C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2010

CONSOLIDATED RESULTS

The board of directors ("Board") of C.P. Pokphand Co. Ltd. (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December, 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31st December,	
		2010	2009
	Notes	***US$'000***	*US$'000*
REVENUE	4	**1,950,793**	74,245
Cost of sales		**(1,640,946)**	(64,719)
Gross profit		**309,847**	9,526
Selling and distribution costs		**(84,907)**	(3,491)
General and administrative expenses		**(75,674)**	(13,867)
Other income	5	**20,794**	1,232
Finance costs		**(14,531)**	(917)
Share of profits and losses of:			
Jointly-controlled entities		**22,485**	17,027
An associate		**5,129**	–
PROFIT BEFORE TAX	6	**183,143**	9,510
Income tax	7	**(30,226)**	(676)
PROFIT FOR THE YEAR		**152,917**	8,834

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

		Year ended 31st December,	
		2010	2009
	Notes	***US$'000***	*US$'000*
OTHER COMPREHENSIVE INCOME:			
Exchange differences on translation of foreign operations		**21,353**	435
Surplus on revaluation of property, plant and equipment		**7,428**	9,102
Fair value changes in available-for-sale investments		**–**	11
Deferred tax		**(97)**	(1,493)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**28,684**	8,055
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**181,601**	16,889
Profit attributable to:			
Owners of the Company		**132,840**	8,554
Non-controlling interests		**20,077**	280
		152,917	8,834
Total comprehensive income attributable to:			
Owners of the Company		**158,627**	16,609
Non-controlling interests		**22,974**	280
		181,601	16,889
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8	***US cent(s)***	*US cent*
– Basic		**1.200**	0.296
– Diluted		**0.777**	N/A

Remarks: As stated in note 1 to this announcement, the Company has applied the pooling-of-interest method for business combinations of entities under common control. The Company's policy is not to restate the financial information for periods prior to the completion of the combination under common control. Therefore, 2010 consolidated results have incorporated operating results of feed entities from the date of completion of acquisition (28th February, 2010). The comparative figures for 2009 have not been restated and include the operating results of the non-feed entities only.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31st December, 2010 US$'000	2009 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**265,095**	56,582
Investment properties		**7,895**	5,336
Land lease prepayments		**18,899**	1,565
Investments in jointly-controlled entities		**109,280**	82,531
Investment in an associate		**37,094**	–
Due from related companies		**139,372**	–
Deferred tax assets		**929**	–
Available-for-sale investments		**964**	262
Total non-current assets		**579,528**	146,276
CURRENT ASSETS			
Inventories		**238,594**	8,514
Accounts receivable, other receivables and deposits	9	**98,280**	9,912
Bills receivable		**3,307**	166
Income tax recoverable		**–**	152
Due from non-controlling shareholders		**885**	422
Due from related companies		**1,951**	995
Pledged deposits		**25,921**	–
Cash and cash equivalents		**138,068**	6,636
Total current assets		**507,006**	26,797
CURRENT LIABILITIES			
Accounts payable, other payables and accrued expenses	10	**239,817**	20,171
Income tax payable		**13,925**	2,524
Provisions for staff bonuses and welfare benefits		**6,365**	630
Due to non-controlling shareholders		**4,531**	527
Due to related companies		**5,370**	2,020
Interest-bearing bank borrowings		**227,573**	9,969
Total current liabilities		**497,581**	35,841
NET CURRENT ASSETS/(LIABILITIES)		**9,425**	(9,044)
TOTAL ASSETS LESS CURRENT LIABILITIES		**588,953**	137,232

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

		31st December,	
		2010	2009
	Notes	***US$'000***	*US$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**12,375**	–
Deferred tax liabilities		**3,550**	3,453
Other non-current liabilities		**14,869**	–
Total non-current liabilities		**30,794**	3,453
NET ASSETS		**558,159**	133,779
EQUITY			
Equity attributable to owners of the Company			
Issued capital	11	**161,238**	28,898
Share premium account		**868,694**	–
Reserves		**(566,821)**	87,341
Proposed final dividend	12	**33,074**	7,843
		496,185	124,082
Non-controlling interests		**61,974**	9,697
TOTAL EQUITY		**558,159**	133,779

Remarks: As stated in note 1 to this announcement, the Company has applied the pooling-of-interest method for business combinations of entities under common control. The Company's policy is not to restate the financial information for periods prior to the completion of the combination under common control. Therefore, 2010 consolidated statement of financial position has included assets and liabilities of feed entities as at 31st December, 2010. The comparative figures for 2009 have not been restated and include the assets and liabilities of the non-feed entities only.

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, except for office premises, investment properties and available-for-sale investments, which have been measured at fair value. These financial statements are presented in United States dollars ("US$") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

Basis of consolidation

Basis of consolidation from 1st January, 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31st December, 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interest, and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received; (ii) the fair value of any investment retained, and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1st January, 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

– Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1st January, 2010 were not reallocated between non-controlling interest and the parent shareholder.

– Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost.

Business combinations of entities under common control

Business combinations of entities under common control are accounted for using the pooling-of-interest method. Under the pooling-of-interest method, the assets and liabilities of the combining entities are reflected at their carrying values at the date of acquisition. There is no goodwill or excess over the cost of combination as a result of the combination. The Company's policy is not to restate the financial information for periods prior to the completion of the combination under common control.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements:

IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standards*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
IFRIC-Int 17	*Distributions of Non-cash Assets to Owners*
IFRS 5 Amendments included in *Improvements to IFRSs* issued in May 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to IFRSs 2009	Amendments to a number of IFRSs issued in April, 2009

Other than as further explained below regarding the impact of IFRS 3 (Revised), IAS 27 (Revised), amendments to IAS 7 and IAS 17 included in *Improvements to IFRSs 2009*, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

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

(a) IFRS 3 (Revised) *Business Combinations* and IAS 27 (Revised) *Consolidated and Separate Financial Statements*

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1st January, 2010.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(continued)*

(b) *Improvements to IFRSs 2009* issued in April, 2009 sets out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- IAS 7 *Statement of Cash Flows:* Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- IAS 17 *Leases:* Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in IAS 17.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

3. **OPERATING SEGMENT INFORMATION** *(continued)*

(a) **Business segments**

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31st December, 2010 and 2009.

Group
Year ended 31st December, 2010

	Manufacturing and sale of feed products *US$'000*	Manufacturing and sale of chlortetracycline products *US$'000*	Manufacturing and sale of motorcycles and automobile accessories and trading of machinery* *US$'000*	Investment and property holding *US$'000*	Total *US$'000*
Segment revenue					
Sales to external customers	1,839,296	111,225	–	272	1,950,793
Intersegment sales	–	1,945	–	17	1,962
	1,839,296	113,170	–	289	1,952,755
Reconciliation:					
Elimination of intersegment sales					(1,962)
					1,950,793
Segment results	134,220	25,023	(4,077)	(5,814)	149,352
Reconciliation:					
Elimination of segment results					(86)
Other income	16,932	(504)	1,651	1,328	19,407
Bank interest income					1,387
Finance costs					(14,531)
Share of profits and losses of:					
Jointly-controlled entities	5,319	–	17,166	–	22,485
An associate	5,129	–	–	–	5,129
Profit before tax					183,143

3. OPERATING SEGMENT INFORMATION *(continued)*

(a) Business segments *(continued)*

Group *(continued)*

	Manufacturing and sale of feed products US$'000	Manufacturing and sale of chlortetracycline products US$'000	Manufacturing and sale of motorcycles and automobile accessories and trading of machinery* US$'000	Investment and property holding US$'000	Total US$'000
Segment assets	**742,809**	**61,025**	**97,691**	**99,130**	**1,000,655**
Reconciliation:					
Elimination of intersegment receivables					(79,039)
Unallocated assets					164,918
Total assets					1,086,534
Segment liabilities	**246,957**	**35,430**	**52,695**	**14,911**	**349,993**
Reconciliation:					
Elimination of intersegment payables					(79,039)
Unallocated liabilities					257,421
Total liabilities					528,375
Other segment information					
Depreciation and amortisation	16,582	3,650	68	63	20,363
Investments in jointly-controlled entities	12,823	–	96,457	–	109,280
Investment in an associate	37,094	–	–	–	37,094
Capital expenditure**	29,018	4,887	10	–	33,915

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

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

3. **OPERATING SEGMENT INFORMATION** *(continued)*

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

Group *(continued)*

Year ended 31st December, 2009

	Manufacturing and sale of feed products *US$'000*	Manufacturing and sale of chlortetracycline products *US$'000*	Manufacturing and sale of motorcycles and automobile accessories and trading of machinery* *US$'000*	Investment and property holding *US$'000*	Total *US$'000*
Segment revenue					
Sales to external customers	–	73,958	–	287	74,245
Segment results	–	3,060	(3,828)	(5,650)	(6,418)
Reconciliation:					
Elimination of segment results					(1,414)
Other income	–	334	–	331	665
Bank interest income					567
Finance costs					(917)
Share of profits and losses of jointly-controlled entities	–	–	17,027	–	17,027
Profit before tax					9,510
Segment assets	–	53,473	83,439	29,373	166,285
Reconciliation:					
Unallocated assets					6,788
Total assets					173,073
Segment liabilities	–	19,001	1,509	3,662	24,172
Reconciliation:					
Elimination of intersegment payables					(824)
Unallocated liabilities					15,946
Total liabilities					39,294
Other segment information					
Depreciation and amortisation	–	3,881	–	232	4,113
Investments in jointly-controlled entities	–	–	82,531	–	82,531
Capital expenditure**	–	1,798	–	228	2,026

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

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

3. OPERATING SEGMENT INFORMATION *(continued)*

(b) Geographical information

(i) Revenue from external customers

	Year ended 31st December,	
	2010	2009
	US$'000	*US$'000*
Mainland China	**1,865,591**	25,419
United States of America	**24,162**	11,869
Other countries	**61,040**	36,957
	1,950,793	74,245

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

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

4. REVENUE

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

An analysis of revenue is as follows:

	Year ended 31st December,	
	2010	2009
	US$'000	*US$'000*
Sales to/income from external customers:		
Feed operations	**1,839,296**	–
Biochemical operations	**111,225**	73,958
Investment and property holding	**272**	287
	1,950,793	74,245

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

5. OTHER INCOME

	Year ended 31st December, 2010 US$'000	2009 US$'000
Bank interest income	**1,387**	567
Other interest income	**6,018**	–
Rental income on land, buildings and plant and machinery	**2,383**	–
Waiver of an amount due to a related company	**1,309**	–
Changes in fair value of investment properties	**2,057**	331
Government grants	**2,607**	334
Foreign exchange gain, net	**2,772**	–
Others	**2,261**	–
	20,794	1,232

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

6. PROFIT BEFORE TAX

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

	Year ended 31st December, 2010 US$'000	2009 US$'000
Auditors' remuneration	**1,138**	552
Acquisition-related costs	**–**	3,103
Depreciation of items of property, plant and equipment	**19,839**	4,070
Amortisation of land lease prepayments	**524**	43
Impairment loss of accounts receivable	**114**	–
Write-back of impairment of accounts receivable	**–**	(7)
Loss on disposal of items of property, plant and equipment, net	**195**	118
Minimum lease payments under operating leases:		
Land and buildings	**1,380**	147
Plant and machinery	**379**	44
	1,759	191

6. PROFIT BEFORE TAX *(continued)*

	Year ended 31st December,	
	2010	2009
	US$'000	*US$'000*
Employee benefits expense (including directors' remuneration):		
Wages and salaries	**94,051**	10,411
Pension scheme contributions	**8,197**	232
	102,248	10,643
Rental income on investment properties	**(349)**	(287)

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the year (2009: Nil).

The subsidiaries and jointly-controlled entities operating in the PRC are subject to income tax at the rate of 25% (2009: 25%) on their taxable income according to the PRC Enterprises Income Tax Law. In accordance with the relevant tax rules and regulations in the PRC, certain of the Group's PRC subsidiaries, jointly-controlled entities and an associate enjoy income tax exemptions and reductions.

	Year ended 31st December,	
	2010	2009
	US$'000	*US$'000*
Current – Mainland China		
Charge for the year	**29,876**	165
Underprovision in prior year	**350**	–
Deferred tax	**–**	511
Total tax charge for the year	**30,226**	676

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

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

	Year ended 31st December,	
	2010	2009
	US$'000	*US$'000*
Earnings		
Profit attributable to equity owners of the Company, used in the basic earnings per share calculation	**132,840**	8,554
Shares		
Weighted average number of ordinary shares and convertible preference shares for the purposes of basic earnings per share calculation	**11,073,289,697**	2,889,730,786
Effect of dilution – weighted average number of ordinary shares and convertible preference shares from:		
Deferred payables shares	**5,723,593,415**	
Share options	**292,948,877**	
Weighted average number of ordinary shares and convertible preference shares, used in the diluted earnings per share calculation	**17,089,831,989**	

9. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND DEPOSITS

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

	31st December,	
	2010	2009
	US$'000	*US$'000*
Less than 60 days	**56,803**	8,116
61 to 180 days	**1,347**	192
181 to 360 days	**313**	127
Over 360 days	**340**	–
	58,803	8,435
Impairment	**(196)**	(82)
	58,607	8,353
Other receivables and deposits	**39,673**	1,559
	98,280	9,912

10. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED EXPENSES

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

	31st December,	
	2010	2009
	US$'000	*US$'000*
Less than 60 days	**149,634**	8,156
61 to 180 days	**4,244**	1,163
181 to 360 days	**132**	12
Over 360 days	**107**	–
	154,117	9,331
Other payables and accrued expenses	**85,700**	10,840
	239,817	20,171

11. SHARE CAPITAL

	31st December, 2010 US$'000	2009 US$'000
Authorised:		
Ordinary shares		
30,000,000,000 (2009: 15,000,000,000) of US$0.01 each	**300,000**	150,000
Convertible preference shares		
20,000,000,000 (2009: Nil) of US$0.01 each	**200,000**	–
	500,000	150,000
Issued and fully paid:		
Ordinary shares		
11,600,287,323 (2009: 2,889,730,786) of US$0.01 each	**116,003**	28,898
Convertible preference shares		
4,523,465,054 (2009: Nil) of US$0.01 each	**45,235**	–
	161,238	28,898

Pursuant to a special resolution passed at the special general meeting on 25th January, 2010, the authorised share capital of the Company was increased to US$500,000,000 divided into 30,000,000,000 ordinary shares of US$0.01 each and 20,000,000,000 convertible preference shares of US$0.01 each by the creation of additional 15,000,000,000 ordinary shares of US$0.01 each and 20,000,000,000 convertible preference shares of US$0.01 each.

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

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

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

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

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

11. SHARE CAPITAL *(continued)*

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

	Number of shares in issue					
	Ordinary shares	Convertible preference shares	Issued ordinary shares	Issued convertible preference shares	Share premium account	Total
			US$'000	*US$'000*	*US$'000*	*US$'000*
At 1st January, 2009	2,889,730,786	–	28,898	–	73,897	102,795
Transfer to retained profits	–	–	–	–	(73,897)	(73,897)
At 31st December, 2009 and 1st January, 2010	2,889,730,786	–	28,898	–	–	28,898
Acquisition of subsidiaries	2,724,758,578	10,509,263,013	27,247	105,093	868,694	1,001,034
Conversion of convertible preference shares	5,985,797,959	(5,985,797,959)	59,858	(59,858)	–	–
At 31st December, 2010	**11,600,287,323**	**4,523,465,054**	**116,003**	**45,235**	**868,694**	**1,029,932**

12. PROPOSED FINAL DIVIDEND

The Board has proposed the payment of a final dividend for 2010 of HK$0.016 (approximately equivalent to US cent 0.205) (2009: HK$0.005 (approximately equivalent to US cent 0.064)) per share to the ordinary shareholders and convertible preference shareholders of the Company. The proposed final dividend for 2010 are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

	Year ended 31st December,	
	2010	2009
	US$'000	*US$'000*
Proposed final dividend – HK$0.016 (approximately equivalent to US cent 0.205) (2009: HK$0.005 (approximately equivalent to US cent 0.064)) per share	**33,074**	7,843

13. ACQUISITION OF SUBSIDIARIES

On 28th February, 2010, the Group completed the acquisition of certain subsidiaries whose principal activities are the manufacturing and sale of feed products for a consideration of HK$5,382,000,000 (equivalent to approximately US$690,000,000) which shall be satisfied by the issue of the Company's ordinary shares and convertible preference shares (the "Consideration Shares") in the following manner:

(i) HK$886,908,917 (equivalent to approximately US$113,706,000) was satisfied on the date of completion of the acquisition by the allotment and issuance of 2,724,758,578 ordinary shares at an issue price of HK$0.3255 per share;

(ii) HK$2,155,091,083 (equivalent to approximately US$276,294,000) was satisfied on the date of completion of the acquisition by the allotment and issuance of 6,620,863,542 convertible preference shares at an issue price of HK$0.3255 per share;

(iii) HK$2,340,000,000 (equivalent to approximately US$300,000,000) to be satisfied (on a deferred basis) after the date of completion of the acquisition and such fixed consideration shall be paid upon settlement of the intercompany debt, by the allotment and issuance of up to an aggregate 7,188,940,092 ordinary shares and/or convertible preference shares (the "Deferred Payable Shares") at an issue price of HK$0.3255 per share.

The fair value of the aggregate of the Consideration Shares at the date of completion of the acquisition on 28th February, 2010, determined with reference to the then closing quoted market price of the Company's ordinary shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), amounted to US$1,250,692,000 and was treated as the cost of acquisition.

As at 31st December, 2010, there are 3,300,540,621 deferred payable shares remain to be issued upon settlement of the long-term amount due from related companies.

13. ACQUISITION OF SUBSIDIARIES *(continued)*

The carrying amounts of the assets and liabilities of the acquired subsidiaries as at the date of acquisition were as follows:

	US$'000
NON-CURRENT ASSETS	
Property, plant and equipment	186,010
Investment properties	1,761
Land lease prepayments	15,442
Investments in jointly-controlled entities	8,392
Investment in an associate	30,778
Due from related companies	288,249
Deferred tax assets	897
Available-for-sale investments	684
Total non-current assets	532,213
CURRENT ASSETS	
Inventories	178,530
Accounts receivable, other receivables and deposits	72,125
Bills receivable	1,963
Due from related companies	28,047
Pledged deposits	614
Cash and cash equivalents	79,060
Total current assets	360,339
CURRENT LIABILITIES	
Accounts payable, other payables and accrued expenses	151,518
Bills payable	15,010
Income tax payable	1,805
Provisions for staff bonus and welfare benefits	6,274
Due to non-controlling shareholders	3,083
Due to related companies	50,850
Interest-bearing bank borrowings	349,106
Total current liabilities	577,646
NON-CURRENT LIABILITIES	
Interest-bearing bank borrowings	54,145
Net assets	260,761
Non-controlling interests	(39,261)
Total identifiable net assets acquired by the Group	221,500

The consideration of this acquisition is to be satisfied by the issue of 16,534,562,212 ordinary shares/convertible preference shares.

13. ACQUISITION OF SUBSIDIARIES *(continued)*

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

	US$'000
Consideration paid in cash	–
Cash and cash equivalents balances acquired	79,060
Cash and bank balances acquired and net inflow of cash and cash equivalents included in the cash flows from investing activities	79,060

Since the acquisition, the acquired subsidiaries contributed US$1,839,296,000 to the Group's turnover and US$110,269,000 to the consolidated profit for the year ended 31st December, 2010.

Had the combination taken place at the beginning of the year, the revenue from operations of the Group and the profit of the Group for the year would have been US$2,108,932,000 and US$113,868,000, respectively.

Acquisition related costs amounting to US$3,103,000 has been recognised as expenses during the year ended 31st December, 2009.

14. EVENTS AFTER THE REPORTING PERIOD

(i) On 21st January, 2011, Charoen Pokphand Group Company Limited ("CPG"), an associate of the controlling shareholders of the Company, and the Company entered into an option agreement (the "Option Agreement") pursuant to which CPG granted the Company an option (the "Option") to require CPG to sell or procure the sale of an aggregate of 70.82% of the total issued share capital of C.P. Vietnam Livestock Corporation, an integrated livestock and aquaculture company in Vietnam (the "CPVL Acquisition"). The Company shall have the absolute discretion in determining whether to exercise the Option, the exercise period of which will expire on 30th June, 2011.

It is expected that should the Company decide to exercise the Option, the CPVL Acquisition would constitute possibly a major transaction and connected transaction under Chapters 14 and 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Board will carefully consider whether the Company should exercise the Option prior to the expiry of the exercise period in the light of the interests of the Company and its shareholders as a whole.

Further details regarding the Option Agreement are set out in the Company's announcement dated 21st January, 2011.

14. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(ii) In prior years, Ek Chor China Motorcycle Co. Ltd. ("EKCM"), a wholly-owned subsidiary of the Company, had provided a guaranty in favour of Caterpillar (China) Financial Leasing Co., Ltd. ("CCFL"), guaranteeing all present and future indebtedness of the ECI Metro Investment Co. Ltd, a jointly controlled entity of the Group, and its wholly-owned subsidiaries (collectively the "ECI Metro Group") advanced by CCFL on or before 1st July, 2009 (the "Existing Obligations") up to the maximum amount of US$30,550,000 (the "Guaranty").

On 14th March, 2011, EKCM has executed the second amended deed in favour of CCFL to renew the Guaranty, extended the Guaranty to cover all present and future indebtedness including the Existing Obligations of the ECI Metro Group advanced by CCFL and increased the amount of the Guaranty up to the maximum amount of US$50,550,000 so as to allow a greater credit facility to be obtained by the ECI Metro Group from CCFL.

Further details regarding the above arrangement are set out in the Company's announcement dated 14th March, 2011.

15. COMPARATIVE AMOUNTS

As further explained in note 2 to this announcement, due to the adoption of new and revised IFRSs during the current year, the presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation.

PROPOSED FINAL DIVIDEND

The Board has proposed the payment of a final dividend for 2010 of HK$0.016 (approximately equivalent to US cent 0.205) (2009: HK$0.005 (approximately equivalent to US cent 0.064)) per share to the ordinary shareholders and convertible preference shareholders of the Company. The proposed final dividend for 2010 are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of China's Economy

During the year under review, the Chinese government implemented a series of stimulus measures sustaining steady growth in the Chinese economy and continued improvement in national income. The National Bureau of Statistics reported gross domestic product (GDP) increased 10.3% over the previous year. Excluding the impact of price changes, average per capita income in urban and rural areas were respectively 7.8% and 10.9% higher compared to the previous year. Improved living standards across the country has provided support to the demand for both agricultural and consumer products.

Domestic agricultural output continued to grow steadily despite a spate of natural disasters and severe animal health challenges during the year. Meat production increased 3.6% year-on-year while pork production was 3.7% higher over the same period, according to the National Bureau of Statistics. Following a 10.9% year-on-year increase in the costs of agricultural products, feed producers are under pressure from increasing raw materials costs and have to pass on some of the increased costs to feed users. As a result, the domestic prices of swine and broiler feeds rose higher during the year.

Business Review

On 28th February, 2010, the Group announced that it had completed the acquisition of business in China focused on production of animal and aqua feed (the "Acquisition"). Following the Acquisition, feed has become the core business of the Group, giving it an expanded and more diversified income base. The Chlortetracycline ("CTC") and industrial businesses are retained as non-core businesses.

For the year ended 31st December, 2010, the Group reported a profit attributable to owners of US$132.8 million (2009: US$8.6 million), representing a year-on-year increase of 14.5 times and including a contribution from the feed business for a period of 10 months. Total turnover reached US$1,950.8 million, of which 94.3% were contributed by the feed business and 5.7% by the CTC business. Overall gross profit margin increased to 15.9%. Basic earnings per share for the year were US cents 1.200 (2009: US cent 0.296). Diluted earnings per share were US cent 0.777 (2009: not applicable). The Board recommended a final dividend of HK$0.016 (approximately equivalent to US cent 0.205) for the year (2009: HK$0.005 (approximately equivalent to US cent 0.064)) per share.

During the year under review, the Group strengthened its competitive edge. The Group's commitment to research and development continued to add value to products. Grouping products into Nutrition Systems to meet the changing nutritional demands of growing animals through different stages of development and promoting Nutrition Systems as a package enhances production and efficiency at the farm level and demonstrates product value. Enhanced product value combined with comprehensive after-sales services through technical sales associates specialized in various aspects of production management, together with professional sales teams, and an extensive network of exclusive distributors, has ensured continued sales growth. At the same time, through product review and rationalization, an optimized product structure, and flexible pricing, the Group successfully lifted overall gross profit margin to 15.9%.

Core Business

Feed

According to statistics from the China Feed Industry Association, total feed production in China continued to grow in 2010. Since completion of the Acquisition, feed revenue for the 10 months to 31st December, 2010 amounted to US$1,839.3 million on sales of 3,755,000 tons of animal feed products. By product categories, complete and concentrate feed accounted for 91.7% of total turnover of all feed products. Feed products for swine, poultry, aqua and other animal species made up 38.7%, 38.2%, 10.9% and 3.9%, respectively, while premix feed contributed 5.6%. The Group also reached a feed mill leasing agreement with the parent company in October to further enhance production capacity.

During the year, the Chinese government launched a host of measures to support the swine breeding industry and mitigate the economic impact of serious health threats to swine production enterprises. These government initiatives have been successful in boosting the confidence of swine breeders. As a result, hog prices stabilized and gradually picked up in the second half of the year. Although China's swine breeding stock inventory registered a slight decline, sales and volume of the Group's swine complete and concentrate feed grew to US$712.2 million and 1,346,000 tons, respectively. An enhanced product portfolio and the promotion of high value products grouped into Nutrition Systems, including "Chia Tai Zhu San Bao" ("Three Treasures – Three Phase Piglet Nutrition System") – scientifically formulated to reduce the stress of weaning and meet the unique nutritional demands of fast growing piglets prior to and immediately post-weaning – has contributed significantly to the Group's performance.

Poultry prices stabilized in 2010 as the industry continued to consolidate, shifting from small scale to standardized large-scale poultry production. While overall domestic poultry feed production remained steady, turnover of complete and concentrate poultry feed rose to US$702.2 million on a lower volume of 1,712,000 tons.

Demand for aqua feed declined as a result of continued cold weather across many parts of China from late 2009 through the spring of 2010, forcing aqua farms to push back their seedling and breeding schedules. As a result, turnover of aqua complete and concentrate feed increased slightly to US$200.3 million on a lower volume of approximately 365,000 tons.

As mentioned above, a surge in the production cost of agricultural products during the year placed feed producers under added pressure. The Group's long-standing reputation for R&D based nutrition products as well as production of safe and consistent quality animal nutrition products has enhanced market recognition for the "Chia Tai" brand. Recognition of the Chia Tai brand and its reputation for product quality and consistency combined with comprehensive after-sales services through technical sales associates specialized in various aspects of production management has allowed the Group to emphasize value and price accordingly. Exclusive distributors, together with professional sales teams have assured the steady supply of product and continued sales growth.

Non-core Businesses

Chlortetracycline

In 2010, the Group's CTC business grew strongly as turnover rose 50.4% year-on-year to US$111.2 million, of which domestic sales and exports accounted for 24.8% and 75.2%, while feed-grade CTC ("FG CTC") and Hydrochloride CTC ("HCL CTC") contributed 71.9% and 28.1%, respectively. Exports grew as a result of improved demand in overseas markets and strong growth in Europe and North America. Domestic sales declined somewhat as a result of lower breeding stock in the first half of the year due to animal epidemics.

Sales of HCL CTC in both the domestic and overseas markets were up 43.2% and 22.6% year-on-year to 120 tons and 1,220 tons, respectively. Export of FG CTC rose significantly by 32.6% year-on-year to approximately 29,020 tons, while domestic sales were down 16.5% to approximately 13,690 tons.

Demand for CTC grew strongly during the year and drove product prices higher. As a result, gross margin rose back up to relatively higher levels as has been seen in recent years.

Industrial Business

The Group's industrial business comprises three jointly-controlled entities. During the year under review, the Group's industrial business continued to grow as profit rose 11.7% year-on-year to US$14.7 million on the back of booming infrastructure investment and strong demand for automobiles.

Sales of automobile in China continued to soar, supporting the demand for automobile accessories. During the year under review, sales of the Group's automobile accessories rose 48.0% year-on-year to 3,847 tons. Sales promotions on motorcycles, launched in line with government policies aimed at stimulating rural consumption, led to a 9.9% increase in sales to about 420,500 units domestically. Meanwhile, sales of motorcycle carburetors rose 8.8% to approximately 6,859,900 units, helping the Group to retain its market leadership. To seize opportunities in the recovering motorcycle market overseas, the Group actively developed new markets while keeping existing customers, which led to a strong year-on-year growth of 25.3% in export by volume.

Infrastructure investment in China continued to sizzle, driving the demand for construction machinery. During the year under review, sales of construction machinery rose 71.7% year-on-year to 2,752 units. In particular, excavator sales rose 75.8% year-on-year to 2,359 units, while Shandong SEM wheel loader sales increased 54.9% year-on-year to 347 units.

Outlook

In the year ahead, it is expected that China and other Southeast Asian countries will adopt contractionary policies leading to a slowdown in economic growth. The Group believes this will not have a negative impact on living standards in China. In fact, a growing demand in China and throughout the region for quality food products and consumer goods coupled with growing concerns over safety, have created a consumer and regulatory environment where quality and safety are valued and encouraged. This environment favors the Group's business activities and interests.

On feed business, the Group will continue to seize opportunities to expand market share. Production capacity has been enhanced after the signing of an agreement on the leasing of 4 feed plants from the Group's parent company. The Group will optimize plant production and efficiency by assigning specific production lines to produce specialized high value nutrition products, such as "Chia Tai Zhu San Bao" ("Three Treasures – Three Phase Piglet Nutrition System") and nutrition products for layers.

The Group will increase R&D investment and take active steps to develop new and high-quality raw materials. Centralized procurement continues to monitor raw material price trends, strengthening and improving overall efficiency. The Group continues to expand technical support services and access to technology for feed users. Promotion of high value products will be increased through comprehensive after-sales services deploying technical sales associates specialized in various aspects of production management, together with professional sales teams. At the same time, internal human resource development will continue to offer employees a broad array of training programs to ensure a skilled and knowledgeable workforce capable of driving the Group's future development and growth.

With regard to merger and acquisition, the Group will seek opportunities within China and internationally. In early 2011, the Group was granted an option by the parent company which gives the Group the option to acquire an integrated livestock and aquaculture company in Vietnam from the parent company. The Group is in the process of evaluating this opportunity taking the long-term interests of shareholders into account.

Following its strong performance in 2010, CTC may adjust its sales forecast depending on market sentiments and stock estimates. Meanwhile, the Group will continue to strengthen the promotion of HCL CTC in mainland China to meet market demand.

Turning to industrial business, in anticipation of further growth in the domestic motorcycle and automotive market, the Group will continue to strengthen its R&D developing motorcycles and auto parts according to market demand. Domestic infrastructure investment is expected to remain strong. The Group will continue to monitor and track major infrastructure projects in the region to capture business opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2010, the Group had total assets of US$1,086.5 million, increased by 527.7% as compared with US$173.1 million as at 31st December, 2009.

Total borrowings and borrowings to equity ratio (borrowings to equity ratio is calculated by dividing the total borrowings by total equity) were US$239.9 million and 43.0% respectively, as compared to US$10.0 million and 7.5% as at 31st December, 2009.

Most of the borrowings by the Group are in U.S. dollars and Renminbi (“RMB”), and the interest rates ranged from 1.5% to 6.6% per annum.

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

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

CAPITAL STRUCTURE

The Group finances its working capital requirements through a combination of funds generated from operations and short term bank borrowings. The Group had cash and cash equivalents of US$138.1 million as at 31st December, 2010 (31st December, 2009: US$6.6 million), an increase of US$131.5 million.

CHARGES ON GROUP ASSETS

As at 31st December, 2010, out of the total borrowings of US$239.9 million (31st December, 2009: US$10.0 million) obtained by the Group, US$23.7 million (31st December, 2009: US$4.4 million) were secured and accounted for 9.9% of the total. Certain of the Group's property, plant and equipment, land lease prepayments located in the PRC with net book value of US$35.3 million (31st December, 2009: US$9.0 million) have been pledged as security for various short term bank borrowings.

CONTINGENT LIABILITIES

As at 31st December, 2010, the guarantees provided by the Group were US$31.3 million (31st December, 2009: US$30.6 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save for the acquisition as disclosed in note 13 to this announcement, the Group did not make any material acquisitions or disposals of subsidiaries or associated companies during the year ended 31st December, 2010.

EMPLOYEE AND REMUNERATION POLICIES

As at 31st December, 2010, the Group employed around 20,000 staff (including 12,000 staff from subsidiaries, 1,000 staff from an associate and 7,000 staff from the jointly-controlled entities) in the PRC and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market rate while performance bonuses are granted on a discretionary basis. Other employee benefits include insurance and medical coverage, subsidized training programme as well as share option scheme.

The emoluments of the directors are determined with reference to their duties and responsibilities within the Group. Messrs. Anan Athigapanich, Damrongdej Chalongphuntarat and Bai Shanlin, who were appointed as executive directors of the Company on 28th February, 2010, received directors' remuneration of US$588,000, US$577,000 and US$446,000 respectively for the year ended 31st December, 2010. Other than the remuneration as disclosed above pursuant to Rule 13.51(2)(g) of the Listing Rules, details of their appointment are set out in the Company's announcement dated 1st March, 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

In the opinion of the Board, the Company has applied the principles and complied with all the code provisions prescribed in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31st December, 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 13th June, 2011 to Wednesday, 15th June, 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend for 2010, all transfer forms, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 10th June, 2011.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters. The audit committee has reviewed the consolidated financial statements of the Group for the year ended 31st December, 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31st December, 2010.

By Order of the Board
Robert Ping-Hsien Ho
Director

Hong Kong, 25th March, 2011

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