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 2012

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 2012 together with the comparative figures for the corresponding period in 2011 as set out below.

Consolidated statement of comprehensive income

For the six months ended 30 June 2012

	Notes	**Six months ended 30 June**	
		2012	2011
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	5	**662,181**	570,722
Cost of sales		**(614,450)**	(525,672)
Gross profit		**47,731**	45,050
Other income	5	**22,636**	19,289
Selling and distribution expenses		**(16,378)**	(14,227)
Administrative expenses		**(35,627)**	(32,624)
Other operating expenses		**(1,154)**	(310)
Profit from operations	6	**17,208**	17,178
Finance costs	7	**(15,343)**	(13,094)
Share of loss of associates		**(140)**	(236)
Profit before taxation		**1,725**	3,848
Income tax (expense)/credit	8	**(648)**	92
Profit for the period		**1,077**	3,940
Other comprehensive income		**-**	-
Total comprehensive income for the period		**1,077**	3,940
Total comprehensive income attributable to:			
Owners of the Company		**2,220**	4,642
Non-controlling interests		**(1,143)**	(702)
		1,077	3,940

Earnings per share attributable to owners of the Company	10		
Basic (RMB cents)		0.51	1.07
Diluted (RMB cents)		**-**	-

Consolidated statement of financial position

As at 30 June 2012

	Notes	**30 June 2012 RMB'000 (Unaudited)**	31 December 2011 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**600,903**	595,347
Prepaid premium for land leases		**124,531**	125,849
Intangible assets		**1,682**	3,171
Interest in associates		**3,319**	3,459
Biological assets		**34,033**	32,935
Goodwill		**59,428**	59,428
Deferred tax assets		**14,791**	14,549
		838,687	834,738
Current assets			
Biological assets		**39,288**	31,384
Inventories		**199,264**	191,552
Trade receivables	11	**111,222**	102,592
Prepayments, other receivables and deposits		**57,029**	53,849
Amount due from a related company		**5,145**	-
Pledged deposits		**1,504**	4,171
Cash and bank balances		**237,013**	310,934
		650,465	694,482
Current liabilities			
Trade and bills payables	12	**238,660**	135,223
Accrued liabilities and other payables		**57,512**	86,408
Interest-bearing bank borrowings	13	**469,000**	500,430
Amount due to a related company		**-**	86,527
Deferred government grants		**891**	891
Tax payables		**4,536**	1,869
		770,599	811,348
Net current liabilities		**(120,134)**	(116,866)
Total assets less current liabilities		**718,553**	717,872

Consolidated statement of financial position (Continued)

as at 30 June 2012

	Notes	**30 June 2012 RMB'000 (Unaudited)**	31 December 2011 RMB'000 (Audited)
Non-current liabilities			
Deferred government grants		**12,628**	13,024
Total non-current liabilities		**12,628**	13,024
Net assets		**705,925**	704,848
EQUITY			
Equity attributable to owners of the Company			
- Share capital		**112,176**	112,176
- Reserves		**555,249**	553,029
		667,425	665,205
Non-controlling interests		**38,500**	39,643
Total equity		**705,925**	704,848

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")

The accounting policies used in preparing the interim financial statements are consistent with those followed in the Group's annual financial statements for the year ended 31 December 2011, except that during the 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 2012. 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 interim 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 interim 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:
- Production and sale of processed food
- Production and sale of chilled and frozen rabbit meat
- Production and sale of chilled and frozen chicken meat
- Production 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 2012				
	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	316,958	79,534	147,375	118,314	662,181
Reportable segment profit	23,951	3,013	2,102	2,287	31,353

	Six months ended 30 June 2011				
	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	213,174	109,378	154,636	93,534	570,722
Reportable segment profit	11,629	14,215	526	4,453	30,823

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

	Six months ended 30 June 2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Reportable segment profit	**31,353**	30,823
Other income	**22,636**	19,289
Administrative expenses	**(35,627)**	(32,860)
Other operating expenses	**(1,154)**	(310)
Finance costs	**(15,343)**	(13,094)
Share of loss of associates	**(140)**	-
Profit before taxation	**1,725**	3,848

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 2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Revenue		
Sale of goods	**662,181**	570,722
Other income		
Interest income on financial assets stated at amortised cost		
- Interest income on bank deposits	**923**	988
Amortisation of deferred income on government grants	**396**	396
Government grants related to income	**13,665**	10,914
Gains arising from changes in fair value less estimated point-of-sale costs of biological assets, net	**5,914**	5,149
Others	**1,738**	1,842
	22,636	19,289

6. PROFIT FROM OPERATIONS

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

	Six months ended 30 June	
	2012	**2011**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Cost of inventories recognised as an expense	**614,450**	525,672
Depreciation of property, plant and equipment	**21,739**	20,842
Amortisation of intangible assets	**1,489**	3,554
Amortisation of prepaid premium for land leases	**1,318**	1,618
Minimum lease payments under operating leases for production facilities	**6,115**	3,521
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets, net	**(5,914)**	(5,149)
Staff costs (including directors' remuneration)	**74,821**	38,270
Less: Retirement scheme contribution	**(10,009)**	(5,510)
	64,812	32,760
Loss on disposal of property, plant and equipment	**-**	453
Exchange loss, net	**395**	715

7. FINANCE COSTS

	Six months ended 30 June	
	2012	**2011**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Interest charges on:		
Bank loans wholly repayable within five years	**15,343**	13,094

8. INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June	
	2012	**2011**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Current period provision		
- PRC corporate income tax	**(890)**	(970)
Deferred tax credit	**242**	1,062
Total income tax (expense)/credit	**(648)**	92

No Hong Kong profits tax has been provided for the six months ended 30 June 2012 as the Group did not derive any assessable profit in Hong Kong during the period (six months ended 30 June 2011: 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 2012 (six months ended 30 June 2011: Nil)

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB2,220,000 (six months ended 30 June 2011: RMB4,642,000) and on the weighted average of 432,948,000 (six months ended 30 June 2011: 432,948,000) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30 June 2012 and 2011 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 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Within 30 days	**73,700**	71,086
31 – 60 days	**13,070**	17,025
61 – 90 days	**9,352**	3,460
91 – 120 days	**5,047**	1,062
Over 120 days	**10,053**	9,959
	111,222	102,592

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

12. TRADE ANS BILLS PAYABLES

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

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

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Within 60 days	**156,504**	96,612
61 – 90 days	**49,831**	20,297
91 – 120 days	**15,653**	4,822
Over 120 days	**16,672**	13,492
	238,660	135,223

13. INTEREST-BEARING BANK BORROWINGS

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Current		
Interest-bearing bank borrowings	**469,000**	500,430

As at 30 June 2012, approximately RMB220.0 million of the interest-bearing bank borrowings were secured by the pledge of certain of the Group's property, plant and equipment and land use rights.

The Group's interest-bearing bank borrowings bear interests ranging from 6.56% to 8.20% (six months ended 30 June 2011: 5.56% to 7.57%) per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Faced with a subdued European sovereign debt crisis, the global economy has showed signs of a slowdown. The unfavourable climate created a challenging operating environment for the Group and hampered its export businesses in Europe. In addition, the factors including increased raw materials costs, the appreciation of the RMB and the intense price competition in the PRC market have impacted the Group's profitability. The Group's gross profit margin declined from 7.9% to 7.2% and the comprehensive income attributable to owners of the Company declined by 52.2% to RMB2.2 million for the six months ended 30 June 2012 ("HY2012").

In spite of the above, with the Group continuing increase in its production capacity and focusing on its products quality, turnover for the Group had improved significantly by 16.0% to RMB662.2 million in HY2012.

The Group has also continued to optimise its sales channels in the PRC domestic market and raise its brand profile through advertisements and launching diversified product mix in response to the market demand.

The PRC's economic performance was inevitably affected by external forces, but its economic conditions are stable as a whole. The rapid urbanisation in the PRC couple with its large population would provide the foundation for the PRC economy to remain relatively robust. Looking ahead, the Group will continue to increase its existing production capacity and control its products quality to increase its market penetration in the PRC market.

In addition to the abovementioned strategies, the Group will improve its inventory management and minimize stock level through organic growth of its businesses. The Group will continue to implement measures to tighten cost controls over various operating expenses to improve its profitability and to increase the cash inflow generated from its operations.

The Board remains positive that the Group's financial position is stable and it has sufficient cash resources to meet its present and future cash flow requirements. The Group is also actively negotiating with its banks to seek the renewal of outstanding bank borrowings as well as new banking facilities.

The Group is well-positioned to tackle the challenges imposed by the global economic environment and the Board believes that the commitment to healthier, safer and quality meat products will place it ahead of its fellow competitors.

OPERATING AND FINANCIAL REVIEW

REVENUE BY PRODUCTS

	Six months ended 30 June 2012	Six months ended 30 June 2011	% Change
	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	+/(-)
Processed food products	316,958	213,174	48.7
Chilled and frozen rabbit meat	79,534	109,378	(27.3)
Chilled and frozen chicken meat	147,375	154,636	(4.7)
Other products	118,314	93,534	26.5
Total	**662,181**	**570,722**	**16.0**

Processed Food Products
Revenue derived from processed food products increased significantly by 48.7% to approximately RMB317.0 million for HY2012 from approximately RMB213.2 million for the six months ended 30 June 2011 (“HY2011”).

The Group had successfully launched various new product ranges under its own brand, such as instant soup, chicken-based cooked products and roasted rabbit food. Based on the Group’s reputation and track record in the processed food products market, a sterling growth in revenue was achieved with the expansion of its production capacity.

Chilled and Frozen Meat Products
The rabbit and chicken meat segments contributed 34.3% to the Group’s total revenue for HY2012 compared to 46.3% of HY2011. The revenue of the rabbit and chicken meat segments registered a 14.1% decrease to RMB226.9 million for HY2012.

Given the economic uncertainty emanating from Europe, there was a decrease in demand for rabbit meat. Revenue derived from the sale of rabbit meat decreased by 27.3% to approximately RMB79.5 million in HY2012 and decreased by 31.0% to RMB45.0 million in 2Q2012.

Revenue of the chicken meat segment contributed 22.3% to the Group’s total revenue for HY2012. Revenue decreased by 4.7% to RMB147.4 million in HY2012. The decrease was due mainly to the keen competition of frozen chicken meat products in PRC market.

Other Products
Revenue derived from the production and sale of other products increased by 26.5% to RMB118.3 million in HY2012, due mainly to the strong demand from both the PRC 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 the Beijing and Shanghai markets in the PRC and overseas markets in Japan and Korea.

REVENUE BY GEOGRAPHICAL MARKETS

	Six months ended 30 June 2012	**Six months ended 30 June 2011**	**% Change**
	Unaudited	**Unaudited**	**Unaudited**
	RMB’000	**RMB’000**	**+/(-)**
Export	274,422	233,658	17.4
PRC	387,759	337,064	15.0
Total	**662,181**	**570,722**	**16.0**

On a geographical basis, revenue from export sales increased by 17.4% to RMB274.4 million in HY2012. The increase in export sales was attributable mainly to the increase in the sale of processed food products as a result of an expansion of production capacity in HY2012.

PRC sales increase by 15.0% to RMB387.8 million in HY2012. PRC sales achieved a remarkable growth as the Group continuously increasing its market share by optimizing its sales channels and stepping up its brand promotion.

PROFITABILITY

Gross Profit ("GP") and Margin

	Six months ended 30 June 2012		Six months ended 30 June 2011		Change	% Change
	GP	Margin	GP	Margin	GP	
	RMB'000	%	RMB'000	%	RMB'000	%
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Processed food	36,463	11.5	16,944	7.9	19,519	115.2
Rabbit meat	4,586	5.8	16,941	15.5	(12,355)	(72.9)
Chicken meat	3,201	2.2	4,380	2.8	(1,179)	(26.9)
Other products	3,481	2.9	6,785	7.3	(3,304)	(48.7)
Total	**47,731**	**7.2**	**45,050**	**7.9**	**3,278**	**7.3**

Gross profit margin declined from 7.9% to 7.2% in HY2012 which was due mainly to the increased raw materials prices, particularly the rise in corn price, increased labour costs which were paid in compliance with the revised requirements in minimum wages and social security regulations and the intense competition of chicken meat products in the PRC market.

Processed Food Products

Processed food products were the main profit contributor in HY2012. Benefitting from the economy of scale as a result of the expansion of the Group's production capacity, gross profit increased by 115.2% to RMB36.5 million in HY2012.

Chilled and Frozen Rabbit Meat

The gross profit margin of chilled and frozen rabbit meat declined from 15.5% to 5.8% for HY2012 due to the decrease of selling price resulting from the decrease of rabbit meat demand in Europe market.

Chilled and Frozen Chicken Meat

The decline in gross profit of chilled and frozen chicken meat segment was due mainly to the increase in raw material prices and intense price competition. As a result of the oversupply of chicken meat products from smaller plants in the PRC, the bargaining power on discount for mass-purchase of raw materials had weakened and this in turn resulted in price fluctuations. The extent of increase in the cost of the chicken meat products was higher than the increase in selling price of the chicken meat products.

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. Due to the fluctuation in prices of chicken and rabbit meat by-products, gross profit margin decreased to 2.9% in HY2012 and gross profit decreased from RMB6.8 million to RMB3.5 million.

Other Income

Other income comprised mainly government grants, gain on change in fair value of biological assets and interest income from bank deposits amounting to RMB13.7 million, RMB5.9 million and RMB0.9 million respectively. The rest was mainly minor income generated from sale of raw materials, mainly vegetables and food ingredients, to factories in Qingdao. The increase in other income was due to the increase of government grants provided by the Chinese government in support of the Group's operations and business in Shandong and Jilin Provinces.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly transportation costs, promotion costs and salary and welfare. The increase in selling and distribution expenses by 15.1% to approximately RMB16.4 million was primarily due to the increase in quality inspection costs and marketing expenses in promotion to increase the Group's market share in the PRC.

Administrative Expenses

Administrative expenses comprised mainly staff costs, professional fees, travelling expenses and other miscellaneous administrative expenses. The increase by 9.2% was due mainly to salaries and allowance expenses increment and an increase in number of administrative staff in HY2012.

Finance Costs

Finance costs increased by 17.2% to RMB15.3 million for HY2012 due mainly to the higher average bank borrowings level during the period.

Other Operating Expenses

Other operating expenses represented miscellaneous expenses relating to the disposal of damaged packaging materials, which had increased with the increase of sales during the period.

Taxation

Income tax expense comprised the accrued PRC corporate income tax during the period offsetting by the deferred tax credit arose from the fair value adjustment on property, plant and equipment, intangible assets and land use rights upon business combination of the Shandong Kaijia Food Company Limited and its subsidiary, Shandong Kaijia International Trade Co., Ltd. (collectively known as the "Kaijia Group").

Review of the Group's financial position as at 30 June 2012

The Group's property, plant and equipment were mainly leasehold buildings and plant and machinery. The slight increase by 0.9% to approximately RMB600.9 million as at 30 June 2012 was due mainly to an acquisition of equipment of approximately RMB27.3 million. This was offset by a depreciation charge of RMB21.7 million.

The reduction in prepaid premium for land leases and intangible assets for HY2012 amounting to approximately RMB1.3 million and approximately RMB1.5 million respectively. This was due mainly to amortisation. The intangible assets refer to the export licences and hygiene registration certificates awarded by the relevant authorities in Japan and European Union ("EU"), where the registered products produced by the Group are allowed to be exported to these countries.

Goodwill arose from the acquisitions of subsidiaries in the past.

Biological assets refer to progeny rabbits and chickens held for sale and breeder rabbits and chickens held for breeding purpose. These biological assets were valued by the directors of the Group as at 30 June 2012 based on market-determined prices of rabbits/chickens of similar size, species and age. The valuation methodology is in compliance with IAS 41 to determine the fair values of biological assets in their present location and condition.

Inventories increased by approximately RMB7.7 million to approximately RMB199.3 million in anticipation of an increase in demand in the third quarter of 2012. The inventory turnover day for HY2012 was 53 days compared to 49 days for the year ended 31 December 2011 ("FY2011"). The increase in the average inventory turnover day resulted from the decrease in rabbit meat demand in the Europe market.

Trade receivables increased by approximately RMB8.6 million or 8.4% to approximately RMB111.2 million in HY2012. The increase was attributable to higher level of credit sales in line with the increase in revenue. The trade receivable turnover days was 29 days in HY2012 compared with 26 days in FY2011.

Prepayments, other receivables and deposits increased slightly by approximately RMB3.2 million to approximately RMB57.1 million as at 30 June 2012.

Trade and bills payables increased by approximately RMB103.4 million from approximately RMB135.2 million as at 31 December 2011 to approximately RMB238.7 million as at 30 June 2012 due to longer payment terms granted by some suppliers and the increase in purchase of raw materials to cater to the anticipated increase in demand in the third quarter of 2012.

Accrued liabilities and other payables represented payables for construction and facilities, salaries and welfare payables, accrued expenses and deposits received. The decrease was due to the decrease of deposits placed by customers compared to 31 December 2011.

The interest-bearing bank borrowings decreased by approximately RMB31.4 million to approximately RMB469.0 million after taking into account the additional bank borrowings of approximately RMB387.0 million and the loan repayment of approximately RMB418.4 million.

To provide for the Group's additional working capital, Qingdao Kangda Foreign Trade Group Limited ("KD Group") had advanced approximately RMB100.0 million in March 2011 to the Group which was unsecured and interest-free. Approximately RMB20.0 million had been repaid before 31 December 2011 and RMB80.0 million had been repaid to KD Group in January 2012. The outstanding balance of amount due from a related company was as a result of trading and other transactions.

Tax payables increased from RMB1.9 million as at 31 December 2011 to RMB4.5 million as at 30 June 2012. A tax refund amounting to RMB4.3 million had been received from the Inland Revenue Department of Hong Kong in relation to an excess tax charged for the period from 2005 to 2007. Given that this transaction may involve uncertainties in the ultimate tax determination, the Management will be seeking an opinion from a tax specialist, if necessary, to evaluate if there will be any potential tax liability in other jurisdiction.

CAPITAL STRUCTURE

As at 30 June 2012, the Group had net assets of approximately RMB705.9 million (31 December 2011 RMB704.8 million), comprising non-current assets of approximately RMB838.7 million (31 December 2011: RMB834.7 million), and current assets approximately RMB650.5 million (31 December 2011: RMB694.5 million). The Group recorded a net current liability position of approximately RMB120.1 million as at 30 June 2012 (31 December 2011: RMB116.9 million), which primarily consist of cash and bank balances amounted to approximately RMB237.0 million (31 December 2011: RMB310.9 million). Moreover, inventories amounted to approximately RMB199.3 million (31 December 2011: RMB191.6 million) and trade receivables amounted to approximately RMB111.2 million (31 December 2011: RMB102.6 million) are also major current assets. Major current liabilities are trade and bills payables and interest-bearing bank borrowings amounted to RMB238.7 million (31 December 2011: RMB135.2 million) and RMB469.0 million (31 December 2011: RMB500.4 million) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the Group has cash and cash equivalent of approximately RMB237.0 million (31 December 2011: RMB310.9 million) and had total interest-bearing bank borrowings of approximately

RMB469.0 million (31 December 2011: RMB500.4 million). The Group's interest-bearing bank borrowings bear interests ranging from 6.56% to 8.20%.

The gearing ratio for the Group was 70.3% (31 December 2011: 75.2%) as at 30 June 2012, based on net debt of RMB469.0 million (31 December 2011: RMB500.4 million) and equity attributable to owners of RMB667.4 million (31 December 2011: RMB665.2 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 does not have a formal foreign currency hedging policy or conducts hedging exercise to reduce its 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 2012, the capital commitment of the Group which had been contracted for but not provided in the financial statements was in the total amount of approximately RMB13.1 million (31 December 2011: RMB12.0 million).

CHARGE ON ASSETS

Total interest-bearing bank borrowings include secured liabilities of approximately RMB220.0 million (31 December 2011: RMB205.0 million).

As at 30 June 2012, the Group's interest-bearing bank borrowings are secured by the pledge of certain of the Group's property, plant and equipment land use rights and pledged deposits. Saved as disclosed above, the remaining bank loans were guaranteed by the inter-group companies.

CONTINGENT LIABILITIES

As at 30 June 2012, the Group did not have any material contingent liabilities (31 December 2011: Nil).

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2012, the Group employed a total of 5,614 employees (as at 30 June 2011: 4,060 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 RMB74.8 million (six months ended 30 June 2011: RMB38.3 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 2012.

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 directors of the Company, namely Mr. Zhang Qi and Mr. Naoki Yamada. 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 2012.

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 2012.

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 2012.

PUBLICATION OF UNAUDITED INTERIM RESULTS

The Company's 2012 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 2012 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, 10 August 2012

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), Mr. Zhang Qi and Mr. Naoki Yamada; 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 10 August 2012.

SECOND QUARTER AND HALF YEARLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2012

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 30/06/2012 Unaudited RMB'000	Three months period ended 30/06/2011 Unaudited RMB'000	Change +/(-) %	Six months period ended 30/06/2012 Unaudited RMB'000	Six months period ended 30/06/2011 Unaudited RMB'000	Change +/(-) %
Revenue	347,120	325,412	6.7	662,181	570,722	16.0
Cost of sales	(322,909)	(298,672)	8.1	(614,450)	(525,672)	16.9
Gross profit	24,211	26,740	(9.5)	47,731	45,050	6.0
Other income	9,604	10,678	(10.1)	22,636	19,289	17.4
Selling and distribution expenses	(8,019)	(8,955)	(10.5)	(16,378)	(14,227)	15.1
Administrative expenses	(20,748)	(22,235)	(6.7)	(35,627)	(32,624)	9.2
Other operating expenses	(362)	(136)	166.2	(1,154)	(310)	272.3
Profit from operations	4,686	6,092	(23.1)	17,208	17,178	0.2
Finance costs	(7,370)	(5,300)	39.1	(15,343)	(13,094)	17.2
Share of loss of associates	(47)	(182)	(74.2)	(140)	(236)	(40.7)
(Loss)/profit before taxation	(2,731)	610	(547.7)	1,725	3,848	(55.2)
Income tax credit/(expense)	(555)	(167)	232.3	(648)	92	804.3
(Loss)/Profit for the period	**(3,286)**	**443**	**(841.8)**	**1,077**	**3,940**	**72.7**
Other comprehensive income	-	-	N/A	-	-	N/A
Total comprehensive income for the period	**(3,286)**	**443**	**(841.8)**	**1,077**	**3,940**	**72.7**

Total comprehensive income attributable to:						
Owners of the Company	(2,493)	252	(1,089.3)	2,220	4,642	(52.2)
Non-controlling interests	(793)	191	(515.2)	(1,143)	(702)	(62.8)
Earning per share						
- Basic (RMB cents)	(0.58)	0.06		0.51	1.07	
The Group’s profit before taxation is arrived at after charging/(crediting):						
Amortisation of intangible assets	135	1,660		1,489	3,554	
Amortisation of prepaid premium for land leases	523	1,079		1,318	1,618	
Depreciation of property, plant and equipment	10,834	11,447		21,739	20,842	
Loss on disposal of property, plant and equipment	-	-		-	453	
Exchange (gain)/loss, net	(492)	12		395	715	
Interest expenses on interest-bearing bank borrowings	7,370	5,300		15,343	13,094	
Interest income on bank deposits	(178)	(272)		(923)	(988)	

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	
	30/6/2012	31/12/2011	**30/6/2012**	31/12/2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
ASSETS AND LIABILITIES	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Non-current assets				
Property, plant and equipment	**600,903**	595,347	**8**	8
Prepaid premium for land leases	**124,531**	125,849	**-**	-
Intangible assets	**1,682**	3,171	**-**	-
Investments in subsidiaries	**-**	-	**84,144**	84,144
Interest in associates	**3,319**	3,459	**-**	-
Biological assets	**59,428**	59,428	**-**	-
Goodwill	**34,033**	32,935	**-**	-
Deferred tax assets	**14,791**	14,549	**-**	-
	838,687	834,738	**84,152**	84,152
Current assets				
Biological assets	**39,288**	31,384	**-**	-
Inventories	**199,264**	191,552	**-**	-
Trade receivables	**111,222**	102,592	**-**	-
Prepayments, other receivables and deposits	**57,029**	53,849	**95**	95
Amounts due from a related company	**5,145**	-	**-**	-
Amounts due from subsidiaries	**-**	-	**242,360**	133,682
Pledged deposits	**1,504**	4,171	**-**	-
Cash and bank balances	**237,013**	310,934	**2,341**	113,521
	650,465	694,482	**244,796**	247,298
Current liabilities				
Trade and bills payables	**238,660**	135,223	**-**	-
Accrued liabilities and other payables	**57,512**	86,408	**586**	586

Interest-bearing bank borrowings	**469,000**	500,430	**-**	-
Amount due to a related company	**-**	86,527	**-**	-
Deferred government grants	**891**	891	**-**	-
Tax payables	**4,536**	1,869	**-**	-
	770,599	811,348	**586**	586
Net current (liabilities)/assets	**(120,134)**	(116,866)	**244,210**	246,712
Total assets less current liabilities	**718,553**	717,872	**328,362**	330,864
Non-current liabilities				
Interest-bearing bank borrowings	**12,628**	13,024	**-**	-
Total non-current liabilities	**12,628**	13,024	**-**	-
Net assets	**705,925**	704,848	**328,362**	330,864
EQUITY				
Equity attributable to owners of the Company				
- Share capital	**112,176**	112,176	**112,176**	112,176
- Reserves	**555,249**	553,029	**216,186**	218,688
	667,425	665,205	**328,362**	330,864
Non-controlling interests	**38,500**	39,643	**-**	-
Total equity	**705,925**	704,848	**328,362**	330,864

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 30/6/2012		As at 31/12/2011	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
220,000	249,000	205,000	295,430

2. Amount repayable after one year

As at 30/6/2012		As at 31/12/2011	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of collateral :

As at 30 June 2012, approximately RMB220.0 million of the interest-bearing bank borrowings was secured by the pledge of certain of the Group's property, plant and equipment, land use rights and pledged deposits.

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 30/6/2012 Unaudited	Three months period ended 30/6/2011 Unaudited	Six months period ended 30/6/2012 Unaudited	Six months period ended 30/6/2011 Unaudited
Cash flows from operating activities				
(Loss)/profit before taxation	(2,731)	610	1,725	3,848
Adjustments for:				
Interest income	(178)	(272)	(923)	(988)
Interest expenses	7,370	5,300	15,343	13,094
Depreciation of property, plant and equipment	10,834	11,447	21,739	20,842
Amortisation of prepaid premium for land leases	523	1,079	1,318	1,618
Amortisation of intangible assets	135	1,660	1,489	3,554
Gain arising from change in fair value less estimated point-of-sale costs of biological assets, net	(708)	(2,649)	(5,914)	(5,149)
Amortisation of deferred income on government grants	(198)	(198)	(396)	(396)
Loss on disposal of property, plant and equipment	-	453	-	453
Share of loss of associates	47	182	140	236
Operating profit before working capital changes	15,094	17,612	34,521	37,112
Increase in inventories	(17,001)	(20,968)	(7,712)	(35,628)
(Increase)/decrease in trade receivables	(6,449)	126	(8,630)	(9,794)
Decrease/(increase) in biological assets	1,886	1,824	(3,089)	(9,941)
(Increase)/decrease in prepayments, other receivables and deposits	(1,134)	4,910	(3,180)	(6,445)
(Decrease)/increase in balance with a related company	(34,988)	(13,904)	(11,672)	18,435
Increase in trade and bills payables	3,599	18,842	103,437	61,667
Increase/(decrease) in accrued liabilities and other payables	5,799	(8,045)	(25,270)	(23,443)
Cash (used in)/generated from operations	(33,194)	397	78,400	31,963
Interest paid	(7,370)	(5,300)	(15,343)	(13,094)
Income taxes paid	(214)	(698)	(1,844)	(1,224)
Net cash (used in)/generated from operating activities	*(40,778)*	*(5,601)*	*61,213*	*17,645*

Cash flows from investing activities				
Purchases of property, plant and equipment	(10,351)	(20,254)	(27,294)	(37,826)
Increase in pledged deposits	-	-	2,667	-
Proceeds from disposal of property, plant and equipment	-	57	-	57
Interest received	178	272	923	988
Net cash used in investing activities	*(10,173)*	*(19,925)*	*(23,704)*	*(36,781)*
Cash flows from financing activities				
New of bank borrowings	283,000	154,000	387,000	304,900
Repayment of bank borrowings	(243,000)	(209,998)	(418,430)	(304,902)
Capital injection from non-controlling interests	-	-	-	2,000
Advance from a related company	-	-		100,000
Repayment to a related company	-	-	(80,000)	-
Net cash generated from/(used in) financing activities	*40,000*	*(55,998)*	*(111,430)*	*101,998*
Net (decrease)/increase in cash and cash equivalents	(10,951)	(81,524)	(73,921)	82,862
Cash and cash equivalents at beginning of financial period	247,964	281,029	310,934	116,643
Cash and cash equivalents at end of financial period	237,013	199,505	237,013	199,505
Analysis of balances of cash and cash equivalents				
Cash and bank balances	237,013	199,505	237,013	199,505

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.

Group	Equity attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Capital redemption reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2012 (Audited)	112,176	257,073	(41,374)	2,374	44,117	290,839	665,205	39,643	704,848
Transactions with owners (Unaudited)	-	-	-	-	-	-	-	-	-
Profit for the period (Unaudited)	-	-	-	-	-	4,713	4,713	(350)	4,363
Other comprehensive income (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	4,713	4,713	(350)	4,363
At 31 March 2012 (Unaudited)	**112,176**	**257,073**	**(41,374)**	**2,374**	**44,117**	**295,552**	**669,918**	**39,293**	**709,211**
At 1 April 2012 (Unaudited)	**112,176**	**257,073**	**(41,374)**	**2,374**	**44,117**	**295,552**	**669,918**	**39,293**	**709,211**
Transactions with owners (Unaudited)	-	-	-	-	-	-	-	-	-
Profit for the period (Unaudited)	-	-	-	-	-	(2,493)	(2,493)	(793)	(3,286)
Other comprehensive income (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	(2,493)	(2,493)	(793)	(3,286)
At 30 June 2012 (Unaudited)	**112,176**	**257,073**	**(41,374)**	**2,374**	**44,117**	**293,059**	**667,425**	**38,500**	**705,925**
At 1 January 2011 (Audited)	112,176	257,073	(41,374)	2,374	41,818	280,898	652,965	36,970	689,935
Contribution from a non-controlling shareholder (Unaudited)	-	-	-	-	-	-	-	2,000	2,000
Transactions with owners (Unaudited)	-	-	-	-	-	-	-	2,000	2,000
Profit for the period (Unaudited)	-	-	-	-	-	4,390	4,390	(893)	3,497
Other comprehensive income (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	4,390	4,390	(893)	3,497
At 31 March 2011 (Unaudited)	**112,176**	**257,073**	**(41,374)**	**2,374**	**41,818**	**285,288**	**657,355**	**38,077**	**695,432**
At 1 April 2011 (Unaudited)	**112,176**	**257,073**	**(41,374)**	**2,374**	**41,818**	**285,288**	**657,355**	**38,077**	**695,432**
Transactions with owners (Unaudited)	-	-	-	-	-	-	-	-	-
Profit for the period (Unaudited)	-	-	-	-	-	252	252	191	443
Other comprehensive income (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	252	252	191	443
At 30 June 2011 (Unaudited)	**112,176**	**257,073**	**(41,374)**	**2,374**	**41,818**	**285,540**	**657,607**	**38,268**	**695,875**

Company

	Share capital RMB'000	Share Premium RMB'000	Merger reserve RMB'000	Capital redemption reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2012 (Audited)	112,176	257,073	6,143	2,374	(46,902)	330,864
Transactions with owners (Unaudited)	-	-	-	-	-	-
Loss for the period (Unaudited)	-	-	-	-	(1,047)	(1,047)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	(1,047)	(1,047)
At 31 March 2012 (Unaudited)	**112,176**	**257,073**	**6,143**	**2,374**	**(47,949)**	**329,817**
At 1 April 2012 (Unaudited)	112,176	257,073	6,143	2,374	(47,949)	329,817
Transactions with owners (Unaudited)	-	-	-	-	-	-
Loss for the period (Unaudited)	-	-	-	-	(1,455)	(1,455)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	(1,455)	(1,455)
At 31 June 2012 (Unaudited)	**112,176**	**257,073**	**6,143**	**2,374**	**(49,404)**	**328,362**
At 1 January 2011 (Audited)	112,176	257,073	6,143	2,374	(40,790)	336,976
Transactions with owners (Unaudited)	-	-	-	-	-	-
Loss for the period (Unaudited)	-	-	-	-	(1,101)	(1,101)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	(1,101)	(1,101)
At 31 March 2011 (Unaudited)	**112,176**	**257,073**	**6,143**	**2,374**	**(41,891)**	**335,875**
At 1 April 2011 (Unaudited)	112,176	257,073	6,143	2,374	(41,891)	335,875
Transactions with owners (Unaudited)	-	-	-	-	-	-
Loss for the period (Unaudited)	-	-	-	-	(3,491)	(3,491)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	(3,491)	(3,491)
At 31 June 2011 (Unaudited)	**112,176**	**257,073**	**6,143**	**2,374**	**(45,382)**	**332,384**

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 2011 and 30 June 2012	2,000,000	500,000
Issued and fully paid :		
At 31 December 2011 and 30 June 2012	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 2011 and 30 June 2012.

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.

	30/6/2012 '000	31/12/2011 '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 2012 and 31 December 2011.

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 not been audited or 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.

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 2011.

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.

Not applicable.

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 30/6/2012 Unaudited RMB'000	Three months period ended 30/6/2011 Unaudited RMB'000	Six months period ended 30/6/2012 Unaudited RMB'000	Six months period ended 30/6/2011 Unaudited RMB'000
Earning per share				
- Basic (RMB cents)	(0.58)	0.06	0.51	1.07

Notes:

1. The calculation of basic earnings per share for the three months and six months ended 30 June 2012 and three months and six months ended 30 June 2011 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 2012 and three months and six months ended 30 June 2011 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	**30/6/2012**	**31/12/2011**	**30/6/2012**	**31/12/2011**
Net asset value per ordinary share based on issued share capital at the end of:	163.05	162.80	75.84	76.42

Note:

The number of ordinary shares of the Company as at 30 June 2012 was 432,948,000 (2010: 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 30/6/2012	Three months ended 30/6/2011	% Change	Six months ended 30/6/2012	Six months ended 30/6/2011	% Change
	2Q2012	2Q2011		HY2012	HY2011	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	+/(-)	RMB'000	RMB'000	+/(-)
Processed food products	154,181	104,600	47.4	316,958	213,174	48.7
Chilled and frozen rabbit meat	44,991	65,230	(31.0)	79,534	109,378	(27.3)
Chilled and frozen chicken meat	79,124	93,600	(15.5)	147,375	154,636	(4.7)
Other products	68,824	61,982	11.0	118,314	93,534	26.5
Total	**347,120**	**325,412**	**6.7**	**662,181**	**570,722**	**16.0**

Processed Food Products

Revenue derived from processed food products increased by 48.7% to approximately RMB317.0 million for the six months ended 30 June 2012 ("HY2012") and increased by 47.4% to approximately RMB154.2 for the three months ended 30 June 2012 ("2Q2012").

The Group had successfully launched various new product ranges under its own brand, such as instant soup, chicken-based cooked products and roasted rabbit food. Based on the Group's reputation and track record in the processed food products market, a sterling growth in revenue was achieved with the expansion of its production capacity.

Chilled and Frozen Meat Products

The rabbit and chicken meat segments contributed 34.3% and 35.8% to the Group's total revenue for HY2012 and 2Q2012 respectively. The revenue of the rabbit and chicken meat segments registered a 14.1% decrease to RMB226.9 million in HY2012 and a 21.9% decrease to RMB124.1 million in 2Q2012.

Given the economic uncertainty emanating from Europe, there was a decrease in demand for rabbit meat. Revenue derived from the sale of rabbit meat decreased by 27.3% to approximately RMB79.5 million in HY2012 and decreased by 31.0% to RMB45.0 million in 2Q2012.

Revenue of the chicken meat segment contributed 22.3% to the Group's total revenue for HY2012 and 22.8% to total revenue for 2Q2012. Revenue decreased by 4.7% to RMB147.4 million in HY2012 and 15.5% to RMB79.1 million in 2Q2012. The decrease was due mainly to the keen competition of frozen chicken meat products in PRC market.

Other Products

Revenue derived from the production and sale of other products increased by 26.5% to RMB118.3 million in HY2012 and increased by 11.0% to RMB68.8 million in 2Q2012, due mainly to strong demand from the PRC 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 the Beijing and Shanghai markets in the PRC and overseas markets in Japan and Korea.

REVENUE BY GEOGRAPHICAL MARKETS

	2Q2012	2Q2011	% Change	HY2012	HY2011	% Change
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	+/(-)	RMB'000	RMB'000	+/(-)
Export	135,599	123,236	10.0	274,422	233,658	17.4
PRC	211,521	202,176	4.6	387,759	337,064	15.0
Total	**347,120**	**325,412**	**6.7**	**662,181**	**570,722**	**16.0**

On a geographical basis, revenue from export sales increased by 17.4% to RMB274.4 million in HY2012. It also increased by 10.0% to RMB135.6 million in 2Q2012. The increase in export sales was attributable mainly to the increase in the sale of processed food products as a result of an expansion of production capacity in HY2012.

PRC sales increased by 15.0% to RMB387.8 million in HY2012 and by 4.6% to RMB211.5 million in 2Q2012. PRC sales achieved a remarkable growth as the Group continuously increasing its market share by optimizing its sales channels and stepping up its brand promotion.

PROFITABILITY

Gross Profit ("GP") and Margin

	HY2012		HY2011		Change	% Change
	GP	Margin	GP	Margin	GP	
	RMB'000	%	RMB'000	%	RMB'000	%
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Processed food	36,463	11.5	16,944	7.9	19,519	115.2
Rabbit meat	4,586	5.8	16,941	15.5	(12,355)	(72.9)
Chicken meat	3,201	2.2	4,380	2.8	(1,179)	(26.9)
Other products	3,481	2.9	6,785	7.3	(3,304)	(48.7)
Total	**47,731**	**7.2**	**45,050**	**7.9**	**3,278**	**7.3**

Gross profit margin declined from 7.9% to 7.2% in HY2012 which was due mainly to the increased raw materials prices, particularly the rise in corn price, increased labour costs which were paid in compliance with the revised requirements in minimum wages and social security regulations and the intense competition of chicken meat products in the PRC market.

Processed Food Products

Processed food products were the main profit contributor in HY2012. Benefitting from the economy of scale as a result of the expansion of the Group's production capacity, gross profit increased by 115.2% to RMB36.5 million in HY2012.

Chilled and Frozen Rabbit Meat

The gross profit margin of chilled and frozen rabbit meat declined from 15.5% to 5.8% for HY2012 due to the decrease of selling price resulting from the decrease of rabbit meat demand in Europe market.

Chilled and Frozen Chicken Meat

The decline in gross profit of chilled and frozen chicken meat segment was due mainly to the increase in raw material prices and intense price competition. As a result of the oversupply of chicken meat products from smaller plants in the PRC, the bargaining power on discount for mass-purchase of raw materials had weakened and this in turn resulted in price fluctuations. The extent of increase in the cost of the chicken meat products was higher than the increase in selling price of the chicken meat products.

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. Due to the fluctuation in prices of chicken and rabbit meat by-products, gross profit margin decreased to 2.9% in HY2012 and gross profit decreased from RMB6.8 million to RMB3.5 million.

Other Income

Other income comprised mainly government grants, gain on change in fair value of biological assets and interest income from bank deposits amounting to RMB13.7 million, RMB5.9 million and RMB0.9 million respectively. The rest was mainly minor income generated from sale of raw materials, mainly vegetables and food ingredients, to factories in Qingdao. The increase in other income was due to the increase of government grants provided by the Chinese government in support of the Group's operations and business in Shandong and Jilin Provinces.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly transportation costs, promotion costs and salary and welfare. The increase in selling and distribution expenses by 15.1% to approximately RMB16.4 million was primarily due to the increase in quality inspection costs and marketing expenses in promotion to increase the Group's market share in the PRC.

Administrative Expenses

Administrative expenses comprised mainly staff costs, professional fees, travelling expenses and other miscellaneous administrative expenses. The increase by 9.2% was due mainly to salaries and allowance expenses increment and an increase in number of administrative staff in HY2012.

Other Operating Expenses

Other operating expenses represented miscellaneous expenses relating to the disposal of damaged packaging materials, which had increased with the increase of sales during the period.

Finance Costs

Finance costs increased by 17.2% to RMB15.3 million for HY2012 due mainly to the higher average bank borrowings level during the period.

Taxation

Income tax expense comprised the accrued PRC corporate income tax during the period offsetting by the deferred tax credit arose from the fair value adjustment on property, plant and equipment, intangible assets and land use rights upon business combination of the Shandong Kaijia Food Company Limited and its subsidiary, Shandong Kaijia International Trade Co., Ltd. (collectively known as the "Kaijia Group").

Review of the Group financial position as at 30 June 2012

The Group's property, plant and equipment were mainly leasehold buildings and plant and machinery. The slight increase by 0.9% to approximately RMB600.9 million as at 30 June 2012 was due mainly to an acquisition of equipment of approximately RMB27.3 million. This was offset by a depreciation charge of RMB21.7 million.

The reduction in prepaid premium for land leases and intangible assets for HY2012 amounting to approximately RMB1.3 million and approximately RMB1.5 million respectively. This was due mainly to amortisation. The intangible assets refer to the export licences and hygiene registration certificates awarded by the relevant authorities in Japan and European Union ("EU"), where the registered products produced by the Group are allowed to be exported to these countries.

Goodwill arose from the acquisitions of subsidiaries in the past.

Biological assets refer to progeny rabbits and chickens held for sale and breeder rabbits and chickens held for breeding purpose. These biological assets were valued by the directors of the Group as at 30 June 2012 based on market-determined prices of rabbits/chickens of similar size, species and age. The valuation methodology is in compliance with IAS 41 to determine the fair values of biological assets in their present location and condition.

Inventories increased by approximately RMB7.7 million to approximately RMB199.3 million in anticipation of an increase in demand in the third quarter of 2012. The inventory turnover day for HY2012 was 53 days compared to 49 days for the year ended 31 December 2011 ("FY2011"). The increase in the average inventory turnover day resulted from the decrease in rabbit meat demand in the Europe market.

Trade receivables increased by approximately RMB8.6 million or 8.4% to approximately RMB111.2 million in HY2012. The increase was attributable to higher level of credit sales in line with the increase in revenue. The trade receivable turnover days was 29 days in HY2012 compared with 26 days in FY2011.

Prepayments, other receivables and deposits increased slightly by approximately RMB3.2 million to approximately RMB57.1 million as at 30 June 2012.

Trade and bills payables increased by approximately RMB103.4 million from approximately RMB135.2 million as at 31 December 2011 to approximately RMB238.7 million as at 30 June 2012 due to longer payment terms granted by some suppliers and the increase in purchase of raw materials to cater to the anticipated increase in demand in the third quarter of 2012.

Accrued liabilities and other payables represented payables for construction and facilities, salaries and welfare payables, accrued expenses and deposits received. The decrease was due to the decrease of deposits placed by customers compared to 31 December 2011.

The interest-bearing bank borrowings decreased by approximately RMB31.4 million to approximately RMB469.0 million after taking into account the additional bank borrowings of approximately RMB387.0 million and the loan repayment of approximately RMB418.4 million.

To provide for the Group's additional working capital, Qingdao Kangda Foreign Trade Group Limited ("KD Group") had advanced approximately RMB100.0 million in March 2011 to the Group which was unsecured and interest-free. Approximately RMB20.0 million had been repaid before 31 December 2011 and RMB80.0 million had been repaid to KD Group in January 2012. The outstanding balance of amount due from a related company was as a result of trading and other transactions.

Tax payables increased from RMB1.9 million as at 31 December 2011 to RMB4.5 million as at 30 June 2012. A tax refund amounting to RMB4.3 million had been received from the Inland Revenue Department of Hong Kong in relation to an excess tax charged for the period from 2005 to 2007. Given that this transaction may involve uncertainties in the ultimate tax determination, the Management will be seeking an opinion from a tax specialist, if necessary, to evaluate if there will be any potential tax liability in other jurisdiction.

Cash Flow Statement

Operating activities

Cash generated from operating activities was approximately RMB61.2 million in HY2012 compared with RMB17.6 million in HY2011. The increase was in tandem with the increase in business activities of the Group.

Investing activities

Net cash used in investing activities amounted to approximately RMB23.7 million due mainly to the purchase of property, plant and equipment.

Financing activities
Net cash generated mainly represented the additional bank borrowings of approximately RMB387.0 million, the bank borrowings repayment of approximately RMB418.4 million and the repayment to KD Group of approximately RMB80.0 million.

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

No forecast or prospect statement had been previously disclosed to shareholders.

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.

Significant trends and competitive conditions of the industry

Faced with a subdued European sovereign debt crisis, the global economy has showed signs of a slowdown. The unfavourable climate created a challenging operating environment for the Group and hampered its export businesses in Europe. In addition, the increase in raw materials costs, the appreciation of the Renminbi ("RMB") and intense price competition in the PRC market has impacted the Group's profitability. The Group's gross profit margin declined from 7.9% to 7.2% and the comprehensive income attributable to owners of the Company declined by 52.2% to RMB2.2 million in HY2012.

In spite of the above, with the Group continuing increase in its production capacity and focusing on its products quality, turnover for the Group had improved significantly by 16.0% to RMB662.2 million in HY2012.

The Group has also continued to optimise its sales channels in the PRC domestic market and raise its brand profile through advertisements and launching diversified product mix in response to the market demand.

The PRC's economic performance was inevitably affected by external forces, but its economic conditions are stable as a whole. The rapid urbanisation in the PRC couple with its large population would provide the foundation for the PRC economy to remain relatively robust. Looking ahead, the Group will continue to increase its existing production capacity and control its products quality to increase its market penetration in the PRC market.

In addition to the abovementioned strategies, the Group will improve its inventory management and minimize stock level through organic growth of its businesses. The Group will continue to implement measures to tighten cost controls over various operating expenses to improve its profitability and to increase the cash inflow generated from its operations.

The Board remains positive that the Group's financial position is stable and it has sufficient cash resources to meet its present and future cash flow requirements. The Group will continue to negotiate with its banks to seek the renewal of outstanding bank borrowings as well as new banking facilities.

The Group is well-positioned to tackle the challenges imposed by the global economic environment and the Board believes that the commitment to healthier, safer and quality meat products will place it ahead of its fellow competitors.

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 2012.

13. Interested Person Transactions

The Group is not required to have any IPT mandate.

BY ORDER OF THE BOARD

Fong William
CFO & Company Secretary

10 August 2012

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 2012 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

10 August 2012