C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2007

CONSOLIDATED RESULTS

The board of directors (the "Board") announces the consolidated results of C.P. Pokphand Co. Ltd. ("CPP" or the "Company") and its subsidiaries (the "Group") for the year ended 31st December, 2007 as follows:

Consolidated Income Statement

		Year ended 31st December,	
		2007	2006 (Audited)
	Notes	***US$'000***	*US$'000*
Revenue	4	**2,284,772**	1,691,457
Cost of sales		**(2,035,955)**	(1,522,720)
Gross profit		**248,817**	168,737
Selling and distribution costs		**(82,965)**	(71,603)
General and administrative expenses		**(102,851)**	(109,532)
Other income	5	**23,681**	3,502
Other losses	6	**(39,602)**	(7,182)
Finance costs		**(40,137)**	(34,601)
Share of profits and losses of:			
Jointly-controlled entities		**3,477**	1,282
Associates		**3,397**	1,704
Profit/(Loss) before tax	7	**13,817**	(47,693)
Tax	8	**(9,660)**	(6,638)
Profit/(Loss) for the year		**4,157**	(54,331)
Attributable to:			
Equity holders of the Company		**2,487**	(49,728)
Minority interests		**1,670**	(4,603)
		4,157	(54,331)
		US cent	*US cents*
Earnings/(Loss) per share attributable to ordinary equity holders of the Company:	9		
Basic		**0.086**	(1.721)
Diluted		**N/A**	N/A

Consolidated Balance Sheet

		31st December,	
		2007	2006 (Audited)
	Notes	***US$'000***	*US$'000*
Non-current assets			
Property, plant and equipment		**430,167**	447,733
Investment properties		**6,711**	4,129
Land lease prepayments		**50,558**	48,731
Non-current livestock		**23,092**	12,009
Interests in jointly-controlled entities		**52,166**	83,047
Interests in associates		**27,642**	26,801
Available-for-sale investments		**1,238**	1,480
Goodwill		**2,928**	2,515
Deferred tax assets		**106**	2,011
Total non-current assets		**594,608**	628,456
Current assets			
Current livestock		**34,334**	17,755
Inventories		**248,601**	177,033
Accounts receivable, other receivables and deposits	10	**74,520**	59,279
Bills receivable		**9,705**	4,675
Tax recoverable		**47**	47
Due from minority shareholders		**2,653**	5,620
Due from related companies		**10,038**	13,610
Pledged deposits		**4,200**	10,199
Cash and cash equivalents		**82,852**	55,107
Total current assets		**466,950**	343,325

Consolidated Balance Sheet *(continued)*

		31st December,	
		2007	2006 (Audited)
	Notes	***US$'000***	*US$'000*
Current liabilities			
Accounts payable, other payables and accrued expenses	11	**335,723**	251,596
Bills payable		**23,032**	10,577
Tax payable		**5,323**	4,908
Provisions for staff bonuses and welfare benefits		**8,892**	7,739
Due to related companies		**10,898**	22,182
Due to minority shareholders		**6,834**	10,203
Interest-bearing bank and other loans		**432,077**	435,450
Total current liabilities		**822,779**	742,655
Net current liabilities		**(355,829)**	(399,330)
Total assets less current liabilities		**238,779**	229,126
Non-current liabilities			
Interest-bearing bank and other loans		**(125,577)**	(127,616)
Net assets		**113,202**	101,510
Equity			
Equity attributable to equity holders of the parent			
Issued capital	12	**28,898**	28,898
Share premium account		**73,897**	73,897
Reserves		**(37,667)**	(48,843)
		65,128	53,952
Minority interests		**48,074**	47,558
Total equity		**113,202**	101,510

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, available-for-sale investments and livestock which have been measured at fair value. These financial statements are presented in United States dollars ("US$") and all values are rounded to the nearest thousand except when otherwise indicated.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board, the International Financial Reporting Interpretations Committee ("IFRIC") interpretations, and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31st December, 2007. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2. Impact of new and revised international financial reporting standards

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following new and amended IFRSs and IFRIC interpretations during the year.

IFRS 7	Financial Instruments: Disclosures
IAS 1 (Amendment)	Capital Disclosures
IFRIC-Int 8	Scope of IFRS 2
IFRIC-Int 9	Reassessment of Embedded Derivatives
IFRIC-Int 10	Interim Financial Reporting and Impairment

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IFRS 7 Financial Instruments : Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to IAS 1 Presentation of Financial Statements – Capital disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) IFRIC-Int 8 Scope of IFRS 2

This interpretation requires IFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees in accordance with the Group's shares option scheme, the interpretation has had no effect on these financial statements.

(d) IFRIC-Int 9 Reassessment of Embedded Derivatives

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) IFRIC-Int 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1st January, 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

3. **Segment information**

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(i) The feedmill and poultry segment represents feedmill and poultry operations and the trading of agricultural products, see note 13 to the results announcement;

(ii) The manufacture and sale of motorcycles segment represents manufacture and sale of motorcycles and accessories for automotives and trading of automobiles through its jointly-controlled entities; and

(iii) The investment and property holding segment leases offices owned by the Group and acts as the investment holdings of group companies.

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31st December, 2007 and 2006.

	Feedmill and poultry operations and trading of agricultural products	**Manufacture and sale of motorcycles and accessories for automotives and trading of automobiles***	**Investment and property holding**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
2007				
Segment revenue:				
Total sales	2,507,783	–	971	2,508,754
Intersegment sales	(223,021)	–	(961)	(223,982)
Sales to external customers	2,284,762	–	10	2,284,772
Segment results	67,790	(2,167)	(2,622)	63,001
Other income	19,371	–	559	19,930
Other losses	(39,602)	–	–	(39,602)
Interest income				3,751
Finance costs				(40,137)
Share of profits and losses of jointly-controlled entities	(4,515)	7,992	–	3,477
Share of profits and losses of associates	3,397	–	–	3,397
Profit before tax				13,817
Tax				(9,660)
Profit for the year				4,157

* *These activities were conducted through the Group's jointly-controlled entities.*

(a) Business segments *(continued)*

	Feedmill and poultry operations and trading of agricultural products	Manufacture and sale of motorcycles and accessories for automotives and trading of automobiles*	Investment and property holding	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
2006				
Segment revenue:				
Total sales	1,872,469	–	69	1,872,538
Intersegment sales	(181,017)	–	(64)	(181,081)
Sales to external customers	1,691,452	–	5	1,691,457
Segment results	(6,390)	(3,299)	(2,709)	(12,398)
Other income	2,344	–	261	2,605
Other losses	(7,124)	–	(58)	(7,182)
Interest income				897
Finance costs				(34,601)
Share of profits and losses of jointly-controlled entities	(5,128)	6,410	–	1,282
Share of profits and losses of associates	1,704	–	–	1,704
Loss before tax				(47,693)
Tax				(6,638)
Loss for the year				(54,331)

* *These activities were conducted through the Group's jointly-controlled entities.*

(a) **Business segments** *(continued)*

	Feedmill and poultry operations and trading of agricultural products US$'000	Manufacture and sale of motorcycles and accessories for automotives and trading of automobiles* US$'000	Investment and property holding US$'000	Total US$'000
2007				
Interests in jointly-controlled entities	(4,357)	56,523	–	52,166
Interests in associates	27,642	–	–	27,642
Segment assets	955,765	4,539	21,293	981,597
Unallocated assets				153
Total assets				1,061,558
Segment liabilities	381,988	3,276	115	385,379
Unallocated liabilities				562,977
Total liabilities				948,356
Other segment information:				
Additions to property, plant and equipment and land lease prepayments	45,121	216	37	45,374
Depreciation and amortisation	55,617	199	332	56,148
Impairment of items of property, plant and equipment	29,044	–	–	29,044
2006				
Interests in jointly-controlled entities	35,933	47,114	–	83,047
Interests in associates	26,801	–	–	26,801
Segment assets	838,435	4,124	17,316	859,875
Unallocated assets				2,058
Total assets				971,781
Segment liabilities	295,138	4,005	3,154	302,297
Unallocated liabilities				567,974
Total liabilities				870,271
Other segment information:				
Additions to property, plant and equipment and land lease prepayments	57,929	208	536	58,673
Depreciation and amortisation	51,602	231	227	52,060
Impairment of items of property, plant and equipment	5,785	–	–	5,785

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

(b) Geographical segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's geographical segments for the years ended 31st December, 2007 and 2006.

	Hong Kong	**Mainland China**	**Total**
	US$'000	*US$'000*	*US$'000*
2007			
Segment revenue:			
Total sales	971	2,507,783	2,508,754
Intersegment sales	(961)	(223,021)	(223,982)
Sales to external customers	10	2,284,762	2,284,772
Segment results	(2,622)	65,623	63,001
Other income	928	19,002	19,930
Other losses	–	(39,602)	(39,602)
Interest income			3,751
Finance costs			(40,137)
Share of profits and losses of jointly-controlled entities	–	3,477	3,477
Share of profits and losses of associates	–	3,397	3,397
Profit before tax			13,817
Tax			(9,660)
Profit for the year			4,157
2006			
Segment revenue:			
Total sales	69	1,872,469	1,872,538
Intersegment sales	(64)	(181,017)	(181,081)
Sales to external customers	5	1,691,452	1,691,457
Segment results	(2,706)	(9,692)	(12,398)
Other income	–	2,605	2,605
Other losses	–	(7,182)	(7,182)
Interest income			897
Finance costs			(34,601)
Share of profits and losses of jointly-controlled entities	–	1,282	1,282
Share of profits and losses of associates	–	1,704	1,704
Loss before tax			(47,693)
Tax			(6,638)
Loss for the year			(54,331)

(b) Geographical segments *(continued)*

	Hong Kong *US$'000*	Mainland China *US$'000*	Total *US$'000*
2007			
Interests in jointly-controlled entities	–	52,166	52,166
Interests in associates	–	27,642	27,642
Segment assets	20,188	961,409	981,597
Unallocated assets			153
Total assets			1,061,558
Segment liabilities	4,495	380,884	385,379
Unallocated liabilities			562,977
Total liabilities			948,356
Other segment information:			
Additions to property, plant and equipment and land lease prepayments	37	45,337	45,374
Depreciation and amortisation	332	55,816	56,148
Impairment of items of property, plant and equipment	–	29,044	29,044
2006			
Interests in jointly-controlled entities	–	83,047	83,047
Interests in associates	–	26,801	26,801
Segment assets	20,304	839,571	859,875
Unallocated assets			2,058
Total assets			971,781
Segment liabilities	1,883	300,414	302,297
Unallocated liabilities			567,974
Total liabilities			870,271
Other segment information:			
Additions to property, plant and equipment and land lease prepayments	536	58,137	58,673
Depreciation and amortisation	227	51,833	52,060
Impairment of items of property, plant and equipment	–	5,785	5,785

4. Revenue

Revenue, which is also the Group's turnover, represents rental income and the net invoiced value of sales after allowances for goods returned and trade discounts, and after eliminations of intra-group transactions.

An analysis of revenue by principal activities and geographical location of operations is as follows:

	Year ended 31st December,	
	2007	2006
		(Audited)
	US$'000	*US$'000*
By principal activities:		
Sales to/income from external customers:		
Feedmill and poultry operations	**2,284,762**	1,691,452
Investment and property holding	**10**	5
	2,284,772	1,691,457

	Year ended 31st December,	
	2007	2006
		(Audited)
	US$'000	*US$'000*
By geographical location of operations:		
PRC:		
Hong Kong	**10**	5
Mainland China	**2,284,762**	1,691,452
	2,284,772	1,691,457

The above analysis does not include the revenue of the Group's jointly-controlled entities and associates.

5. Other income

	Year ended 31st December, 2007	2006
		(Audited)
	US$'000	*US$'000*
Gain on disposal of a subsidiary	**–**	261
Gain on disposal of an interest in an jointly-controlled entity	**11**	–
Gain on disposal of items of property, plant and equipment, net	**3,808**	–
Unrealised gain on revaluation of livestock	**9,583**	–
Changes in fair value of investment properties	**882**	–
Bank and other interest income	**3,751**	897
Tax refund in respect of reinvestment of distributed earnings from the PRC ventures	**5,646**	2,344
	23,681	3,502

6. Other losses

	Year ended 31st December, 2007	2006
		(Audited)
	US$'000	*US$'000*
Changes in fair value of investment properties	**–**	58
Impairment of interests in jointly-controlled entities	**10,558**	–
Impairment of items of property, plant and equipment	**29,044**	5,785
Impairment of goodwill	**–**	188
Unrealised loss on revaluation of livestock	**–**	1,151
	39,602	7,182

7. Profit /(Loss) before tax

	Year ended 31st December,	
	2007	2006
		(Audited)
	US$'000	*US$'000*
The Group's profit/(loss) before tax is arrived at after charging / (crediting):		
Auditors' remuneration	**805**	744
Depreciation	**53,779**	50,999
Amortisation of land lease prepayments	**2,369**	1,061
Impairment/(write-back of impairment) of accounts receivable	**417**	(3,885)
Write-down of inventories to net realisable value	**798**	957
Gain on disposal of items of property, plant and equipment, net*	**(3,808)**	(755)
Minimum lease payments under operating leases:		
Land and buildings	**3,968**	4,507
Plant and machinery	**1,950**	1,441
	5,918	5,948
Impairment/(Write-back of impairment) of livestock	**326**	(584)
Foreign exchange gains, net	**(9,323)**	(1,845)
Net rental income	**(513)**	(562)
Employee benefits expense (including directors' remuneration)		
Wages and salaries	**134,593**	115,732
Pension scheme contributions	**7,940**	6,330
	142,533	122,062

* *Included in "other income" on the face of the consolidated income statement.*

8. Tax

	Year ended 31st December,	
	2007	2006
		(Audited)
	US$'000	*US$'000*
Group:		
Charge for the year – Mainland China	**7,755**	6,245
Deferred – Mainland China	**1,905**	393
Total tax charge for the year	**9,660**	6,638

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2006: nil).

9. Earnings/(Loss) per share attributable to ordinary equity holders of the Company

The basic earnings per share amount is calculated based on the profit for the year attributable to ordinary equity holders of the Company of US$2,487,000 (2006: loss of US$49,728,000), and the weighted average number of ordinary shares of the Company of 2,889,730,786 (2006: 2,889,730,786) shares in issue during the year.

A diluted earnings per share amount for the year has not been disclosed as no diluting events existed during the year.

10. Accounts receivable, other receivables and deposits

The Group normally grants a credit period of up to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts receivable, other receivables and deposits are non-interest-bearing. An aging analysis of the Group's accounts receivable, based on the invoice date, together with other receivables and deposits is as follows:

	31st December,	
	2007	2006
		(Audited)
	US$'000	*US$'000*
Less than 90 days	**33,696**	23,333
91 to 180 days	**650**	1,022
181 to 360 days	**782**	350
Over 360 days	**1,529**	1,425
	36,657	26,130
Impairment	**(1,633)**	(1,216)
	35,024	24,914
Other receivables and deposits	**39,496**	34,365
	74,520	59,279

11. Accounts payable, other payables and accrued expenses

An aging analysis of the accounts payable, based on the date of receipt of the respective goods, together with other payables and accrued expenses of the Group is as follows:

	31st December,	
	2007	2006
		(Audited)
	US$'000	*US$'000*
Less than 90 days	**155,681**	98,640
91 to 180 days	**7,491**	7,845
181 to 360 days	**6,207**	5,126
Over 360 days	**4,046**	3,126
	173,425	114,737
Other payables and accrued expenses	**162,298**	136,859
	335,723	251,596

Accounts payable are non-interest-bearing and are normally settled on 60-day terms. Other payables and accrued expenses are non-interest-bearing and have an average term of one month.

12. Share capital

	31st December, 2007 US$'000	31st December, 2006 (Audited) US$'000
Authorised:		
15,000,000,000 ordinary shares of US$0.01each	**150,000**	150,000
Issued and fully paid:		
2,889,730,786 ordinary shares of US$0.01each	**28,898**	28,898

13. Post balance sheet event

Subsequent to the balance sheet date, the Company has considered to explore different ways to improve/restructure the Group's financial position and business operations, which may include the possible disposal of substantially all the Group's feedmill and poultry operations and trading of agricultural products business. Certain selected financial information of the Group's feedmill and poultry operations and trading of agricultural products business as at and for the year ended 31st December, 2007 is set out in note 3 "Segment information" to the results announcement.

As at the date of approval of these financial statements, no definite plan arising from the above has been formalised for submission to the board of directors for discussion and approval.

14. Comparative amounts

Certain comparative figures have been reclassified to conform with current year's presentation.

FINAL DIVIDEND

The Board does not recommend a final dividend for the year ended 31st December, 2007 (2006: nil).

MODIFIED AUDITORS' OPINION

The auditors' report on the Group's financial statements for the year ended 31st December, 2007 contains a modified auditors' opinion:

Without qualifying our opinion, we draw attention to note 2 to the financial statements which indicates that the Group's current liabilities exceeded its current assets by US$355,829,000 as at 31st December, 2007. This condition indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group and the Company to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

CHINA ECONOMIC OVERVIEW

During the year under review, China's economy continued going strong. Standard of living continued to improve resulting in strong domestic demand for food products and consumables which subsequently drove their prices upward. Among food prices, the price of pork rose the most as a result of supply shortages in the market, leading to corresponding price increases in poultry products. Likewise, demand for consumables products like motorcycles and carburetors also reported sustained growth.

Fixed asset investments in China continued to grow at a fast pace, with growth particularly prominent in the western region of China resulting from the vigorous development in the real estate, construction and mining industries, which further increased the market demand for heavy-duty machinery equipment.

BUSINESS REVIEW

For the year ended 31st December, 2007, the Group recorded a profit of US$4.2 million (2006: Loss of US$54.3 million). Profit derived from agribusiness was US$10.0 million (2006: Loss of US$45.4 million), while industrial business was US$5.8 million (2006: US$3.1 million). Profit attributable to equity holders amounted to US$2.5 million, turning around last year's loss of US$49.7 million.

Agribusiness

Compared with 2006, the turnover of the Group's agribusiness increased 35.1% to US$2,284.8 million, benefiting from the escalation in food prices for agricultural products as well as increases in market demand. All our operating divisions under agribusiness, namely feed, food integration, breeding and rearing as well as biochemical businesses, reported growth in turnover. Overall production cost, however, gave way under the pressure of rising prices for raw materials such as corn and soybean meal.

Feed

The Group's turnover in 2007 was largely derived from feed business which accounted for 59.2%. Compared with 2006, turnover increased by 42.5% to US$1,352.9 million, driven by an encouraging environment in the domestic breeding and rearing industry. During the year under review, sales volume of feed rose 16.8% to 4,145,000 tons, in which poultry feed and swine feed constituted the vast majority of our feed products.

According to the China Animal Agriculture Association, average selling price of complete feed for broiler and swine during the year rose over 10% to RMB2.33 and 2.14 per kg, respectively. Prices for raw materials such as corn and soybean meal also rose during the year, to RMB1.61 and 2.96 per kg, respectively, up more than 14%, resulting in a rise of the feed production cost; hence, gross profit margin of the Group's feed business dropped from 12.7% to 10.5%, compared to last year.

Food Integration

The Group applies the vertically integrated model to produce all its raw and cooked food products. Riding on the escalation in prices for agricultural products in China, the turnover of food integration increased by 14.3% to US$534.7 million (2006: US$468.0 million), accounting for 23.4% of the Group's turnover. Its gross profit margin rose from 3.8% to 7.8%. During the year under review, sales volume of cooked food products grew steadily from 72,100 tons to 78,800 tons. However, sales volume of raw food products dropped from 151,600 tons to 122,700 tons due to overall livestock inventories that were unable to match market demand which resulted in shortages of production for day-old chicks and broilers.

Breeding and Rearing

Turnover of the Group's breeding and rearing business reached US$143.6 million, an improvement which was driven largely by a domestic price surge in livestock products. Yet, total sales volume of the Group's day-old chicks dropped about 20% caused by the Group's level of livestock inventories being unable to meet the market demand.

During the year under review, market prices for broilers, hogs, day-old chicks and piglets soared. According to the China Animal Agriculture Association, average selling prices for broilers, hogs, and piglets went up between 30% and 100%, to RMB13.15, 11.84 and 18.60 per kg, respectively. Meanwhile, average selling price for day-old chicks also increased about 50% to RMB2.87 per bird.

Biochemical

Currently the largest producer of Chlortetracycline ("CTC") in China, the Group's biochemical business engages in the manufacturing and sales of CTC, and has an annual production capacity of 42,100 tons for feed-grade CTC and 950 tons for Hydrochloride CTC. The biochemical business in 2007 maintained stable performance, with turnover reported US$85.4 million, and gross profit margin a slight drop to 17.3% (2006: 18.0%).

Turnover of the feed-grade CTC and the Hydrochloride CTC, two of the main products, accounted for approximately 59.7% and 17.0%, respectively, of the turnover of this segment.

Hydrochloride CTC is a refined product extracted from feed-grade CTC through the process of fermentation. Compared with feed-grade CTC, it has a higher degree of purity and is easier to differentiate when mixed with other medicines; therefore, it can also be used as a raw material for animal drugs. During the year under review, Hydrochloride CTC has been in the industrial spotlight with its selling prices holding steady and domestic and overseas sales volumes rising 8.5% and 30.3% to 51 tons and 735 tons, respectively. In order to seize this market opportunity, the Group is building a new factory in Putan, Fujian, with annual capacity of 1,000 tons of Hydrochloride CTC. This new factory has already passed the government's requirements for environmental protection and is expected to be in full operation by 2008.

Industrial Business

The Group's industrial business is composed of three jointly-controlled entities: Luoyang Northern Ek Chor Motorcycle Company Limited ("Northern Ek Chor") which engages in manufacturing and sales of motorcycles; ECI Metro Investment Co., Ltd. ("ECI Metro"), which deals in sales of Caterpillar heavy-duty machinery equipment, and Zhanjiang Deni Carburetor Co., Ltd. ("Zhanjiang Deni") which engages in the production and sales of carburetors and automobile accessories. During the year under review, a total of US$5.8 million in the Group's profit was contributed by the three companies, up 86.3% as compared to last year.

Motorcycle

As the world's largest producer of motorcycles, China reached a new record high in 2007 with sales exceeding 25,000,000 units, more than double compared to the year 2000, according to the China Association of Automobile Manufacturers. Driven by strong market demand, sales volume of Northern Ek Chor increased by 10.2% to 463,800 units, among which 100 cc to 125 cc models grew almost 10% to 327,200 units in 2007 from 297,600 units in 2006.

Despite a cut in the motorcycle export tax rebate from 13% to 9%, China's export sales of motorcycles continued to thrive in 2007, with sales increasing to 8.17 million units, an increase of 24.5% compared to that of last year according to the China Association of Automobile Manufacturers. Additionally, our Northern Ek Chor's export sales also reported a better than expected growth during the year, a 37.2% increase to 83,700 units, mainly to countries like the Philippines, Indonesia, Bangladesh and Greece. Since China is still widely known as a country which offers low-end price range products, it is believed that ample export opportunities remain, especially for low-priced, quality motorcycles.

Northern Ek Chor's "Dayang" brand won the "2007 China's 500 Most Valuable Brands" and was also honored for "China's 500 Highest Quality". Leveraging the brand's recognition for high quality, Northern Ek Chor continues to develop more low-exhaust and fuel-efficient vehicles and find ways to enhance product appearance as well as other important features so as to cater to the different needs of customers.

Caterpillar Machinery Dealership

ECI Metro is the sole agent in western China for Caterpillar, the world's largest producer of construction and mining equipment, with services including sales, leasing and repair throughout the eight provinces and one municipality there. During the year under review, ECI Metro sold a total of 991 units of machinery equipment, an increase of 28.9% from 769 units in 2006.

ECI Metro principally deals in the sales of excavators. With the mining, real estate and construction industries in western China developing vigorously, 2007 sales volume of ECI Metro's excavators recorded 843 units, up 18.7% as compared to last year. In order to complement Caterpillar's strategy for China development, ECI Metro also partners with Shandong SEM Machinery, one of the leading domestic manufacturers of wheel loaders (wholly-owned by Caterpillar effective February 2008), to distribute SEM wheel loaders. Sales volume of SEM wheel loaders in 2007 was 73 units, increased by 2.5 times compared to last year.

Carburetors and Automobile Accessories

Zhanjiang Deni is currently the biggest manufacturer of motorcycle carburetors in China. During the year under review, sales volume of its carburetors was 6,710,000 units, in which motorcycle carburetors represented the major product type. As for the sales volume of automobile accessories, 1,500 tons was recorded, a surge of 83.1% compared to that of last year. Gross profit margin showed noticeable improvement as a result of economies of scale.

An annual growth rate of 20% for China's automobile industry has been projected (according to China's 11th 5 years Plan); the Group believes the automobile accessories market will continue to experience high demand especially given the expected growth of the automobile industry. As a result, the Group will expand the business scope of its automobile accessories business.

Prospects

Looking ahead to 2008, on the food business side, the Group will make every endeavor to ensure all the safety and quality standards from different organizations continue to be met. On the biochemical business side, the Group continues to improve its products by observing the strict regulatory requirements for CTC imposed by Chinese and overseas authorities. The Group will also make appropriate operational changes corresponding to the changing demands of CTC in the PRC and overseas markets, as well as the exchange rate fluctuations on RMB.

On the industrial business side, the Group remains positive in the outlook for the motorcycle industry and will continue to develop new products in the domestic market to meet the needs of these customers. We are also expanding our overseas market to meet the rising demand for motorcycles in countries like Bangladesh, Brazil, Argentina and Greece, as well as increasing our production of automobile accessories to keep up with the growth of the motorcycle and automobile industries.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2007, the Group had total assets of US$1,061.6 million, increasing 9.2% as compared with US$971.8 million as at 31st December, 2006.

Total debt and debt to equity ratio (debt to equity ratio is calculated by dividing the total borrowings by the equity including minority interests) were US$557.7 million and 492.6% respectively, as compared to US$563.1 million and 554.7% as at 31st December, 2006.

Most of the borrowings by the Group are in US$ and RMB, and the interest rates ranged from 4.9% to 9.8% per annum.

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

All sales in the PRC are denominated in RMB, and export sales are denominated in foreign currencies. Foreign currencies are required for purchase of imported raw materials, parts and components, and the Group keeps necessary foreign currencies to meet its operational needs. The Board considers the appreciation of RMB in the year has had insignificant impact on the Group's business.

CAPITAL STRUCTURE

The Group finances its working capital requirements through a combination of funds generated from operations, short term and long term bank loans. The Group had cash and cash equivalents of US$82.9 million as at 31st December, 2007 (31st December, 2006: US$55.1 million), an increase of US$27.8 million.

CHARGES ON GROUP ASSETS

As at 31st December, 2007, out of the total borrowings of US$557.7 million (2006: US$563.1 million) obtained by the Group, only US$188.3 million (2006: US$195.0 million) were secured and accounted for 33.8% (2006: 34.6%) of the total. Certain of the Group's property, plant and equipment and lease prepayments located in the PRC and Hong Kong and fixed deposit with net book value of US$245.0 million (2006: US$215.8 million) have been pledged as security for various short and long term bank loans.

CONTINGENT LIABILITIES

As at 31st December, 2007, the guarantees provided by the Group were US$27.8 million (31st December, 2006: US$9.4 million).

EMPLOYEE AND REMUNERATION POLICIES

As at 31st December, 2007, the Group employed around 33,000 staff (including 9,700 staff from the jointly-controlled entities and associates) in the PRC and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market rate while performance bonuses are granted on a discretionary basis. Other employee benefits include insurance and medical coverage, subsidized training programmes as well as share option scheme.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with all the code provisions prescribed in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited throughout the year ended 31st December, 2007, save for deviation from code provision A.4.2.

This provision stipulates that every director, including one appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company was incorporated in Bermuda under the C.P. Pokphand Company Act, 1988 ("Private Act"). Pursuant to paragraph 3(e) of the Private Act, the Executive Chairman of the Company shall not be subject to retirement by rotation at each annual general meeting. In order to achieve the intended effect of this CG Code provision, Mr. Dhanin Chearavanont, the Executive Chairman, intends to voluntarily retire by rotation in such manner and at such frequency as provided for other directors under the Bye-Laws of the Company. Details of compliances of the CG Code are set out in the Corporate Governance Report in the Company's 2007 Annual Report.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the financial statements for the year ended 31st December, 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31st December, 2007.

By Order of the Board
Robert Ping-Hsien Ho
Director

Hong Kong, 27th March, 2008

As at the date of this announcement, the Board comprises twelve executive directors, namely Mr. Sumet Jiaravanon, Mr. Dhanin Chearavanont, Mr. Thanakorn Seriburi, Mr. Meth Jiaravanont, Mr. Anan Athigapanich, Mr. Damrongdej Chalongphuntarat, Mr. Robert Ping-Hsien Ho, Mr. Bai Shanlin, Mr. Soopakij Chearavanont, Mr. Nopadol Chiaravanont, Mr. Benjamin Jiaravanon and Mr. Narong Chearavanont, and three independent non-executive directors, namely Mr. Kowit Wattana, Mr. Sombat Deo-isres and Mr. Ma Chiu Cheung, Andrew.