中國康大食品有限公司

CHINA KANGDA FOOD COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code：834)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board of directors (the "Board") of China Kangda Food Company Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2010 together with the comparative figures for the corresponding period in 2009 as set out below.

Consolidated statement of comprehensive income statement

For the six months ended 30 June 2010

	Notes	**Six months ended 30 June** **2010** **RMB'000** **(Unaudited)**	2009 RMB'000 (Unaudited)
Revenue	5	**443,197**	344,796
Cost of sales		**(401,260)**	(301,280)
Gross profit		**41,937**	43,516
Other income	5	**11,889**	12,418
Selling and distribution expenses		**(9,854)**	(7,950)
Administrative expenses		**(31,821)**	(24,110)
Other operating expenses		**(251)**	(492)
Profit from operations	6	**11,900**	23,382
Finance costs	7	**(7,899)**	(4,597)
Profit before taxation		**4,001**	18,785
Income tax expense	8	**(355)**	(1,145)
Profit for the period		**3,646**	17,640
Other comprehensive income		**-**	-
Total comprehensive income for the period		**3,646**	17,640
Profit for the period attributable to:			
Owners of the Company		**4,552**	17,568
Non-controlling interests		**(906)**	72
		3,646	17,640

	Notes		
Total comprehensive income attributable to:			
Owners of the Company		**4,552**	17,568
Non-controlling interests		**(906)**	72
		3,646	17,640
Earnings per share attributable to owners of the Company	10		
Basic (RMB cents)		**1.05**	4.05
Diluted (RMB cents)		**-**	-

Consolidated statement of financial position

as at 30 June 2010

	Notes	**30 June 2010 RMB'000 (Unaudited)**	31 December 2009 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**523,723**	296,978
Prepaid premium for land leases		**129,564**	103,220
Intangible assets		**11,988**	4,085
Interest in an associate		**682**	682
Goodwill		**59,894**	3,073
Biological assets		**14,884**	20,791
Deferred tax assets		**32,262**	4,960
		772,997	433,789
Current assets			
Biological assets		**18,000**	12,230
Inventories		**137,906**	78,649
Trade receivables	11	**105,452**	87,467
Prepayments, other receivables and deposits		**43,398**	19,787
Cash and bank balances		**77,149**	267,884
		381,905	466,017
Current liabilities			
Trade payables	12	**79,442**	48,076
Accrued liabilities, other payables and deposits received		**45,322**	43,128
Interest-bearing bank borrowings	13	**305,284**	66,795
Amount due to a related company		**221**	21,585
Deferred government grants		**658**	658
Tax payables		**1,386**	2,243
		432,313	182,485
Net current assets/(liabilities)		**(50,408)**	283,532
Total assets less current liabilities		**722,589**	717,321

Consolidated statement of financial position (Continued)

as at 30 June 2010

	Notes	**30 June 2010 RMB'000 (Unaudited)**	31 December 2009 RMB'000 (Audited)
Non-current liabilities			
Interest-bearing bank borrowings	13	**-**	42,991
Deferred government grants		**9,429**	9,759
Deferred tax liabilities		**16,090**	-
		25,519	52,750
Net assets		**697,070**	664,571
EQUITY			
Equity attributable to owners of the Company			
- Share capital		**112,176**	112,176
- Reserves		**541,958**	537,406
		654,134	649,582
Non-controlling interests		**42,936**	14,989
Total equity		**697,070**	664,571

NOTES

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 28 April 2006. The registered office of the Company is located at Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda. The principal place of business of the Company is located at No. 1, Hainan Road, Economic and Technology Development Zone, Jiaonan City, Qingdao, the People's Republic of China. The Company's shares have been listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 October 2006 and 22 December 2008 respectively.

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

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

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

In the current period, the Group has applied for the first time some revised standards, amendments and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC") of the IASB which are effective for the Group's financial statements for the annual period beginning on or after 1 January 2010. The adoption of the new IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

3. BASIS OF PREPARATION

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

The financial statements have been prepared on the historical cost basis except for biological assets which are stated at fair values.

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

4. SEGMENT INFORMATION

The Group is organised into four main business segments:
- Manufacturing and sale of chilled and frozen rabbit meat
- Manufacturing and sale of chilled and frozen chicken meat
- Manufacturing and sale of processed food
- Manufacturing and sale of other products

Information regarding the Group's reportable segments as provided to the Group's executive directors is set out below:

	Six months ended 30 June 2010				
	Processed food RMB'000 (unaudited)	**Chilled and frozen rabbit meat RMB'000 (unaudited)**	**Chilled and frozen chicken meat RMB'000 (unaudited)**	**Other products RMB'000 (unaudited)**	**Total RMB'000 (unaudited)**
Reportable segment revenue					
- revenue from external customers	147,123	98,172	115,274	82,628	443,197
Reportable segment profit	11,066	14,684	5,818	515	32,083

	Six months ended 30 June 2009				
	Processed food RMB'000 (unaudited)	Chilled and frozen rabbit meat RMB'000 (unaudited)	Chilled and frozen chicken meat RMB'000 (unaudited)	Other products RMB'000 (unaudited)	Total RMB'000 (unaudited)
Reportable segment revenue					
- revenue from external customers	145,796	54,684	107,325	36,991	344,796
Reportable segment profit	18,279	8,402	7,260	1,625	35,566

A reconciliation between the reportable segment profit and the Group's profit before taxation is set out below:

	Six months ended 30 June	
	2010 RMB'000 (Unaudited)	**2009 RMB'000 (Unaudited)**
Reportable segment profit	**32,083**	35,566
Other income	**11,889**	12,418
Administrative expenses	**(31,821)**	(24,110)
Other operating expenses	**(251)**	(492)
Finance costs	**(7,899)**	(4,597)
Profit before taxation	**4,001**	18,785

5. REVENUE AND OTHER INCOME

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

	Six months ended 30 June	
	2010 RMB'000 (Unaudited)	**2009 RMB'000 (Unaudited)**
Revenue		
Sale of goods	**443,197**	344,796
Other income		
Interest income on financial assets stated at amortised cost		
- Interest income on bank deposits	**1,825**	8,424
Rental income	**134**	-
Amortisation of deferred income on government grants	**330**	132
Government grants related to income	**3,101**	220
Gains arising from changes in fair value less estimated point-of-sale costs of biological assets, net	**749**	188
Others	**5,750**	3,454
	11,889	12,418

6. PROFIT FROM OPERATIONS

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

	Six months ended 30 June	
	2010	**2009**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Cost of inventories recognised as an expense	**401,260**	301,280
Depreciation of property, plant and equipment	**11,889**	8,754
Amortisation of intangible assets	**2,298**	-
Amortisation of prepaid premium for land leases	**3,256**	725
Minimum lease payments under operating leases for production facilities	**154**	382
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets, net	**(749)**	(188)
Staff costs (including directors' remuneration)	**38,863**	26,040
Less: Retirement scheme contribution	**(4,850)**	(3,257)
	34,013	22,783
Loss on disposal of property, plant and equipment	**186**	882
Exchange loss	**3,267**	1,303

7. FINANCE COSTS

	Six months ended 30 June	
	2010	**2009**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Interest charges on:		
Bank loans wholly repayable within five years	**7,899**	4,597

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2010	**2009**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Current year provision:		
PRC corporate income tax	**355**	1,666
Deferred tax	**-**	(521)
Total income tax expense	**355**	1,145

No Hong Kong profits tax has been provided for the six months ended 30 June 2010 as the Group did not derive any assessable profit in Hong Kong during the period (six months ended 30 June 2009: Nil).

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

9. DIVIDENDS

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2010 (six months ended 30 June 2009: Nil)

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately RMB4,552,000 (six months ended 30 June 2009: RMB17,568,000) and on the weighted average of 432,948,000 (six months ended 30 June 2009: 432,948,000) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30 June 2010 and 2009 has been presented as the Company has no potential dilutive ordinary shares during the period.

11. TRADE RECEIVABLES

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

The aging analysis of trade receivables based on invoice dates as at the reporting dates are as follows:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Within 30 days	**53,010**	70,321
31 – 60 days	**25,293**	12,358
61 – 90 days	**17,449**	1,816
91 – 120 days	**8,061**	1,769
Over 120 days	**1,639**	1,203
	105,452	87,467

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

12. TRADE PAYABLES

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

The aging analysis of trade payables as at the reporting dates are as follows:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Within 60 days	**47,455**	35,176
61 – 90 days	**17,470**	3,737
91 – 120 days	**8,184**	2,145
Over 120 days	**6,333**	7,018
	79,442	48,076

13. INTEREST-BEARING BANK BORROWINGS

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Non-current		
Interest-bearing bank borrowings	**-**	42,991
Current		
Interest-bearing bank borrowings	**305,284**	66,795
Total interest-bearing bank borrowings	**305,284**	109,786

As at 30 June 2010, in respect of syndicated loans with carrying amounts of approximately HK$78.8 million, the Group breached certain loan covenants as stipulated in the loan agreement, which are primarily related to the negative pledge, negative borrowing, negative guarantees and financial covenants on consolidated tangible net worth and leverage ratio. On discovery of the breach, the directors of the Company informed the relevant lenders and commenced a renegotiation of the terms of the syndicated loan with the lenders. At the reporting date, the lenders have not yet agreed to waive the loan covenants and has demanded the remaining balance to be early repayable by three instalments with the last instalment repayable on 13 April 2011. The non-current portion of this loan originally repayable by 13 October 2011 amounting to HK$26.3 million has been classified as a current liability in the consolidated statement of financial position as at 30 June 2010.

The Group expects to raise after the period end, unsecured bank borrowings of approximately RMB100.0 million in order to meet its financing requirements. The additional bank borrowing will also be used for financing the general corporate funding requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

ACQUISITION OF SUBSIDIARIES

On 20 January 2010, an ordinary resolution proposed for approving the acquisition with two independent vendors to acquire 100% equity interest in Shandong Kaijia Food Company Limited ("Kaijia Food") and its subsidiary, Shandong Kaijia International Trade Co., Ltd. ("Kaijia Trade"), with a total consideration of approximately RMB130.0 million was duly passed by the shareholders of the Company by way of poll at a special general meeting. The acquisition was completed on 24 February 2010.

The principal activities of Kaijia Food and Kaijia Trade are that of manufacturing and sale of chilled and frozen meat products and other processed foods. The acquisition would provide synergy to the business of the Group and benefit the setting of the overall strategic and development plans of the Group's business in the PRC. Assembly and sale of chilled and frozen meat products and other processed foods have commenced and are running smoothly. Revenue and profit contributions from these subsidiaries are expected to grow steadily in the coming years.

BUSINESS REVIEW

The business environment remained challenging despite the recovering demand. For the first half year of 2010, the Group's profit after tax decreased by 79.3% to RMB3.6 million although the Group's turnover had improved with the increasing sales level. The decline in the profit after tax was mainly attributable to the decrease of average selling price of the Group's chicken meat products arising from keen competition in the PRC domestic market and the increase in the cost of raw materials of processed food. Both factors caused the decline of the gross profit margin of chicken meat products and processed food products

The Group is continuously operating in a competitive environment for its product segments. To maintain its competitiveness, the Group seeks to continuously upgrade and expand its production facilities to meet the increase in market demand for its products. The Group is able to control its products' cost through enhancement in its existing production facilities.

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

OPERATING AND FINANCIAL REVIEW

REVENUE BY PRODUCTS

	Six months ended 30 June 2010	Six months ended 30 June 2009	% Change
	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	+/(-)
Production and sale of processed food products	147,123	145,796	0.9
Production and sale of chilled and frozen rabbit meat	98,172	54,684	79.5
Production and sale of chilled and frozen chicken meat	115,274	107,325	7.4
Production and sale of other products	82,628	36,991	123.4
Total	**443,197**	**344,796**	**28.5**

Chilled and Frozen Meat Products
The rabbit and chicken meat segments contributed 48.2% to the Group's total revenue for the six months ended 30 June 2010 ("HY2010") compared to 47.0% of the previous corresponding period end 30 June 2009 ("HY2009"). The revenue of the rabbit and chicken meat segments registered a 31.7% increase to RMB213.4 million in HY2010.

Revenue derived from the sale of rabbit meat increased by 79.5% to RMB98.2 million in HY2010. The increase was attributable to the increasing demand for the Group's rabbit meat products in the European Union ("EU") and Russian markets.

Revenue of the chicken meat segment contributed 26.0% to the Group's total revenue for HY2010. Revenue slightly increased by 7.4% to RMB115.3 million in HY2010. The slightly increase was due to the recovering demand in the PRC domestic market.

Processed Food Products
Revenue derived from processed food remained relatively stable at RMB147.1 million in HY2010 with a slight increase of 0.9%.

Other Products
Revenue derived from the production and sale of other products increased by 123.4% to RMB82.6 million in HY2010, due mainly to the strong demand from both PRC domestic and Korea markets.

The increase in revenue was largely driven by an increase in demand for the Group's pet food products. Pet food sales contributed over 50% to this segment with growth was generated from Beijing and Shanghai markets in the PRC and overseas markets in Japan and Korea.

REVENUE BY GEOGRAPHICAL MARKETS

	Six months ended 30 June 2010	Six months ended 30 June 2009	% Change
	Unaudited	**Unaudited**	**Unaudited**
	RMB'000	**RMB'000**	**+/(-)**
Export	189,926	145,883	30.2
PRC	253,271	198,913	27.3
Total	**443,197**	**344,796**	**28.5**

On a geographical basis, revenue from export sales increased by 30.2% to RMB189.9 million in HY2010. The increase in export sales was attributable mainly to the increase in export sales of rabbit meat products.

PRC sales increased by 27.3% to RMB253.3 million in HY2010. The increase was mainly attributable to the increase in sale of chicken meat products to PRC domestic market.

PROFITABILITY

Gross Profit ("GP") and Margin

	Six months ended 30 June 2010		Six months ended 30 June 2009		Change	% Change
	GP	**Margin**	**GP**	**Margin**	**GP**	
	RMB'000	%	**RMB'000**	%	**RMB'000**	%
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
Processed food	14,979	10.2	21,567	14.8	(6,588)	(30.5)
Rabbit meat	18,672	19.0	10,304	18.8	8,368	81.2
Chicken meat	7,581	6.6	9,764	9.1	(2,183)	(22.4)
Other products	705	0.9	1,881	5.1	(1,176)	(62.5)
Total	**41,937**	**9.5**	**43,516**	**12.6**	**(1,579)**	**(3.6)**

Gross profit margin declined from 12.6% to 9.5% in HY2010 which was due mainly to the increased raw materials prices of processed food and the reduced price of chicken meat products in the PRC domestic market.

<u>Processed Food</u>

Gross profit decreased by 30.5% to RMB15.0 million in HY2010. Gross profit margin declined to 10.2% from 14.8% was due mainly to the increased raw materials prices.

<u>Rabbit Meat</u>

Rabbit meat business became the main profit contributor in HY2010. Gross profit margin for rabbit meat segment remained relatively stable at 19.0% in HY2010 with a slightly increase of 0.2% as the Group was able to control the cost of raw materials through its self-supply of rabbit meat resulting from its vertically integration model of manufacturing.

Chicken Meat

Decrease in gross profit of chicken meat segment was due mainly to the reduced price of chicken meat products resulting from fierce competition from small plants that swarmed into the chicken meat market in the PRC domestic market. Gross profit margin decreased to 6.6% in HY2010 and gross profit decreased by 22.4% to RMB7.6 million.

Other Products

Other products are mainly chicken and rabbit meat by-products and pet food products, which are not the core profit drivers of the Group. Gross profit margin decreased to 0.9% in HY2010 and gross profit decreased by 62.5% to RMB0.7 million.

Other income

Other income comprised mainly government grants and interest income from bank deposits amounting to RMB3.1 million and RMB1.8 million respectively. The rest were rental income, recovery of gas, electricity from customers.

Selling and distribution expenses

Selling and distribution expenses comprised mainly transportation costs of RMB3.3 million and staff costs of RMB1.5 million. Advertising and promotion activities remained constant in HY2010.

Administrative Expenses

Administrative expenses comprised mainly staff costs, professional fees, travelling expenses and etc. The significant increase of 32% amounting to RMB31.8 million for HY2010 was due mainly to the acquisition of four subsidiaries and the establishment of several subsidiaries in both 2009 and 2010 which resulted in higher administrative expenses and more employees being employed by the Group.

Finance Costs

Finance costs increased by 71.8% to RMB7.9 million for HY2010 resulted from the consolidation of Kaijia Food and its subsidiary. The bank loans interest amounting to RMB2.5 million was incurred by Kaijia Food and its subsidiary.

Taxation

Income tax expense decreased in line with decrease in profit before taxation for HY2010.

Review of the Group's financial position as at 30 June 2010

The increase in property, plant and equipment represented the Group's addition of facility and construction in progress, mainly in the course of the acquisition of Kaijia Food and its subsidiary, amounting to RMB238.9 million and depreciation for HY2010 amounted to RMB11.9 million.

The prepaid premium for land leases increased by RMB26.3 million in HY2010 was mainly a result of the acquisition of Kaijia Food and its subsidiary.

Goodwill arising from the acquisitions of Kaijia Food and its subsidiary, Qingdao Kangda Modern Agricultural Technology Development Co., Ltd and Qingdao Pu De Food Co., Ltd. amounted to RMB56.8 million, RMB0.4 million and RMB2.7 million respectively.

The intangible assets refer to the export licences and hygiene registration certificates awarded by the relevant authorities in Japan and EU where the registered products produced by the Group are allowed to be exported to these countries. The increased in intangible assets by RMB7.9 million in HY2010 arose from the acquisition of Kaijia Food and its subsidiary.

Biological assets refer to progeny rabbits and progeny chickens for sale and breeder rabbits and chickens held for breeding purpose. These biological assets were valued by the directors of the Group at 30 June 2010 with reference to the market-determined prices of items with similar size, species and age. The valuation methodology is in compliance with IAS 41 to determine the fair value of biological assets in their present location and condition.

Inventories increased by approximately RMB59.3 million to approximately RMB137.9 million in anticipation increase in demand in the third quarter of 2010. The inventory turnover day for HY2010 was 48 days compared to 38 days for the year ended 31 December 2009 ("FY2009").

Trade receivables increased by approximately RMB18.0 million or 20.6% to approximately RMB105.5 million in HY2010 in line with the increase in business volume. The trade receivable turnover days decreased to 39 days in HY2010 compared with 41 days in FY2009.

Prepayments, other receivables and deposits increased by approximately RMB23.6 million and to approximately RMB43.4 million as at 30 June 2010 due mainly to the increase of deposits placed with the Group's suppliers for construction in progress resulted from the increase of capital expenditure.

Trade payables increased by approximately RMB31.4 million from approximately RMB48.1 million as at 31 December 2009 to approximately RMB79.4 million as at 30 June 2010 due to the increase of purchase of raw materials to cater to the anticipated increase in demand in the third quarter of 2010.

Accrued liabilities, other payables and deposits received represented payables for construction and facilities, salary and welfare payables, accrued expenses and deposit received and remained constant in HY2010.

Tax payables decreased from RMB2.2 million as at 31 December 2009 to RMB1.4 million as at 30 June 2010. This was due to the settlement of income tax during the HY2010.

CAPITAL STRUCTURE

As at 30 June 2010, the Group had net assets of approximately RMB697.1 million (31 December 2009 RMB664.6 million), comprising non-current assets of approximately RMB773.0 million (31 December 2009: RMB433.8 million), and current assets approximately RMB381.9 million (31 December 2009: RMB466.0 million). The Group recorded a net current liability position of approximately RMB50.4 million (31 December 2009: net current asset position of RMB283.5 million) as at 30 June 2010, which primarily consist of cash and bank balances amounted to approximately RMB77.1 million (31 December 2009: RMB267.9 million). Moreover, inventories amounted to approximately RMB137.9 million (31 December 2009: RMB78.6 million) and trade receivables amounted to approximately RMB105.5 million (31 December 2009: RMB87.5 million) are also major current assets. Major current liabilities are trade payables and interest-bearing bank borrowings amounted to RMB79.4 million (31 December 2009: RMB48.1 million) and RMB305.3 million (31 December 2009: RMB66.8 million) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2010, the Group has cash and cash equivalent of approximately RMB77.1 million (31 December 2009: RMB267.9 million) and had total interest-bearing bank borrowings of approximately RMB305.3 million (31 December 2009: RMB109.8 million). Where, RMB65.3 million was subject to floating rate of 3.0% over HIBOR per annum and the remaining RMB240.0 million was fixed rate debts with interest rate at 5.0% to 5.6% per annum.

The gearing ratio for the Group was 46.7% (31 December 2009: 16.9%) as at 30 June 2010, based on net debt of RMB305.3 million (31 December 2009: RMB109.8 million) and equity attributable to equity holders of RMB654.1 million (31 December 2009: RMB649.6 million). The Group serves its debts primarily with recurring cash flow generated from its operation, the board of directors of the Company is confident that the Group has adequate financial resources to meet its future debt repayment and support its working capital requirement and future expansion.

FOREIGN CURRENCY EXPOSURE

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

The Group neither has a formal foreign currency hedging policy nor conducts hedging exercise to reduce foreign currency exposure. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should it be necessary.

CAPITAL COMMITMENTS

As at 30 June 2010, the Group had capital commitments in respect of the acquisition of property, plant and equipment and land and the acquisition of subsidiaries contracted for but not provided in the financial statements amounting to approximately RMB20.6 million and Nil respectively (31 December 2009: RMB30.6 million and RMB130.0 million respectively) and did not have any authorised but not contracted for capital commitments (31 December 2009: Nil).

CHARGE ON ASSETS

As at 30 June 2010, a syndicated loan of RMB65.3 million was guaranteed and secured against the Company's interests in its two subsidiaries, Perfect Good Group Limited and Spiritzone Group Limited.

During the period, bank loan of RMB70.0 million was borrowed and secured by the pledge of certain of the Group's property, plant and equipment with a net carrying amount of RMB61.0 million and land use rights with a net carrying amount of RMB13.9 million.

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

CONTINGENT LIABILITIES

As at 30 June 2010, the Group did not have any material contingent liabilities (31 December 2009: Nil)

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2010, the Group employed a total of 4,056 employees (as at 30 June 2009: 2,813 employees) situated in the PRC. The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the period under review, the total staff costs (including directors' emoluments) amounted to approximately RMB38.9 million (six months ended 30 June 2009: RMB26.0 million). The Company does not have share option scheme to employees.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 June 2010.

AUDIT COMMITTEE

The audit committee of the Company consists of the independent non-executive directors, namely Mr. Sim Wee Leong, Mr. Kuik See Juan and Mr. Yu Chung Leung and the non-executive director of the Company, Mr. Zhang Qi. The audit committee has reviewed with management the accounting principles and standards adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the Company's unaudited financial statements for the six months ended 30 June 2010.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has adopted and complied with the code provisions of the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2010.

PUBLICATION OF UNAUDITED INTERIM RESULTS

The Company's 2010 interim results announcement is published on the website of the Stock Exchange at www.hkex.com.hk and on the Company's website at www.kangdafood.com. The Company's 2010 interim report will also be published on the aforesaid websites in due course.

APPRECIATION

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

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

Hong Kong, 13 August 2010

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

The following announcement is made by China Kangda Food Company Limited (the ''Company'') pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited. In compliance with Rule 13.09(2) of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (which requires a listed issuer to ensure that if securities of the listed issuer are also listed on other stock exchanges, The Stock Exchange of Hong Kong Limited is simultaneously informed of any information released to any of such other stock exchanges and that such information is released to the market in Hong Kong at the same time as it is released on the other markets), the following announcement is announced by the Company simultaneously in Hong Kong and in Singapore on 13 August 2010.

SECOND QUARTER AND HALF YEARLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Three months period ended 30/06/2010 Unaudited RMB'000	Three months period ended 30/06/2009 Unaudited RMB'000	Change +/(-) %	Six months period ended 30/06/2010 Unaudited RMB'000	Six months period ended 30/06/2009 Unaudited RMB'000	Change +/(-) %
Revenue	261,381	180,395	44.9	443,197	344,796	28.5
Cost of sales	(237,743)	(159,773)	48.8	(401,260)	(301,280)	33.2
Gross profit	23,638	20,622	14.6	41,937	43,516	(3.6)
Other income	6,187	6,748	(8.3)	11,889	12,418	4.3
Selling and distribution expenses	(5,947)	(3,699)	60.8	(9,854)	(7,950)	23.9
Administrative expenses	(17,907)	(14,200)	26.1	(31,821)	(24,110)	32.0
Other operating expenses	(62)	(443)	(86.0)	(251)	(492)	(49.0)
Profit from operations	5,909	9,028	(34.5)	11,900	23,382	(49.1)
Finance costs	(5,145)	(2,130)	141.5	(7,899)	(4,597)	71.8
Profit before taxation	764	6,898	(88.9)	4,001	18,785	(78.7)
Income tax expense	(16)	(702)	(97.7)	(355)	(1,145)	(69.0)
Profit for the period	**748**	**6,196**	**(87.9)**	**3,646**	**17,640**	**(79.3)**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	**748**	**6,196**	**(87.9)**	**3,646**	**17,640**	**(79.3)**

Total comprehensive income attributable to:						
Owners of the Company	1,770	6,196	(71.4)	4,552	17,568	(74.1)
Non-controlling interests	(1,022)	-	(100.0)	(906)	72	(1,358.3)
Earning per share						
- Basic (RMB cents)	0.41	1.43		1.05	4.05	
The group's profit before taxation is arrived at after charging/(crediting):						
Amortisation of intangible assets	1,418	-		2,298	-	
Amortisation of prepaid premium for land leases	1,163	492		3,256	725	
Depreciation of property, plant and equipment	5,516	4,978		11,889	8,754	
Loss on disposal of property, plant and equipment	186	377		186	882	
Exchange loss	2,722	556		3,267	1,303	
Interest expenses on interest-bearing bank borrowings	5,145	2,143		7,899	4,597	
Interest income on bank deposits	(469)	(4,249)		(1,825)	(8,424)	

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/6/2010	31/12/2009	**30/6/2010**	31/12/2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	**523,723**	296,978	**11**	12
Prepaid premium for land leases	**129,564**	103,220	**-**	-
Intangible assets	**11,988**	4,085	**-**	-
Investments in subsidiaries	**-**	-	**84,144**	84,144
Interest in an associate	**682**	682	**-**	-
Goodwill	**59,894**	3,073	**-**	-
Biological assets	**14,884**	20,791	**-**	-
Deferred tax assets	**32,262**	4,960	**-**	-
	772,997	433,789	**84,155**	84,156
Current assets				
Biological assets	**18,000**	12,230	**-**	-
Inventories	**137,906**	78,649	**8**	-
Trade receivables	**105,452**	87,467	**-**	-
Prepayments, other receivables and deposits	**43,398**	19,787	**79**	88
Amounts due from subsidiaries	**-**	-	**318,386**	369,046
Cash and bank balances	**77,149**	267,884	**3,268**	6,190
	381,905	466,017	**321,741**	375,324
Current liabilities				
Trade payables	**79,442**	48,076	**38**	-
Accrued liabilities, other payables and deposits received	**45,322**	43,128	**2,206**	2,340
Interest-bearing bank borrowings	**305,284**	66,795	**62,663**	66,795

Amount due to a related company	**221**	21,585	**-**	-
Deferred government grants	**658**	658	**-**	-
Tax payables	**1,386**	2,243	**-**	-
	432,313	182,485	**64,907**	69,135
Net current assets/(liabilities)	**(50,408)**	283,532	**256,834**	306,189
Total assets less current liabilities	**722,589**	717,321	**340,989**	390,345
Non-current liabilities				
Interest-bearing bank borrowings	**-**	42,991	**-**	42,991
Deferred government grants	**9,429**	9,759	**-**	-
Deferred tax liabilities	**16,090**	-	**-**	-
	25,519	52,750	**-**	42,991
Net assets	**697,070**	664,571	**340,989**	347,354
EQUITY				
Equity attributable to owners of the Company				
- Share capital	**112,176**	112,176	**112,176**	112,176
- Reserves	**541,958**	537,406	**228,813**	235,178
	654,134	649,582	**340,989**	347,354
Non-controlling interests	**42,936**	14,989	**-**	-
Total equity	**697,070**	664,571	**340,989**	347,354

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

1. Amount repayable in one year or less, or on demand

As at 30/06/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
135,284	170,000	42,991	23,804

2. Amount repayable after one year

As at 30/06/2009		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	42,991	-

Details of collateral :

As at 30 June 2010, a syndicated loan of RMB65.3 million was guaranteed and secured against the Company's interests in its two subsidiaries, Perfect Good Group Limited and Spiritzone Group Limited.

The remaining bank loan of RMB70.0 million was borrowed during the period and secured by the pledge of certain of the Group's property, plant and equipment with a net carrying amount of RMB61.0 million and land use rights with a net carrying amount of RMB13.9 million.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

RMB'000	Three months period ended 30/06/2010 Unaudited	Three months period ended 30/06/2009 Unaudited	Six months period ended 30/06/2010 Unaudited	Six months period ended 30/06/2009 Unaudited
Cash flows from operating activities				
Profit before taxation	764	6,898	4,001	18,785
Adjustments for:				
Interest income	(469)	(4,249)	(1,825)	(8,424)
Interest expenses	5,145	2,143	7,899	4,597
Depreciation of property, plant and equipment	5,516	4,978	11,889	8,754
Amortisation of prepaid premium for land leases	1,163	492	3,256	725
Amortisation of intangible assets	1,418	-	2,298	-
(Gain)/loss arising from change in fair value less estimated point-of-sale costs of biological assets, net	(1,644)	424	(749)	(188)
Amortisation of deferred income on government grants	(165)	(66)	(330)	(132)
Loss on disposal of property, plant and equipment	186	377	186	882
Operating profit before working capital changes	11,914	10,997	26,625	24,999
Increase in inventories	(19,145)	(2,203)	(50,813)	(12,156)
(Increase)/Decrease in trade receivables	(11,929)	8,125	3,093	31,824
(Increase)/Decrease in biological assets	(4,129)	1,844	885	3,458
Increase in prepayments, other receivables and deposits	(21,100)	(13,004)	(23,454)	(6,829)
Decrease in amount due from a related company	14,548	2,867	-	-
Increase/(Decrease) in amount due to a related company	221	-	(33,311)	(1,047)
Decrease in trade and bills payables	(77,039)	(531)	(3,852)	(30,705)
Decrease in accrued liabilities, other payables and deposits received	(140,174)	(6,886)	(15,047)	(7,741)
Cash (used in)/generated from operations	(246,833)	1,209	(95,874)	1,803
Interest paid	(5,145)	(2,143)	(7,899)	(4,597)
Income taxes paid	(6,395)	(4,958)	(3,957)	(4,791)
Net cash used in operating activities	*(258,373)*	*(5,892)*	*(107,730)*	*(7,585)*

Cash flows from investing activities				
Purchases of property, plant and equipment	(13,014)	(21,030)	(24,377)	(36,950)
Additions to prepaid premium for land leases	-	(47,894)	-	(47,894)
Acquisition of subsidiaries	-	-	(123,890)	-
Proceeds from disposal of a subsidiary	-	8,787	-	8,787
Proceeds from disposal of property, plant and equipment	36	-	36	33
Interest received	469	4,249	1,825	8,424
Net cash used in investing activities	*(12,509)*	*(55,888)*	*(146,406)*	*(67,600)*
Cash flows from financing activities				
Repayment of bank loans	(46,571)	(19,173)	(186,039)	(36,299)
Addition of bank loans	196,910	-	240,000	-
Capital injection from the minority shareholders	2,940	-	9,440	-
Repurchase of shares	-	-	-	(6,127)
Net cash generated from/(used in) financing activities	*153,279*	*(19,173)*	*63,401*	*(42,426)*
Net decrease in cash and cash equivalents	(117,603)	(80,953)	(190,735)	(117,611)
Cash and cash equivalents at beginning of financial period	194,752	424,460	267,884	461,118
Cash and cash equivalents at end of financial period	77,149	343,507	77,149	343,507
Analysis of balances of cash and cash equivalents				
Cash and bank balances	77,149	343,507	77,149	343,507

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Equity attributable to owners of the Company								
Group	**Share capital**	**Share premium**	**Merger reserve**	**Capital redemption reserve**	**Other reserves**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
At 1 January 2010 (Audited)	112,176	257,073	(41,374)	2,374	38,782	280,551	649,582	14,989	664,571
Acquisition of subsidiaries (Unaudited)	-	-	-	-	-	-	-	19,413	19,413
Incorporation of a subsidiary (Unaudited)	-	-	-	-	-	-	-	6,500	6,500
Transactions with owners (Unaudited)	-	-	-	-	-	-	-	25,913	25,913
Profit for the period (Unaudited)	-	-	-	-	-	2,782	2,782	116	2,898
Other comprehensive income (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	2,782	2,782	116	2,898
At 31 March 2010 (Unaudited)	**112,176**	**257,073**	**(41,374)**	**2,374**	**38,782**	**283,333**	**652,364**	**41,018**	**693,382**
At 1 April 2010 (Unaudited)	**112,176**	**257,073**	**(41,374)**	**2,374**	**38,782**	**283,333**	**652,364**	**41,018**	**693,382**
Incorporation of a subsidiary (Unaudited)	-	-	-	-	-	-	-	2,940	2,940
Transactions with owners (Unaudited)	-	-	-	-	-	-	-	2,940	2,940
Profit for the period (Unaudited)	-	-	-	-	-	1,770	1,770	(1,022)	748
Other comprehensive income (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	1,770	1,770	(1,022)	748
At 30 June 2010 (Unaudited)	**112,176**	**257,073**	**(41,374)**	**2,374**	**38,782**	**285,103**	**654,134**	**42,936**	**697,070**
At 1 January 2009(Audited)	114,178	261,198	(41,374)	372	33,970	257,010	625,354	3,695	629,049
Repurchase of share capital (Unaudited)	(2,002)	(4,125)	-	-	-	-	(6,127)	-	(6,127)
Disposal of equity interest in a subsidiary (Unaudited)	-	-	-	-	-	-	-	(3,767)	(3,767)
Transfer to capital redemption reserve (Unaudited)	-	-	-	2,002	-	(2,002)	-	-	-
Transactions with owners (Unaudited)	(2,002)	(4,125)	-	2,002	-	(2,002)	(6,127)	(3,767)	(9,894)
Profit for the period (Unaudited)	-	-	-	-	-	11,372	11,372	72	11,444
Other comprehensive income (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	11,372	11,372	72	11,444
At 31 March 2009 (Unaudited)	**112,176**	**257,073**	**(41,374)**	**2,374**	**33,970**	**266,380**	**630,599**	**-**	**630,599**
At 1 April 2009 (Unaudited)	112,176	257,073	(41,374)	2,374	33,970	266,380	630,599	-	630,599
Transactions with owners (Unaudited)	-	-	-	-	-	-	-	-	-
Profit for the period (Unaudited)	-	-	-	-	-	6,196	6,196	-	6,196
Other comprehensive income (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	6,196	6,196	-	6,196
At 30 June 2009 (Unaudited)	**112,176**	**257,073**	**(41,374)**	**2,374**	**33,970**	**272,576**	**636,795**	**-**	**636,795**

Company

	Share capital RMB'000	Share Premium RMB'000	Merger reserve RMB'000	Capital redemption reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2010 (Audited)	112,176	257,073	6,143	2,374	(30,412)	347,354
Transactions with owners (Unaudited)	-	-	-	-	-	-
Loss for the period (Unaudited)	-	-	-	-	(3,661)	(3,661)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	(3,661)	(3,661)
At 31 March 2010 (Unaudited)	**112,176**	**257,073**	**6,143**	**2,374**	**(34,073)**	**343,693**
At 1 April 2010 (Unaudited)	112,176	257,073	6,143	2,374	(34,073)	343,693
Transactions with owners (Unaudited)	-	-	-	-	-	-
Loss for the period (Unaudited)	-	-	-	-	(2,704)	(2,704)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	(2,704)	(2,704)
At 31 March 2010 (Unaudited)	**112,176**	**257,073**	**6,143**	**2,374**	**(36,777)**	**340,989**
At 1 January 2009 (Audited)	114,178	261,198	6,143	372	(14,081)	367,810
Repurchase of share capital (Unaudited)	(2,002)	(4,125)	-	-	-	(6,127)
Transfer to capital redemption reserves (Unaudited)	-	-	-	2,002	(2,002)	-
Transactions with owners (Unaudited)	(2,002)	(4,125)	-	2,002	(2,002)	(6,127)
Loss for the period (Unaudited)	-	-	-	-	(3,113)	(3,113)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	(3,113)	(3,113)
At 31 March 2009 (Unaudited)	**112,176**	**257,073**	**6,143**	**2,374**	**(19,196)**	**358,570**
At 1 April 2009 (Audited)	112,176	257,073	6,143	2,374	(19,196)	358,570
Transactions with owners (Unaudited)	-	-	-	-	-	-
Loss for the period (Unaudited)	-	-	-	-	(3,807)	(3,807)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	(3,807)	(3,807)
At 30 June 2009 (Unaudited)	**112,176**	**257,073**	**6,143**	**2,374**	**(23,003)**	**354,763**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued share excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary shares of HK$0.25 each	Number of shares '000	Amount HK$'000
Authorised :		
At 31 December 2009 and 30 June 2010	**2,000,000**	**500,000**
Issued and fully paid :		
At 31 December 2009 and 30 June 2010	**432,948**	**108,237**

Note:

The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 December 2009 and 30 June 2010.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30/06/2010 '000	31/12/2009 '000
Total number of ordinary shares excluding treasury shares	**432,948**	**432,948**

Note:

There were no treasury shares held by the Company as at 30 June 2010 and 31 December 2009.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the Group has adopted the same accounting policies and methods of computations as stated in the audited financial statements for the year ended 31 December 2009.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

For the current period, the Group has for the first time, applied certain revised standards, amendments and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC") of the IASB which are effective for the Group's financial statements for the annual period beginning on or after 1 January 2010. The adoption of the new IFRSs had no material impact on the results and financial position for the current and prior periods. Accordingly, no prior period adjustment is required.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Three months period ended 30/06/2010 Unaudited RMB'000	Three months period ended 30/06/2009 Unaudited RMB'000	Six months period ended 30/06/2010 Unaudited RMB'000	Six months period ended 30/06/2009 Unaudited RMB'000
Earning per share				
- Basic (RMB cents)	0.41	1.43	1.05	4.05

Notes:

1. The calculation of basic earnings per share for the three months and six months ended 30 June 2010 and three months and six months ended 30 June 2009 are computed by dividing the Group’s net profit attributable to owners of the Company by the weighted average number of 432,948,000 shares in issue during the period.

2. Diluted earnings per share for the three months and six months ended 30 June 2010 and three months and six months ended 30 June 2009 have not been presented as there was no dilutive potential share during the periods.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
In RMB cents	**30/6/2010**	**31/12/2009**	**30/6/2010**	**31/12/2009**
Net asset value per ordinary share based on issued share capital at the end of:	161.01	153.50	78.76	80.23

Note:

The number of ordinary shares of the Company as at 30 June 2010 was 432,948,000 (2009: 432,948,000).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

REVENUE BY PRODUCTS

	Three months ended 30/6/2010	Three months ended 30/6/2009	% Change	Six months ended 30/6/2010	Six months ended 30/6/2009	% Change
	2Q2010	2Q2009		HY2010	HY2009	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	+/(-)	RMB'000	RMB'000	+/(-)
Processed food products	82,899	67,972	22.0	147,123	145,796	0.9
Chilled and frozen rabbit meat	53,028	34,751	52.6	98,172	54,684	79.5
Chilled and frozen chicken meat	74,867	57,488	30.2	115,274	107,325	7.4
Other products	50,587	20,184	150.6	82,628	36,991	123.4
Total	**261,381**	**180,395**	**44.9**	**443,197**	**344,796**	**28.5**

Chilled and Frozen Meat Products

The rabbit and chicken meat segments contributed 48.2% and 48.9% to the Group's total revenue for HY2010 and 2Q2010 respectively. The revenue of the rabbit and chicken meat segments registered a 31.7% increase to RMB213.4 million in HY2010 and a 38.7% increase to RMB127.9 million in 2Q2010.

Revenue derived from the sale of rabbit meat increased by 79.5% to RMB98.2 million in HY2010 and increased by 52.6% to RMB53.0 million in 2Q2010. The increase was attributable to the increasing demand for the Group's rabbit meat products in the European Union ("EU") and Russian markets.

Revenue of the chicken meat segment contributed 26.0% to the Group's total revenue for HY2010 and 28.6% to total revenue for 2Q2010. Revenue increased by 7.4% to RMB115.3 million in HY2010 and 30.2% to RMB74.9 million in 2Q2010. The increase was due to the recovering demand in the PRC domestic market.

Processed Food Products

Revenue derived from processed food showed a slight increase of 0.9% to RMB147.1 million in HY2010 and an increase of 22.0% to RMB82.9 in 2Q2010.

Other Products

Revenue derived from the production and sale of other products increased by 123.4% to RMB82.6 million in HY2010 and increased by 150.6% to RMB50.6 million in 2Q2010, due mainly to strong demand from the PRC domestic and Korea markets.

The increase in revenue was largely driven by an increase in demand for the Group's pet food products. Pet food sales contributed over 50% to this segment with growth generated from Beijing and Shanghai markets in the PRC and overseas markets in Japan and Korea.

REVENUE BY GEOGRAPHICAL MARKETS

	2Q2010	2Q2009	% Change	HY2010	HY2009	% Change
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	+/(-)	RMB'000	RMB'000	+/(-)
Export	112,869	76,172	48.2	189,926	145,883	30.2
PRC	148,512	104,223	42.5	253,271	198,913	27.3
Total	**261,381**	**180,395**	**44.9**	**443,197**	**344,796**	**28.5**

On a geographical basis, revenue from export sales increased by 30.2% to RMB189.9 million in HY2010. It also increased by 48.2% to RMB112.9 million in 2Q2010. The increase in export sales was attributable mainly to the increase in export sales of rabbit meat products.

PRC sales increased by 27.3% to RMB253.3 million in HY2010 and increased by 42.5% to RMB148.5 million in 2Q2010. The increase was mainly attributable to the increase in sale of chicken meat products to PRC domestic market.

PROFITABILITY

Gross Profit ("GP") and Margin

	HY2010		HY2009		Change	% Change
	GP	Margin	GP	Margin	GP	
	RMB'000	%	RMB'000	%	RMB'000	%
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Processed food	14,979	10.2	21,567	14.8	(6,588)	(30.5)
Rabbit meat	18,672	19.0	10,304	18.8	8,368	81.2
Chicken meat	7,581	6.6	9,764	9.1	(2,183)	(22.4)
Other products	705	0.9	1,881	5.1	(1,176)	(62.5)
Total	**41,937**	**9.5**	**43,516**	**12.6**	**(1,579)**	**(3.6)**

Gross profit margin declined from 12.6% to 9.5% in HY2010 which was due mainly to the increased raw materials prices of processed food and the reduced price of chicken meat products in the PRC domestic market.

Processed Food
Gross profit decreased by 30.5% to RMB15.0 million in HY2010. Gross profit margin declined to 10.2% from 14.8% was due mainly to the increased raw materials prices.

Rabbit Meat
Rabbit meat business became the main profit contributor in HY2010. Gross profit margin for rabbit meat segment remained relatively stable at 19.0% in HY2010 with a slightly increase of 0.2% as the Group was able to control the cost of raw materials through its self-supply of rabbit meat resulting from its vertically integration model of manufacturing.

Chicken Meat
Decrease in gross profit of chicken meat segment was due mainly to the reduced price of chicken meat products resulting from fierce competition from small plants that swarmed into the chicken meat market in the PRC domestic market. Gross profit margin decreased to 6.6% in HY2010 and gross profit decreased by 22.4% to RMB7.6 million.

Other Products

Other products are mainly chicken and rabbit meat by-products and pet food products, which are not the core profit drivers of the Group. Gross profit margin decreased to 0.9% in HY2010 and gross profit decreased by 62.5% to RMB0.7 million.

Other Income

Other income comprised mainly government grants and interest income from bank deposits amounting to RMB3.1 million and RMB1.8 million respectively. The rest were rental income, recovery of gas, electricity from customers.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly transportation costs of RMB3.3 million and staff costs of RMB1.5 million. Advertising and promotion activities remained constant in HY2010.

Administrative Expenses

Administrative expenses comprised mainly staff costs, professional fees, travelling expenses and etc. The significant increase of 32% amounting to RMB31.8 million for HY2010 was due mainly to the acquisition of four subsidiaries and the establishment of several subsidiaries in both 2009 and 2010 which resulted in higher administrative expenses and more employees being employed by the Group.

Finance Costs

Finance costs increased by 71.8% to RMB7.9 million for HY2010 resulted from the consolidation of Shandong Kaijia Food Company Limited and its subsidiary. Shandong Kaijia International Trade Co., Ltd., (collectively referred as "Kaijia Group"). The bank loans interest amounting to RMB2.5 million was incurred by Kaijia Group.

Taxation

Income tax expense decreased in line with decrease in profit before taxation for HY2010.

Review of the Group financial position as at 30 June 2010

The increase in property, plant and equipment represented the Group's addition of facility and construction in progress, mainly in the course of the acquisition of Kaijia Group, amounting to RMB238.9 million and depreciation for HY2010 amounted to RMB11.9 million.

The prepaid premium for land leases increased by RMB26.3 million in HY2010 was mainly a result of the acquisition of Kaijia Group.

Goodwill arising from the acquisitions of Kaijia Group, Qingdao Kangda Modern Agricultural Technology Development Co., Ltd and Qingdao Pu De Food Co., Ltd. amounted to RMB56.8 million, RMB0.4 million and RMB2.7 million respectively.

The intangible assets refer to the export licences and hygiene registration certificates awarded by the relevant authorities in Japan and EU, where the registered products produced by the Group are allowed to be exported to these countries. The increased in intangible assets by RMB7.9 million in HY2010 arose from the acquisition of Kaijia Group.

Biological assets refer to progeny rabbits and progeny chickens for sale and breeder rabbits and chickens held for breeding purpose. These biological assets were valued by the directors of the Group at 30 June 2010 with reference to the market-determined prices of items with similar size, species and age. The valuation methodology is in compliance with IAS 41 to determine the fair value of biological assets in their present location and condition.

Inventories increased by approximately RMB59.3 million to approximately RMB137.9 million in anticipation increase in demand in the third quarter of 2010. The inventory turnover day for HY2010 was 48 days compared to 38 days for the year ended 31 December 2009 ("FY2009").

Trade receivables increased by approximately RMB18.0 million or 20.6% to approximately RMB105.5 million in HY2010 in line with the increase in business volume. The trade receivable turnover days decreased to 39 days in HY2010 compared with 41 days in FY2009.

Prepayments, other receivables and deposits increased by approximately RMB23.6 million and to approximately RMB43.4 million as at 30 June 2010 due mainly to the increase of deposits placed with the Group's suppliers for construction in progress resulted from the increase of capital expenditure.

Trade payables increased by approximately RMB31.4 million from approximately RMB48.1 million as at 31 December 2009 to approximately RMB79.4 million as at 30 June 2010 due to the increase of purchase of raw materials to cater to the anticipated increase in demand in the third quarter of 2010.

Accrued liabilities, other payables and deposits received represented payables for construction and facilities, salary and welfare payables, accrued expenses and deposit received and remained constant in HY2010.

Tax payables decreased from RMB2.2 million as at 31 December 2009 to RMB1.4 million as at 30 June 2010. This was due to the settlement of income tax during the HY2010.

Cash Flow Statement

Operating activities
Cash utilisation was RMB107.7 million for HY2010 compared with RMB7.6 million for HY2009. In anticipation increase in demand in the third quarter of 2010, higher inventory purchase was made. In 2Q2010, the Group fully settled the balance due to a related company. The related company is a company in which Mr. Gao Sishi, Mr Gao Yanxu, Mr Zhang Qi and Mr An Fengjun, directors of the Company, have beneficial interest. Both factors resulted in a significant reduction in operating activities cash flow.

Investing activities
Net cash used in investing activities amounted to RMB146.4 million due to acquisition of Kaijia Group.

Financing activities
Net cash generated in financing activities amounted to RMB63.4 million for HY2010 after taking into account the bank borrowing of RMB240.0 million and the loan repayment of RMB186.0 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The announcement is in line with the profit warning announcement released by the Company on 30 July 2010.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Acquisition of a food processing company, Shandong Kaijia Food Company Limited ("Kaijia Food")
Kaijia Food is a company incorporated in the PRC. The acquisition of 100% equity interest in Kaijia Food with a total consideration of RMB130.0 million was completed on 24 February 2010. The principal activities of Kaijia Group are that of manufacturing and sale of chilled and frozen meat products and other processed foods.

Assembly and sale of chilled and frozen meat products and other processed foods have commenced and are running smoothly. Revenue and profit contributions from these subsidiaries are expected to grow steadily in the coming years.

Breach of loan covenants

As at 30 June 2010, in respect of syndicated loans with carrying amounts of approximately HK$78.8 million, the Group breached certain loan covenants as stipulated in the loan agreement, which are primarily related to the negative pledge, negative borrowing, negative guarantees and financial covenants on consolidated tangible net worth and leverage ratio. On discovery of the breach, the directors of the Company informed the relevant lenders and commenced a renegotiation of the terms of the syndicated loan with the lenders. At the reporting date, the lenders have not yet agreed to waive the loan covenants and has demanded the remaining balance to be early repayable by three instalments with the last instalment repayable on 13 April 2011. The non-current portion of this loan originally repayable by 13 October 2011 amounting to HK$26.3 million has been classified as a current liability in the consolidated statement of financial position as at 30 June 2010.

The Group expects to raise after the period end, unsecured bank borrowings of approximately RMB100.0 million in order to meet its financing requirements. The additional bank borrowing will also be used for financing the general corporate funding requirements.

Significant trends and competitive conditions of the industry

The business environment remains challenging despite the recovering demand. For the first half year of 2010, the Group's profit after tax decreased by 79.3% to RMB3.6 million although the Group's turnover had improved with the increasing sales level. The decline in the profit after tax was mainly attributable to the decrease of average selling price of the Group's chicken meat products arising from keen competition in the PRC domestic market and the increase in the cost of raw materials of processed food. Both factors caused the decline of the gross profit margin of chicken meat products and processed food products.

The Group is continuously operating in a competitive environment for its product segments. To maintain its competitiveness, the Group seeks to continuously upgrade and expand its production facilities to meet the increase in market demand for its products. The Group is able to control its products cost through enhancement in its existing production facilities.

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

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Not applicable.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the period ended 30 June 2010.

13. Interested Person Transactions

Name of Interested Person	Six months ended 30 June 2010 (RMB'000)	
	Aggregate value of all IPTs during the financial year under review excluding transactions less than $100,000 and transactions pursuant to the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual)	Aggregate value of all IPTs under the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual) during the financial year under review (excluding transactions less than $100,000)
Sales to KD Trading Group (Note 1)	Nil	92
Purchases from KD Trading Group (Note 2)	Nil	28,105

Notes:

1. These are the sales of the Group's products to KD Trading Group, including Qingdao Kangda Foreign Trade Group Co., Ltd. and Qingdao Kangda Shidai Property Development Co., Ltd. for the six months ended 30 June 2010.

2. These are the purchases of raw materials such as vegetables, flowers and animal feed from KD Trading Group, including Qingdao Jiaonan Kangda Feed Co., Ltd., for the six months ended 30 June 2010.

BY ORDER OF THE BOARD

Fong William
CFO & Company Secretary

13 August 2010

CHINA KANGDA FOOD COMPANY LIMITED
(Incorporated in Bermuda)

Confirmation By Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST.

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of China Kangda Food Company Limited which may render the financial statements for the second quarter ended 30 June 2010 to be false or misleading, in any material aspects.

For and on behalf of the
Board of Directors of
China Kangda Food Company Limited

Gao Sishi
Chairman

Gao Yanxu
CEO & Executive Director

13 August 2010