)	Non-controlling interests HK$'000 (unaudited)	Total equity HK$'000 (unaudited)
At 1 January 2014		**524,988**	**9,246,676***	**4,748,958***	**19,281***	**164,023***	**1,161,284***	**3,414,846***	**9,487,402***	**215,245**	**28,982,703**	**3,749,753**	**32,732,456**
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**-**	**(215,887)**	**(290,155)**	**-**	**(506,042)**	**(343,971)**	**(850,013)**
Transfer from retained profits		**-**	**-**	**-**	**-**	**-**	**49,924**	**-**	**(49,924)**	**-**	**-**	**-**	**-**
Transfer to issued capital	15	**9,246,676**	**(9,246,676)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition of a subsidiary	17	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,742**	**13,742**
Contribution from non-controlling shareholder		**-**	**-**	**76,888**	**-**	**-**	**-**	**-**	**-**	**-**	**76,888**	**493,551**	**570,439**
Equity-settled share option arrangements	16	**-**	**-**	**-**	**-**	**12,253**	**-**	**-**	**-**	**-**	**12,253**	**-**	**12,253**
Dividends paid to non-controlling shareholders of subsidiaries		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(12,285)**	**(12,285)**
2013 final dividend declared		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(215,245)**	**(215,245)**	**-**	**(215,245)**
At 30 June 2014		**9,771,664**	**-**	**4,825,846***	**19,281***	**176,276***	**1,211,208***	**3,198,959***	**9,147,323***	**-**	**28,350,557**	**3,900,790**	**32,251,347**

		Attributable to owners of the Company											
	Notes	Issued capital HK$'000 (unaudited)	Share premium HK$'000 (unaudited)	Capital reserve HK$'000 (unaudited)	Equity component of convertible bonds HK$'000 (unaudited)	Employee share-based compensation reserve HK$'000 (unaudited)	Reserve funds HK$'000 (unaudited)	Exchange fluctuation reserve HK$'000 (unaudited)	Retained profits HK$'000 (unaudited)	Proposed dividend HK$'000 (unaudited)	Total HK$'000 (unaudited)	Non-controlling interests HK$'000 (unaudited)	Total equity HK$'000 (unaudited)
At 1 January 2013													
As previously reported		524,988	9,246,676	4,747,281	51,739	126,145	1,054,255	2,669,046	8,451,103	183,746	27,054,979	3,429,030	30,484,009
Prior year adjustments	2	-	-	-	-	-	-	-	(47,134)	-	(47,134)	-	(47,134)
As restated		524,988	9,246,676	4,747,281	51,739	126,145	1,054,255	2,669,046	8,403,969	183,746	27,007,845	3,429,030	30,436,875
Total comprehensive income for the period (as restated)	2	-	-	-	-	-	-	418,055	706,811	-	1,124,866	396,519	1,521,385
Transfer from retained profits		-	-	-	-	-	2,140	-	(2,140)	-	-	-	-
Acquisition of non-controlling interests		-	-	1,723	-	-	-	-	-	-	1,723	843	2,566
Equity-settled share option arrangements	16	-	-	-	-	19,108	-	-	-	-	19,108	-	19,108
Dividends paid to non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	-	-	(40,311)	(40,311)
2012 final dividend declared		-	-	-	-	-	-	-	-	(183,746)	(183,746)	-	(183,746)
Proposed 2013 interim dividend	8	-	-	-	-	-	-	-	(162,746)	162,746	-	-	-
At 30 June 2013		524,988	9,246,676	4,749,004	51,739	145,253	1,056,395	3,087,101	8,945,894	162,746	27,969,796	3,786,081	31,755,877

* *These reserve accounts comprise the consolidated reserves of HK$18,578,893,000 (31 December 2013: HK$28,242,470,000) in the condensed consolidated statement of financial position.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Notes	2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited) (Restated)
		For the six months ended 30 June	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(467,435)**	1,220,491
Adjustments for:			
Finance costs	5	**299,732**	322,497
Write-down of inventories to net realisable value	6	**380,574**	1,293,768
Provision for loss on non-cancellable purchase commitments	6	**200,535**	947,878
Gain on disposal of items of property, plant and equipment	4	**(1,563)**	(13,430)
Gain on disposal of items of intangible assets	4	**(1,235)**	–
Depreciation and amortisation	6	**792,256**	647,962
Recognition of prepaid land premiums	6	**33,799**	32,262
Share of profits and losses of associates		**(31,867)**	(46,812)
Interest income	4	**(358,544)**	(157,005)
Unrealised loss/(gains) on derivative financial instruments		**396,131**	(604,280)
Gain on bargain purchase	4	**(240)**	–
Government grants	4	**(166,019)**	(199,559)
Equity-settled share option expense	16	**12,253**	19,108
Others		**6,618**	219
		1,094,995	3,463,099
Increase in inventories		**(4,199,510)**	(3,337,553)
Decrease in accounts and bills receivables		**513,517**	282,767
Increase in prepayments, deposits and other receivables		**(2,407,651)**	(482,504)
Decrease in amounts due from fellow subsidiaries		**1,022,718**	792,693
Decrease in amounts due from associates		**1,160,528**	376,795
Increase in amounts due from related companies		**(66,993)**	(174,781)
Decrease in derivative financial instruments		**523,616**	152,133
Increase in accounts and bills payables		**998,587**	3,270,698
Decrease in other payables and accruals		**(273,475)**	(1,171,316)
Increase/(decrease) in amounts due to fellow subsidiaries		**(350,991)**	532,090
Decrease in amounts due to related companies		**(5,735)**	(255,848)
Government grants received		**114,824**	186,236
Others		**(66,769)**	116,072
Cash generated from/(used in) operations		**(1,942,339)**	3,750,581
Interest received		**358,544**	157,005
Interest paid		**(291,481)**	(289,178)
Income tax paid		**(130,374)**	(187,611)
Net cash flows from/(used in) operating activities		**(2,005,650)**	3,430,797

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Note	For the six months ended 30 June 2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited) (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in pledged deposits		**(638,886)**	(58,074)
Acquisition of subsidiaries	17	**341,692**	–
Dividends from associates		**84,171**	43,937
Proceeds from disposal of items of property, plant and equipment and intangible assets		**112,819**	264,757
Purchases of items of property, plant and equipment		**(1,102,332)**	(1,793,203)
Additions to prepaid land premiums		**(79,390)**	(82,240)
Additions to intangible assets		**(2,723)**	–
Receipts of government grants		**74,166**	–
Redemption of bank wealth management products		**1,430,397**	628,315
Decrease in loans to a fellow subsidiary		**890,325**	–
Others		**262,018**	(141,105)
Net cash flows from/(used in) investing activities		**1,372,257**	(1,137,613)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**52,862,275**	34,719,287
New other loans		**677,086**	1,552,419
Repayments of bank loans		**(46,510,872)**	(32,650,577)
Repayments of other loans		**(2,611,189)**	(2,164,987)
Loans from the ultimate holding company		**–**	762,150
Dividends paid		**–**	(165,448)
Decrease in cash from discounting bank letter of credit		**(1,193,762)**	–
Others		**14,858**	(68,029)
Net cash flows from financing activities		**3,238,396**	1,984,815
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,605,003**	4,277,999
Cash and cash equivalents at beginning of period		**13,943,724**	9,387,222
Effect of foreign exchange rate changes, net		**(147,318)**	199,467
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**16,401,409**	13,864,688

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2014

1. CORPORATE INFORMATION

China Agri-Industries Holdings Limited (the "Company") is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 31st Floor, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.

During the period, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

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

The Company is a subsidiary of COFCO (Hong Kong) Limited ("COFCO HK"), a company incorporated in Hong Kong. In the opinion of the directors, the ultimate holding company of the Company is COFCO Corporation ("COFCO"), which is a state-owned enterprise registered in the People's Republic of China (the "PRC").

2.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information is prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2013.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(i) The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial information are the same as those used in the annual financial statements of the Group for the year ended 31 December 2013, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) that affect the Group and are adopted by the Group for the first time for the current period's financial information:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)–Int 21	*Levies*

The adoption of the above new and revised HKFRSs has had no significant impact on the Group's condensed consolidated interim financial information.

(ii) Change in accounting policy for fair value measurement

The Group has entered into various commodity futures contracts in commodity trading exchanges located in certain countries to manage its price exposures in future purchases or sales of soybeans, soybean meal, soybean oil and other similar commodities. Commodity futures contracts are measured at fair value using market quoted prices. The Group does not adopt hedge accounting and any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

In the prior years, the fair values of the commodity futures contracts were measured using market quoted prices in various commodity trading exchanges despite these commodity exchanges being located in different countries and time zones. Accordingly, under certain circumstances, when an unexpected event triggers significant price fluctuations in one futures exchange, prices of related or similar commodity futures in another exchange may not be able to respond in the same trading period. This is due to the commodity exchanges, being located in different time zones, and the related commodity futures contracts not trading simultaneously. Hence, commodity futures contracts of the related or similar commodity may be valued in different market quoted prices as these commodity futures contracts are entered into in different commodity trading exchanges located in different time zones.

In rare cases when such event occurs on the date of statement of financial position, previous policy will lead to significant variances in the market quoted prices used to value related or similar commodity futures contracts in the Group's consolidated financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(ii) Change in accounting policy for fair value measurement (Continued)

For the six months ended 30 June 2014, soybean commodity futures prices in one futures exchange significantly declined due to an unexpected event occurred on 30 June 2014 of its local time, resulting in unrealised losses of about HK$601,117,000 (before tax effect), whereas prices of related or similar commodity futures in another futures exchange responded to such unexpected event on 1 July 2014 of its local time, giving rise to unrealised gains of HK$917,609,000 (before tax effect). If applying the previous policy, prices used to value the related or similar commodity futures contracts in these two futures exchanges would be significantly different, which would lead to undue presentation of the Group's consolidated financial statements for the six months ended 30 June 2014.

In order to provide a more consistent fair value measurement basis for commodity futures contracts held across exchanges, which are located in different time zones, for the purpose of preparing consolidated financial statements at the balance sheet date, the Group has undertaken to use the same cut-off time as the basis to aggregate linked commodity futures contracts across different time zones in a consistent manner. Accordingly, the change of fair value of related or similar commodity futures contracts in both exchanges resulting from the aforesaid unexpected event has been included in the consolidated financial statements of the next reporting period. The directors of the Company are of the opinion that the change in accounting policy enables the Group to provide more relevant consolidated financial information about its performance.

The quantitative impact on the financial information is summarised as below:

Impact on condensed consolidated statement of profit or loss

	For the six months ended	
	30 June 2014 HK$'000 (Unaudited)	30 June 2013 HK$'000 (Unaudited)
Decrease in cost of sales	**601,117**	56,448
Increase in income tax expenses	**(99,184)**	(9,314)
Decrease in loss for 2014 interim/increase in profit for 2013 interim	**501,933**	47,134
Decrease in loss for 2014 interim/increase in profit for 2013 interim attributable to:		
Owners of the Company	**501,933**	47,134
Non-controlling interests	**–**	–
	501,933	47,134
Decrease in loss per share for 2014 interim/increase in earnings per share for 2013 interim attributable to ordinary equity holders of the Company		
– Basic	**9.56 HK cents**	0.90 HK cents
– Diluted	**9.56 HK cents**	0.90 HK cents

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(ii) *Change in accounting policy for fair value measurement* (Continued)

The quantitative impact on the financial information is summarised as below: (Continued)

Impact on condensed consolidated statement of comprehensive income

	For the six months ended	
	30 June 2014 HK$'000 (Unaudited)	30 June 2013 HK$'000 (Unaudited)
Decrease in loss for 2014 interim/increase in profit for 2013 interim	**501,933**	47,134
Decrease in total comprehensive loss for 2014 interim/ increase in total comprehensive income for 2013 interim	**501,933**	47,134
Decrease in total comprehensive loss for 2014 interim/ increase in total comprehensive income for 2013 interim attributable to owners of the Company	**501,933**	47,134

Impact on condensed consolidated statement of financial position

	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Unaudited)	As at 1 January 2013 HK$'000 (Unaudited)
Increase/(decrease) in derivative financial instruments	**601,117**	–	(56,448)
Decrease in tax payables	**–**	–	9,314
Decrease in deferred tax assets	**(99,184)**	–	–
Increase/(decrease) in reserves	**501,933**	–	(47,134)

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

(f) the corporate and others segment comprises the Group's feed processing business and the Group's corporate income and expense items.

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/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, gain on bargain purchase, finance costs and share of profits and losses of associates are managed on a group basis and are not allocated to reportable operating segments.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents and investments in associates as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, convertible bonds and the related interest payables, tax payable and deferred tax 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.

During the period, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue (six months ended 30 June 2013: Nil).

Geographical information

As the Group's major operations and customers are located in Mainland China, no further geographical segment information is provided.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2014

3. OPERATING SEGMENT INFORMATION (Continued)

The following tables present revenue and profit/(loss) information regarding the Group's operating segments for the six months ended 30 June 2014 and 2013.

Six months ended 30 June 2014

	Oilseeds processing HK$'000 (Unaudited)	Biochemical and biofuel HK$'000 (Unaudited)	Rice processing and trading HK$'000 (Unaudited)	Wheat processing HK$'000 (Unaudited)	Brewing materials HK$'000 (Unaudited)	Corporate and others HK$'000 (Unaudited)	Eliminations HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment revenue:								
Sales to external customers	**26,769,239**	**8,065,476**	**2,887,868**	**4,189,624**	**1,571,285**	**1,480,963**	**–**	**44,964,455**
Intersegment sales	**143,230**	**96,554**	**1,629**	**6,228**	**–**	**12,811**	**(260,452)**	**–**
Other revenue	**55,418**	**196,511**	**36,466**	**57,199**	**3,652**	**11,135**	**(19,432)**	**340,949**
Segment results	**(1,048,347)**	**416,680**	**(88,724)**	**34,847**	**182,474**	**(53,966)**	**(1,318)**	**(558,354)**
Interest income								**358,544**
Gain on bargain purchase								**240**
Finance costs								**(299,732)**
Share of profits and losses of associates								**31,867**
Loss before tax								**(467,435)**
Income tax expense								**(130,354)**
Loss for the period								**(597,789)**
Other segment information:								
Depreciation and amortisation	**307,423**	**313,012**	**79,069**	**50,349**	**47,143**	**29,059**	**–**	**826,055**
Capital expenditure	**879,664**	**123,230**	**115,116**	**36,196**	**15,529**	**42,862**	**–**	**1,212,597**
As at 30 June 2014								
Assets and liabilities								
Segment assets	**32,878,188**	**19,326,650**	**7,019,233**	**4,890,054**	**2,865,271**	**18,390,065**	**(14,908,737)**	**70,460,724**
Corporate and other unallocated assets								**20,326,839**
Total assets								**90,787,563**
Segment liabilities	**15,980,998**	**10,781,567**	**3,463,104**	**2,096,450**	**844,808**	**1,938,427**	**(14,908,737)**	**20,196,617**
Corporate and other unallocated liabilities								**38,339,599**
Total liabilities								**58,536,216**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2014

3. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2013

	Oilseeds processing HK$'000 (Unaudited)	Biochemical and biofuel HK$'000 (Unaudited)	Rice processing and trading HK$'000 (Unaudited)	Wheat processing HK$'000 (Unaudited)	Brewing materials HK$'000 (Unaudited)	Corporate and others HK$'000 (Unaudited)	Eliminations HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment revenue:								
Sales to external customers	23,345,947	7,250,778	3,795,280	3,692,960	983,064	1,166,057	–	40,234,086
Intersegment sales	140,373	164,615	1,731	6,207	–	34,294	(347,220)	–
Other revenue	524,350	138,216	29,956	31,615	32,371	35,821	(17,354)	774,975
Segment results (restated)	913,467	390,205	(53,031)	56,558	106,347	(70,773)	(3,602)	1,339,171
Interest income								157,005
Finance costs								(322,497)
Share of profits and losses of associates								46,812
Profit before tax (restated)								1,220,491
Income tax expense (restated)								(181,397)
Profit for the period (restated)								1,039,094
Other segment information:								
Depreciation and amortisation	277,603	230,700	65,366	41,561	46,489	18,505	–	680,224
Capital expenditure	336,480	487,229	168,242	118,166	6,075	110,387	–	1,226,579
As at 31 December 2013								
Assets and liabilities								
Segment assets	34,016,104	14,973,021	7,400,228	4,999,245	3,028,661	15,732,293	(14,744,547)	65,405,005
Corporate and other unallocated assets								17,364,279
Total assets								82,769,284
Segment liabilities	16,696,790	5,754,670	3,953,346	2,265,467	813,558	1,613,817	(14,744,547)	16,353,101
Corporate and other unallocated liabilities								33,683,727
Total liabilities								50,036,828

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2014

4. REVENUE, OTHER INCOME AND GAINS

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

An analysis of the Group's other income and gains is as follows:

	For the six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Other income		
Government grants*	**166,019**	199,559
Storage income from agency purchase (note 12)	**91,987**	–
Interest income	**358,544**	157,005
Compensation income	**1,574**	1,074
Others	**8,206**	16,570
	626,330	374,208
Gains		
Gains on disposal of raw materials, by-products and scrap items	**50,793**	642
Logistic service and storage income	**19,572**	8,328
Gain on disposal of items of property, plant and equipment (note 10)	**1,563**	13,430
Gain on disposal of items of intangible assets	**1,235**	–
Realised and unrealised fair value gains on foreign currency forward contracts, net (note 6)	**–**	2,017
Gains on foreign exchange, net	**–**	525,249
Gain on bargain purchase (note 17)	**240**	–
Others	**–**	8,106
	73,403	557,772
	699,733	931,980

* *Various government grants have been received for investments in certain provinces in Mainland China, which are available for industries or locations in which the Company's subsidiaries operate. In addition, pursuant to relevant notices issued by the Finance Bureau of the PRC for fuel ethanol producers, COFCO Bio-Energy (Zhaodong) Co., Ltd. and Guangxi COFCO Bio-Energy Co., Ltd. are entitled to financial grants based on the quantity of fuel ethanol produced and sold. An amount of HK$46,435,000 (six months ended 30 June 2013: HK$94,292,000) has been included in the government grants for the period. The remaining government grants mainly related to discretionary awards granted by local governments to certain subsidiaries of the Group to award their contributions to the local development. There are no unfulfilled conditions or contingencies relating to these grants.*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2014

5. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	For the six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans wholly repayable within five years	**259,303**	193,102
Bank loans wholly repayable over five years	**18,606**	16,924
Loans from fellow subsidiaries wholly repayable within five years	**5,490**	36,100
Loan from an intermediate holding company wholly repayable within five years	**1,385**	46,874
Loans from the ultimate holding company wholly repayable within five years	**–**	4,383
Convertible bonds	**16,724**	52,802
Total interest expenses on financial liabilities not at fair value through profit or loss	**301,508**	350,185
Less: Interest capitalised	**(1,776)**	(27,688)
	299,732	322,497

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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6. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Cost of inventories sold or services provided	**41,503,597**	37,512,870
Realised and unrealised fair value losses/(gains) of commodity futures contracts, net	**1,199,318**	(2,360,171)
Write-down of inventories to net realisable value	**380,574**	1,293,768
Provision for loss on non-cancellable purchase commitments*	**200,535**	947,878
Cost of sales	**43,284,024**	37,394,345
Depreciation	**790,860**	646,054
Amortisation of intangible assets	**1,396**	1,908
Recognition of prepaid land premiums	**33,799**	32,262
Employee benefit expenses (including directors' and chief executive's remuneration)	**965,150**	943,409
Gain on disposal of items of property, plant and equipment (note 10)	**(1,563)**	(13,430)
Gain on disposal of items of intangible assets	**(1,235)**	–
Losses/(gains) on foreign exchange, net	**280,379**	(525,249)
Realised and unrealised fair value losses/(gains) on foreign currency forward contracts, net	**4,299**	(2,017)

* *It is the Group's usual practice to enter into purchase contracts with delivery of raw materials at a specified future date. As at 30 June 2014, the Group had certain purchase commitments of raw materials (the "Purchase Contracts") on which the Group expects a loss as the unavoidable costs of meeting obligations under the Purchase Contracts will exceed the economic benefits expected to be received under it. The loss of HK$200,535,000 (six months ended 30 June 2013: HK$947,878,000) is estimated by the directors with reference to the expected selling prices of the corresponding products, and a provision thereon has been made in the condensed consolidated statement of profit or loss for the six months ended 30 June 2014. The directors of the Company consider that these losses are resulted from the Group's ordinary course of business.*

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7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Pursuant to the approvals issued by the State Administration of Taxation of the PRC in 2013, the Company and certain of its subsidiaries incorporated out of Mainland China are regarded as Chinese resident enterprises, and the relevant enterprise income tax policies of PRC are applicable to the Company and these subsidiaries commencing from 1 January 2013.

PRC corporate income tax ("CIT") represents tax charged on the estimated assessable profits arising from the enterprises operating in Mainland China. In general, the PRC subsidiaries of the Group are subject to the PRC corporate income tax rate of 25%. However, certain of the Group's subsidiaries are being approved by the relevant authorities as high-technology enterprise in Mainland China, and the relevant authorities have granted these subsidiaries preferential CIT rate of 15%. In addition to the preferential CIT rate granted to these subsidiaries in Mainland China, tax holidays were also granted by the relevant authority to one of the Group's subsidiaries, where CIT is exempted for the first three profitable years of the subsidiary and is chargeable at half of the applicable rate for the subsequent three years. Besides, the Group's certain subsidiaries are also granted income tax exemption on the profit generated from processing of certain agricultural products.

	For the six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Current – Hong Kong		
Charge for the period	**52,388**	9,874
Overprovision in prior periods	**(5,793)**	–
Current – Mainland China		
Charge for the period	**83,033**	325,160
Under/(over) – provision in prior periods	**1,402**	(8,441)
Tax rebates and credits	**–**	(14,414)
Deferred tax	**(676)**	(130,782)
Total tax charge for the period	**130,354**	181,397

8. DIVIDEND

	For the six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interim – Nil (six months ended 30 June 2013: 3.1 HK cents) per ordinary share	**–**	162,746

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts for the six months ended 30 June 2014 is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company, and the weighted average number of 5,249,880,788 ordinary shares (six months ended 30 June 2013: 5,249,880,788 ordinary shares) in issue during the period.

The calculation of the diluted earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

For the six months ended 30 June 2013 and 2014, no adjustments in respect of convertible bonds and share options have been made to the earnings/(loss) and number of shares used in the basic earnings/(loss) per share calculation due to that the outstanding convertible bonds and share options have anti-dilutive effect on the basic earnings/(loss) per share amount presented.

The calculations of basic earnings/(loss) per share are based on:

Earnings/(loss)

	For the six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Profit/(loss) attributable to ordinary equity holders of the Company used in the basic earnings/(loss) per share calculations	**(290,155)**	706,811

Number of shares

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	**5,249,880,788**	5,249,880,788

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment with a total cost of HK$866,234,000 (six months ended 30 June 2013: HK$1,137,984,000), not including property, plant and equipment acquired through business combinations.

Items of property, plant and equipment with a net book value of HK$96,576,000 (six months ended 30 June 2013: HK$35,117,000) were disposed of by the Group during the six months ended 30 June 2014, resulting in a net gain on disposal of HK$1,563,000 (six months ended 30 June 2013: HK$13,430,000).

11. ACCOUNTS AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for 30 to 180 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its accounts and bills receivables balances. Accounts and bills receivables are non-interest-bearing and are normally settled within one to three months, and one to six months, respectively.

An aged analysis of the Group's accounts and bills receivables at the end of the reporting period, based on the invoice date and bill issue date, net of provision for impairment, is as follows:

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Within 3 months	**3,275,789**	3,633,086
3 to 12 months	**414,231**	598,075
1 to 2 years	**14,680**	12,762
2 to 3 years	**3,398**	853
	3,708,098	4,244,776

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12. AGENCY PURCHASE OF GRAINS

Pursuant to the Fagaidian [2013] No. 229 and Guoliangtiao [2013] No. 265 issued by certain China government authorities (the "Notices"), during the period from 30 November 2013 to 30 April 2014 (the "Designated Grain Purchase Period"), certain subsidiaries (the "Entrusted Subsidiaries") of biochemical and biofuel business and rice processing business entered into agency purchase agreements (the "Agency Purchase Agreements") with branch companies of China Grain Reserves Corporation ("Sinograin"), which is a state-owned enterprise, and local grain authorities of State Administration of Grain to purchase certain quantities of grains from farmers as agent of Sinograin at prices fixed in the Agency Purchase Agreements during the Designated Grain Purchase Period. According to the Notices and Agency Purchase Agreements, (a) the grains purchased are national grains reserve and should be stored in separate warehouses of the Entrusted Subsidiaries and Sinograin is obliged to pay the Entrusted Subsidiaries with custody fees; (b) the funds for purchase of grains would be financed by Agricultural Development Bank of China ("ADBC"), which is a bank incorporated to implement China government's agricultural policies, through bank loans lent to the Entrusted Subsidiaries; (c) the interest expenses related to these bank loans would be fully reimbursed by Sinograin to these Entrusted Subsidiaries once the related government subsidies were granted to Sinograin; and (d) the principal of the bank loans should be repaid to ADBC upon receipt of funds transferred from Sinograin when the grains are sold by Sinograin.

As disclosed in the condensed consolidated statement of financial position at 30 June 2014, the balance owed by Sinograin to the Group and short term unsecured bank loans owed by the Group to ADBC as a result of the aforesaid arrangements amounted to HK$4,691 million and HK$4,708 million, respectively. In view of the fact that the interest expenses to ADBC can be fully reimbursed by the related interest income from Sinograin, the interest expenses to ADBC and the related interest income from Sinograin were presented on a net basis in the condensed consolidated statement of profit or loss. The storage income arising from the aforesaid arrangements attributable to current period was HK$91,987,000 (note 4), which is recorded as other income in the condensed consolidated statement of profit or loss.

13. ACCOUNTS AND BILLS PAYABLES

An aged analysis of the Group's accounts and bills payables at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Within 3 months	**7,650,930**	7,918,502
3 to 12 months	**306,726**	53,718
1 to 2 years	**10,175**	11,179
Over 2 years	**4,711**	5,619
	7,972,542	7,989,018

Accounts and bills payables are non-interest-bearing and are normally settled within one to three months and one to six months, respectively.

14. CONVERTIBLE BONDS

On 29 July 2010, Glory River Holdings Limited (the "Issuer"), a wholly-owned subsidiary of the Company, issued 1% fixed rate convertible bonds (the "Convertible Bonds") due on 29 July 2015 (the "Maturity Date"), with an aggregate principal amount of HK$3,875,000,000. The Company has unconditionally and irrevocably guaranteed the due payments of all sums to be payable by the Issuer. The Convertible Bonds have been listed and quoted on the Singapore Exchange Securities Trading Limited on 2 August 2010.

The bonds are convertible at the option of the bondholders into ordinary shares of the Company on or after 8 September 2010 up to 19 July 2015. The initial conversion price is HK$11.375 per share and the conversion price is subject to adjustment upon occurrence of certain adjustment events subsequently. Pursuant to the terms and conditions of the convertible bonds, conversion price adjustments had been made correspondingly as a result of the declaration of dividends by the Company for the years ended 31 December 2010, 2011, 2012 and 2013 and, most recently, the conversion price of the convertible bonds had been adjusted to HK$9.868 per share with effect from 14 June 2014 as a result of the declaration of 2013 final dividend.

The Issuer would, at the option of the holder of any bond, redeem all or part of such holder's bonds on 29 July 2013 at a certain predetermined early redemption amount (the "Early Redemption Amount") as at the relevant date fixed for redemption, together with interest accrued but unpaid to such date. On 29 July 2013, the Issuer redeemed (the "Early Redemption"), at the option of certain holders of the Convertible Bonds, certain Convertible Bonds with an aggregate principal amount of HK$2,668,500,000 at the applicable Early Redemption Amount of HK$103,076.01 in respect of each HK$100,000 principal amount of the Convertible Bonds for a total consideration of approximately HK$2,750,583,000. After the Early Redemption, the outstanding principal amount of the Convertible Bonds is HK$1,206,500,000.

Upon fulfilling certain predetermined conditions, the bonds are redeemable in whole at the option of the Issuer at any time after 29 July 2013 at the Early Redemption Amount as at the relevant date fixed for redemption, together with interest accrued but unpaid to such date. The Early Redemption Amount to be repaid to the holder thereof on the relevant date is based on a gross yield to maturity identical to that applicable in the case of the redemption on the Maturity Date, being 2% per annum (calculated on a semi-annual basis).

The bonds carry interest at a rate of 1% per annum, which is payable half-yearly in arrears on 29 January and 29 July. Unless previously redeemed, converted or purchased and cancelled in the circumstances referred to in the terms and conditions of the bonds, the Issuer will redeem each bond at its principal amount multiplied by 105.231% together with accrued and unpaid interest thereon on the Maturity Date.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

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15. ISSUED CAPITAL

Shares

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Issued and fully paid:		
5,249,880,788 (31 December 2013: 5,249,880,788) ordinary shares	**9,771,664**	524,988

A summary of the transactions during the period in the Company's issued share capital is as follows:

	Issued capital HK$'000	**Share premium HK$'000**	**Total HK$'000**
At 1 January 2013, 31 December 2013 and 1 January 2014	524,988	9,246,676	9,771,664
Transfer to share capital (note)	9,246,676	(9,246,676)	–
At 30 June 2014	9,771,664	–	9,771,664

Note:

Pursuant to the transitional provisions for the abolition of the nominal value of share capital included in the new Hong Kong Companies Ordinance which became effective on 3 March 2014, the balances of the share premium account have been transferred to issued capital.

16. SHARE OPTION SCHEME

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

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16. SHARE OPTION SCHEME (Continued)

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

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

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

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

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

On 7 August 2007, a total of 27,600,000 share options were granted to certain directors and employees of the Group in respect of their services to the Group in the forthcoming year (the "2007 Options"). The 2007 Options had an exercise price of HK$4.666 per share and an exercise period from 7 August 2009 to 6 August 2014. The closing price of the Company's shares at the date of grant was HK$4.50 per share.

Pursuant to an ordinary resolution passed on 25 May 2010 in the annual general meeting of the shareholders, the vesting and exercise periods for the 2007 Options had been modified (the "Modification").

On 31 March 2011, a total of 45,300,000 share options were granted to certain directors and employees of the Group in respect of their services to the Group in the forthcoming year (the "2011 Options"). The 2011 Options had an exercise price of HK$8.720 per share and an exercise period from 31 March 2013 to 30 March 2018. The closing price of the Company's share at the date of grant was HK$8.720 per share.

In accordance with the terms of the Scheme, with effect on 28 March 2013, the exercise prices and the outstanding number of share options of the 2007 Options and the 2011 Options have been adjusted (the "Adjustments") as a result of the rights issue of the Company made in 2012. After the Adjustments, the exercise prices of the 2007 Options and the 2011 Options are HK$4.399 and HK$8.220 per share, respectively, and the outstanding number of share options of the 2007 Options and the 2011 Options have been increased by 1,360,000 and 2,646,000 shares, respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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16. SHARE OPTION SCHEME (Continued)

The following 2007 Options were outstanding under the Scheme during the period:

	2014		2013	
	Weighted average exercise price HK$ per share	**Number of options '000** (Unaudited)	Weighted average exercise price HK$ per share	Number of options '000 (Unaudited)
At 1 January	**4.399**	**24,180**	4.666	23,179
Additional options arising from the Adjustments	**4.399**	**–**	4.399	1,360
Forfeited during the period	**4.399**	**(869)**	4.399	(133)
At 30 June	**4.399**	**23,311**	4.399	24,406

The vesting periods, exercise price and exercise periods of the 2007 Options outstanding as at 30 June 2014 and 2013 are as follows:

30 June 2014

Number of options granted to Directors '000	**Number of options granted to Employees '000**	**Total '000**	**Vesting period (d-m-yyyy)**	**Exercise price per share* HK$**	**Exercise period (d-m-yyyy)**
667	**1,912**	**2,579**	7-8-2007 to 6-8-2009	4.399	7-8-2009 to 6-8-2014
668	**4,515**	**5,183**	7-8-2007 to 6-8-2010	4.399	7-8-2010 to 6-8-2014
668	**4,515**	**5,183**	7-8-2007 to 6-8-2011	4.399	7-8-2011 to 6-8-2014
668	**4,515**	**5,183**	7-8-2007 to 6-8-2012	4.399	7-8-2012 to 6-8-2014
668	**4,515**	**5,183**	7-8-2007 to 6-8-2013	4.399	7-8-2013 to 6-8-2014
3,339	**19,972**	**23,311**			

30 June 2013

Number of options granted to Directors '000	**Number of options granted to Employees '000**	**Total '000**	**Vesting period (d-m-yyyy)**	**Exercise price per share* HK$**	**Exercise period (d-m-yyyy)**
560	2,114	2,674	7-8-2007 to 6-8-2009	4.399	7-8-2009 to 6-8-2014
700	4,738	5,438	7-8-2007 to 6-8-2010	4.399	7-8-2010 to 6-8-2014
700	4,738	5,438	7-8-2007 to 6-8-2011	4.399	7-8-2011 to 6-8-2014
700	4,738	5,438	7-8-2007 to 6-8-2012	4.399	7-8-2012 to 6-8-2014
700	4,718	5,418	7-8-2007 to 6-8-2013	4.399	7-8-2013 to 6-8-2014
3,360	21,046	24,406			

* *The exercise price and number of share options are subject to adjustments in the case of rights or bonus issues, or other similar changes in the Company's share capital.*

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16. SHARE OPTION SCHEME (Continued)

The following 2011 Options were outstanding under the Scheme during the period:

	2014		2013	
	Weighted average exercise price HK$ per share	**Number of options '000** (Unaudited)	Weighted average exercise price HK$ per share	Number of options '000 (Unaudited)
At 1 January	**8.220**	**45,491**	8.720	44,550
Additional options arising from the Adjustments	**8.220**	**–**	8.220	2,646
Forfeited during the period	**8.220**	**(1,124)**	8.220	(737)
At 30 June	**8.220**	**44,367**	8.220	46,459

The vesting periods, exercise price and exercise periods of the 2011 Options outstanding as at 30 June 2014 and 2013 are as follows:

30 June 2014

Number of options granted to Directors '000	**Employees '000**	**Total '000**	**Vesting period (dd-m-yyyy)**	**Exercise price per share* HK$**	**Exercise period (dd-m-yyyy)**
711	**8,265**	**8,976**	31-3-2011 to 30-3-2013	8.220	31-3-2013 to 30-3-2018
710	**8,233**	**8,943**	31-3-2011 to 30-3-2014	8.220	31-3-2014 to 30-3-2018
710	**8,106**	**8,816**	31-3-2011 to 30-3-2015	8.220	31-3-2015 to 30-3-2018
710	**8,106**	**8,816**	31-3-2011 to 30-3-2016	8.220	31-3-2016 to 30-3-2018
710	**8,106**	**8,816**	31-3-2011 to 30-3-2017	8.220	31-3-2017 to 30-3-2018
3,551	**40,816**	**44,367**			

30 June 2013

Number of options granted to Directors '000	**Employees '000**	**Total '000**	**Vesting period (dd-m-yyyy)**	**Exercise price per share* HK$**	**Exercise period (dd-m-yyyy)**
720	8,691	9,411	31-3-2011 to 30-3-2013	8.220	31-3-2013 to 30-3-2018
721	8,541	9,262	31-3-2011 to 30-3-2014	8.220	31-3-2014 to 30-3-2018
721	8,541	9,262	31-3-2011 to 30-3-2015	8.220	31-3-2015 to 30-3-2018
721	8,541	9,262	31-3-2011 to 30-3-2016	8.220	31-3-2016 to 30-3-2018
721	8,541	9,262	31-3-2011 to 30-3-2017	8.220	31-3-2017 to 30-3-2018
3,604	42,855	46,459			

* *The exercise price and number of share options are subject to adjustments in the case of rights or bonus issues, or other similar changes in the Company's share capital.*

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16. SHARE OPTION SCHEME (Continued)

The aggregate fair values of the 2007 Options and 2011 Options granted during prior years were amounted to approximately HK$222,075,000 (including an additional fair value of approximately HK$2,759,000 arising from the Modification) of which the Group recognised share option expenses of HK$12,253,000 during the period (six months ended 30 June 2013: HK$19,108,000).

The fair values of the equity-settled share options were estimated as at the date of grant or modification, using option pricing models, taking into account of the according terms and conditions. The following table lists the inputs to the models used:

	2011 Options	2007 Options
Date of grant/modification	31 March 2011	25 May 2010
Dividend yield (%)	1.43	1.5
Expected volatility (%)	47.49	55.20
Historical volatility (%)	47.49	55.20
Risk-free interest rate (%)	2.369	1.320
Expected life of options (year)	7.0	4.2
Closing share price (HK$ per share)	8.72	8.47

The expected life of the options is determined with reference to the vesting term and original contractual term of the Scheme and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 67,678,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 67,678,000 additional ordinary shares of the Company and additional share capital of approximately HK$467,242,000 (before issue expenses).

At the date of the approval of these financial statements, the Company had 44,367,000 share options outstanding under the Scheme, which represented approximately 0.8% of the Company's shares in issue as at that date.

17. BUSINESS COMBINATIONS

Business combinations for the period ended 30 June 2014

During the six months period ended 30 June 2014, the Group acquired a 51% equity interest in COFCO Nisshin (Dalian) Oil Mills Limited (中糧日清（大連）有限公司) ("COFCO Nisshin") (formerly known as Dalian Nisshin Oil Mills Limited (大連日清制油有限公司)) from a third party at a cash consideration of approximately HK$14,063,000 plus contingent consideration (note b). COFCO Nisshin is engaged in the production and sale of edible oil.

The Group has elected to measure the non-controlling interest in COFCO Nisshin at the non-controlling interest's proportionate share of COFCO Nisshin's identifiable net assets.

The fair values of the identifiable assets and liabilities of COFCO Nisshin at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK$'000 (Unaudited)
Property, plant and equipment		264,492
Intangible assets	(a)	–
Inventories		74,243
Accounts receivables		12,533
Prepayments, deposits and other receivables		22,740
Cash and cash equivalents		355,755
Accounts and bills payables		(236,325)
Bank and other borrowings		(410,528)
Other payables and accruals		(51,080)
Deferred tax liabilities	(c)	(3,785)
Total identifiable net assets at fair value		28,045
Non-controlling interest	(c)	(13,742)
Gain on bargain purchase (note 4)	(c)	(240)
		14,063
Satisfied by:		
Cash		14,063
Contingent consideration	(b)	–

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17. BUSINESS COMBINATIONS (Continued)

Business combinations for the period ended 30 June 2014 (Continued)

Notes:

(a) *The fair value of the acquired identifiable intangible assets are provisional pending to the final valuation results performed by independent professionally qualified valuers.*

(b) *The contingent consideration arrangement requires the Group to pay the former owner a maximum cash consideration of RMB70,000,000 in aggregate out of the dividend apportioned to the Group as long as distributable profits of COFCO Nisshin are distributed, and each year's consideration is the lesser of RMB10,000,000 and the dividend apportioned to the Group in that year, provided that the patent owned by COFCO Nisshin remains effective during the period from the acquisition date to the expiry date of the patent held by COFCO Nisshin. The potential undiscounted amount of all future payments that the Group is required to make under the contingent consideration arrangement is between Nil and RMB70,000,000. As of 30 June 2014, contingent consideration is not recognised pending to the final valuation results performed by independent professionally qualified valuers.*

(c) *The negative goodwill is provisional subject to final valuation results of identified intangible assets, contingent consideration and other identifiable assets and liabilities.*

An analysis of the cash flows in respect of the acquisition of COFCO Nisshin is as follows:

	For the six months ended 30 June 2014 HK$'000 (Unaudited)
Cash consideration	**(14,063)**
Cash and cash equivalents acquired	**355,755**
Net inflow of cash and cash equivalents in respect of the acquisition of COFCO Nisshin	**341,692**

During the six months ended 30 June 2014, COFCO Nisshin generated revenue and net loss of approximately HK$992,173,000 and HK$1,723,000, respectively. Since the acquisition date, COFCO Nisshin contributed revenue of HK$506,802,000 to the Group and contributed a net loss of approximately HK$1,959,000 to the Group's consolidated loss for the period ended 30 June 2014.

Business combinations for the period ended 30 June 2013

There was no business combination incurred during the six months ended 30 June 2013.

18. RELATED PARTY TRANSACTIONS

(a) *Transactions with related parties*

Apart from the transactions and balances disclosed elsewhere in the interim financial information, the Group had the following transactions with related parties during the period:

		For the six months ended 30 June	
	Notes	**2014 HK$'000 (Unaudited)**	2013 HK$'000 (Unaudited)
Transactions with fellow subsidiaries:			
Sales of goods	**(i)**	**3,945,165**	4,259,640
Purchases of goods	**(i)**	**1,061,955**	3,877,954
Operating lease rental paid	**(i)**	**1,913**	2,086
Interest expense	**(ii)**	**5,490**	36,100
Interest income	**(iii)**	**7,049**	7,353
Brokerage fee paid	**(i)**	**13,049**	15,523
Logistics service and storage income	**(i)**	**–**	59
Logistics service and storage expense	**(i)**	**9,446**	–
Processing service and other income	**(i)**	**6,271**	30,294
Transactions with the ultimate holding company:			
Operating lease rental paid	**(i)**	**11,167**	9,892
Interest expense	**(ii)**	**–**	4,383
Transaction with an intermediate holding company:			
Interest expense	**(ii)**	**1,385**	46,874
Transactions with associates:			
Sales of goods	**(i)**	**428,415**	636,845
Purchases of goods	**(i)**	**77,237**	263,983
Interest income	**(iii)**	**3,652**	3,107
Other service income	**(i)**	**621**	665
Transactions with related companies#:			
Sales of goods	**(i)**	**118,763**	158,272
Purchases of goods	**(i)**	**719,057**	1,169,061
Brokerage fee paid	**(i)**	**2,136**	2,167
Transactions with non-controlling shareholders of subsidiaries:			
Sales of goods	**(i)**	**196,202**	211,843
Purchases of goods	**(i)**	**35,934**	47,301

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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18. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

Notes:

(i) Except for the transactions with an associate for sales of goods of HK$46,523,000 (six months ended 30 June 2013: HK$80,816,000 with an associate and HK$214,469,000 with a fellow subsidiary), which were carried out at cost, other transactions were carried out with reference to the prevailing market prices or, where no market prices were available, at cost plus a percentage of profit mark-up.

(ii) The interest expense to fellow subsidiaries arose from loans from fellow subsidiaries, which were unsecured and bore interest rates ranged from 1.16% to 5.6% per annum (six months ended 30 June 2013: 5.04% to 6.56% per annum). The interest expense to an intermediate holding company arose from loans from COFCO HK which was unsecured and bore interest at a rate of 3.4% per annum (six months ended 30 June 2013: 3.4% and 4.2% per annum). For the six months ended 30 June 2013, the interest expenses to the ultimate holding company arose from the loan from COFCO which were unsecured and bore interest at a rate of 5.32% per annum.

(iii) The interest income from fellow subsidiaries represented interest income arose from loans to a fellow subsidiary, which are unsecured and bore interest at a rate of 5.6% per annum (six months ended 30 June 2013: 5.6% per annum). The interest income from associates arose from loans to an associate, which were unsecured and bore interest at rates of 2.5% and 4.0% per annum (six months ended 30 June 2013: 2.5% and 4.0% per annum).

(b) Outstanding balances with related parties

Except for the following, the balances with related parties at the end of the reporting period are unsecured, interest-free and have no fixed terms of repayment:

(1) Loans from a fellow subsidiary of HK$547,359,000 (31 December 2013: HK$2,420,627,000), which bore interest at rates ranged from 1.92% to 5.6% per annum (31 December 2013: 1.16% to 1.77% per annum) and will be repaid within one year. Loans from an intermediate holding company of HK$63,824,000 as at 31 December 2013 which bore interest at a rate of 3.4% per annum and were repaid during the period.

(2) The loans to associates included in the Group's investments in associates are unsecured, interest-free and the Company does not expect these loans to be repaid within the next 12 months. In the opinion of the directors, these loans are considered as quasi-equity investments in the associates.

The other balances with associates are unsecured and interest-free except for loans to an associate of HK$210,280,000 (31 December 2013: HK$212,292,000) which bore interest rates of 2.5% and 4.0% per annum (31 December 2013: 2.5% and 4.0% per annum).

(3) Amounts due to non-controlling shareholders of subsidiaries of HK$209,601,000 (31 December 2013: HK$210,467,000), which are financing in nature and not repayable within one year from the end of the reporting period.

(4) Loans to a fellow subsidiary of HK$890,325,000 as at 31 December 2013 which bore interest at a rate of 5.6% per annum and was repaid during the period.

18. RELATED PARTY TRANSACTIONS (Continued)

(c) *Other related parties transactions*

On 20 December 2013, Excel Joy International Limited ("Excel Joy International"), a wholly-owned subsidiary of the Company, COFCO and COFCO Excel Joy (Tianjin) Co., Ltd. ("COFCO Excel Joy") entered into the capital increase agreement to the effect that COFCO to become a new shareholder of COFCO Excel Joy upon the issuance of revised business license of COFCO Excel Joy resulted from the capital increase. During the period, the capital increase was completed and COFCO Excel Joy was owned as to approximately 75.83% by Excel Joy International and approximately 24.17% by COFCO. The total investment by COFCO in COFCO Excel Joy pursuant to the capital increase agreement is RMB384,530,000.

On 20 December 2013, Oriental Chance Limited ("Oriental Chance"), a wholly-owned subsidiary of the Company, COFCO and COFCO Oils (Qinzhou) Co., Ltd. ("COFCO Qinzhou") entered into the capital increase agreement to the effect that COFCO to become a new shareholder of COFCO Qinzhou upon the issuance of revised business license of COFCO Qinzhou resulted from the capital increase. During the period, the capital increase was completed and COFCO Qinzhou was owned as to approximately 95.32% by Oriental Chance and approximately 4.68% by COFCO. The total investment by COFCO in COFCO Qinzhou pursuant to the capital increase agreement is RMB67,920,000.

On 20 December 2013, COFCO (BVI) No. 24 Limited ("COFCO No. 24"), a wholly-owned subsidiary of the Company, Grand Silver (Lanshan) Limited ("Grand Silver"), a non-wholly-owned subsidiary of the Company, COFCO and COFCO Yellowsea Oils & Grains Industries (Shandong) Co., Ltd. ("COFCO Yellowsea") entered into the capital increase agreement to the effect that COFCO to become a new shareholder of COFCO Yellowsea upon the issuance of revised business license of COFCO Yellowsea resulted from the capital increase. Up to the issuance date of the report, the capital increase was completed and COFCO Yellowsea was owned as to approximately 53.22% by Grand Silver, approximately 43.58% by COFCO No. 24 and approximately 3.20% by COFCO. The total investment by COFCO in COFCO Yellowsea pursuant to the capital increase agreement is RMB47,550,000.

(d) *Commitments with related parties*

During the period ended 30 June 2014, the Group entered into purchase agreements with Archer Daniels Midland Company ("ADM"), a related company of the Group, pursuant to which the Group agreed to purchase soybean from ADM with a total consideration of approximately HK$464,878,000. The Group expects that these transactions will be taken place in the second half of 2014.

During the period ended 30 June 2013, the Group entered into sales agreements with China National Vegetable Oil Corporation ("CNV Oil"), a fellow subsidiary of the Group, pursuant to which the Group agreed to sell vegetable oil with a total consideration of approximately HK$288,581,000 to CNV Oil in the second half of 2013. Besides, the Group entered into purchase agreements with Toepfer International-Asia Pte Limited ("Toepfer") and Wilmar Trading Pte Limited ("Wilmar"), the related companies of the Group, pursuant to which the Group agreed to purchase vegetable oil and palm oil of approximately HK$447,642,000 in total from Toepfer and Wilmar in the second half of 2013.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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18. RELATED PARTY TRANSACTIONS (Continued)

(d) Commitments with related parties (Continued)

The amount of total transactions with related parties for the period is included in note 18(a) to the condensed consolidated interim financial information. The transactions were carried out with reference to the prevailing market prices or, where no market prices were available, at cost plus a percentage of profit mark-up.

(e) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**8,791**	6,520
Post-employment benefits	**203**	118
Equity-settled share option expense	**1,365**	1,923
Total compensation paid to key management personnel	**10,359**	8,561

(f) Transactions with other state-owned enterprises

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "State-owned Enterprises"). During the period, the Group enters into extensive transactions covering, but not limited to, purchases of agricultural raw materials, sales of diversified products, purchases of property, plant and equipment and other assets, receiving of services, and making deposits and borrowings with State-owned Enterprises, other than the COFCO group, in the normal course of business at terms comparable to those with other non State-owned Enterprises. The directors consider that transactions with other State-owned Enterprises are activities in the ordinary course of the business, and that dealings of the Group have not been significantly or unduly affected by the fact that the Group and those State-owned Enterprises are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services, and such policies do not depend on whether or not the customers are State-owned Enterprises. Having due regard to the substance of the relationships, the directors of the Company are of the opinion that none of these transactions constitutes a material related party transaction that requires separate disclosure.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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19. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and land use rights under operating lease arrangements. Leases for office properties are negotiated for terms ranging from one to ten years and those for land use rights for terms of fifty years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Within one year	**17,965**	19,081
In the second to fifth years, inclusive	**12,802**	12,726
After five years	**43,981**	45,550
	74,748	77,357

20. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 19 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Capital commitments in respect of property, plant and equipment:		
Authorised, but not contracted for	**702,019**	544,212
Contracted, but not provided for	**647,487**	967,163
	1,349,506	1,511,375

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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21. OTHER COMMITMENTS

(a) Commitments under commodity futures contracts:

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Sales contracts	**27,861,917**	23,449,119
Purchases contracts	**9,892,542**	4,543,498

(b) Commitments under foreign currency forward contracts:

As at 30 June 2014, the Group has commitments under non-deliverable and deliverable foreign currency forward contracts of sales of United States dollars with an aggregate notional amount of HK$845,186,000 (31 December 2013: HK$164,197,000).

22. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)	**30 June 2014 HK$'000 (Unaudited)**	31 December 2013 HK$'000 (Audited)
Financial assets				
Derivative financial instruments	**44,117**	525,522	**44,117**	525,522
Due from related parties	**–**	132,786	**–**	129,471
	44,117	658,308	**44,117**	654,993
Financial liabilities				
Derivative financial instruments	**445,540**	–	**445,540**	–
Interest-bearing bank and other borrowings	**36,860,013**	32,155,967	**36,650,399**	32,176,324
	37,305,553	32,155,967	**37,095,939**	32,176,324

22. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, certain amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current balances due from related parties, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The carrying amount of the liability portion of the convertible bonds approximates to its fair value, which has been estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk. The Group's own non-performance risk for derivative financial liabilities, interest-bearing bank and other borrowings and liability component of convertible bonds as at 30 June 2014 was assessed to be insignificant.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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22. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

The Group enters into derivative financial instruments with various counterparties, principally established commodity trading exchanges or financial institutions with good credit ratings. Derivative financial instruments, including commodity futures contracts and foreign currency forward contracts, are measured using market quoted prices or quoted prices from financial institutions with which the forward currency contracts are entered into. The carrying amounts of commodity futures contracts and foreign currency forward contracts are the same as their fair values.

As at 30 June 2014, the marked to market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on other financial instruments recognised at fair value.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	Fair value measurement using			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable inputs**	
As at 30 June 2014	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Derivative financial instruments	**44,117**	**–**	**–**	**44,117**
As at 31 December 2013	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
	(Audited)	(Audited)	(Audited)	(Audited)
Derivative financial instruments	525,522	–	–	525,522

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30 June 2014

22. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

Fair value hierarchy *(Continued)*

Liabilities measured at fair value

	Fair value measurement using			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable inputs**	
As at 30 June 2014	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Derivative financial instruments	**445,540**	**–**	**–**	**445,540**
As at 31 December 2013	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
	(Audited)	(Audited)	(Audited)	(Audited)
Derivative financial instruments	–	–	–	–

Assets for which fair values are disclosed

	Fair value measurement using			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable inputs**	
As at 30 June 2014	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Due from related parties	**–**	**–**	**–**	**–**
As at 31 December 2013	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
	(Audited)	(Audited)	(Audited)	(Audited)
Due from related parties	–	129,471	–	129,471

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22. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed

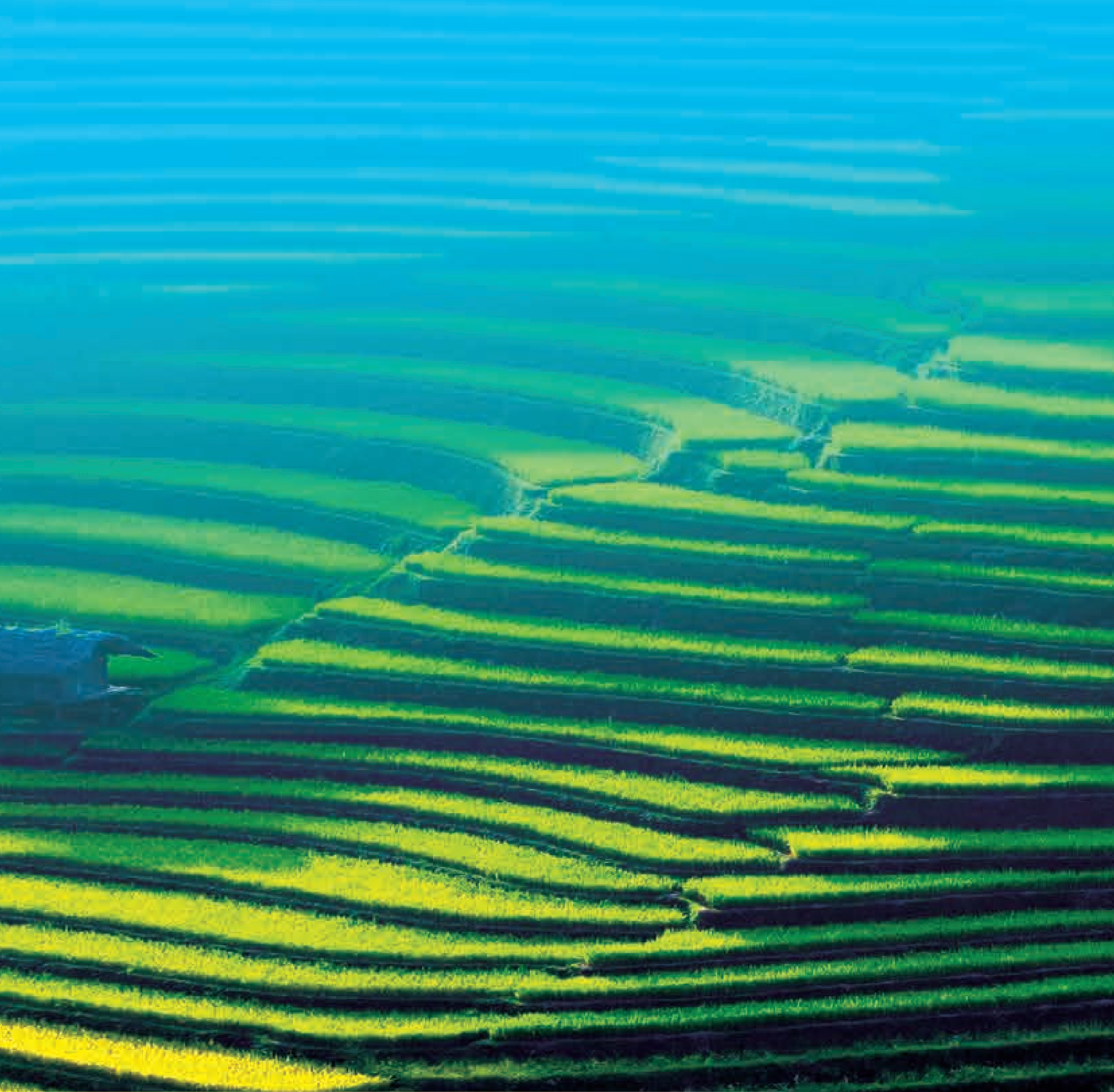
	Fair value measurement using			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable inputs**	
As at 30 June 2014	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest-bearing bank and other borrowings	**–**	**36,650,399**	**–**	**36,650,399**
As at 31 December 2013	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
	(Audited)	(Audited)	(Audited)	(Audited)
Interest-bearing bank and other borrowings	–	32,176,324	–	32,176,324

23. EVENTS AFTER THE REPORTING PERIOD

On 11 August 2014, two non-wholly-owned subsidiaries of the Company, namely COFCO Excel Joy and Tianjin COFCO Excel Joy Lingang Storage Co., Ltd. ("Excel Joy Storage") entered into the Absorption and Merger Agreement, pursuant to which, (a) Excel Joy Storage shall be merged and absorbed by COFCO Excel Joy (the "Merger Transaction"); and (b) to facilitate and in consideration of the Merger Transaction, COFCO Excel Joy will increase its registered capital which will be proportioned to each of their two shareholders, COFCO and Excel Joy International with reference to (i) the assessed net asset value of each of COFCO Excel Joy and Excel Joy Storage, and (ii) the respective equity interests of COFCO and Excel Joy International in each of COFCO Excel Joy and Excel Joy Storage before the Merger Transaction. Further details, please refer to the announcement of the Company dated 11 August 2014.

24. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The condensed consolidated interim financial information was approved and authorised for issue by the board of directors on 27 August 2014.



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