C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED RESULTS

The board of directors (the "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 31 December 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2011	2010
	Notes	***US$'000***	*US$'000*
REVENUE	4	**3,623,230**	1,950,793
Cost of sales	5	**(3,127,340)**	(1,640,946)
Gross profit		**495,890**	309,847
Unrealised gain on fair value adjustments on livestock		**50,425**	–
		546,315	309,847
Other income and gains, net		**21,580**	20,794
Selling and distribution costs		**(159,972)**	(84,907)
General and administrative expenses		**(138,797)**	(75,674)
Finance costs	6	**(29,631)**	(14,531)
Share of profits and losses of:			
Jointly-controlled entities		**16,062**	22,485
An associate		**6,304**	5,129
PROFIT BEFORE TAX	7	**261,861**	183,143
Income tax	8	**(56,998)**	(30,226)
PROFIT FOR THE YEAR		**204,863**	152,917

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

	Notes	Year ended 31 December 2011 US$'000	2010 US$'000
OTHER COMPREHENSIVE INCOME:			
Exchange differences on translation of foreign operations		**19,545**	21,353
Surplus on revaluation of office premises, net		**856**	7,428
Income tax effect		**(1,849)**	(97)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		**18,552**	28,684
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**223,415**	181,601
Profit attributable to:			
Shareholders of the Company		**173,199**	132,840
Non-controlling interests		**31,664**	20,077
		204,863	152,917
Total comprehensive income attributable to:			
Shareholders of the Company		**192,189**	158,627
Non-controlling interests		**31,226**	22,974
		223,415	181,601
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	9	***US cents***	*US cents*
– Basic		**0.943**	1.200
– Diluted		**0.785**	0.777

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December **2011** *US$'000*	2010 *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**471,143**	265,095
Investment properties		**21,600**	7,895
Land lease prepayments		**40,241**	18,899
Non-current livestock		**42,414**	–
Investments in jointly-controlled entities		**114,717**	105,633
Investment in an associate		**32,930**	37,094
Available-for-sale investments		**883**	964
Due from related companies		**–**	139,372
Other non-current assets		**1,522**	–
Deferred tax assets		**1,167**	929
Total non-current assets		**726,617**	575,881
CURRENT ASSETS			
Inventories		**517,290**	238,594
Current livestock		**177,464**	–
Trade and bills receivables	10	**107,486**	65,561
Prepayments, other receivables and deposits		**94,370**	39,673
Due from related companies		**142,681**	1,951
Due from non-controlling equity holders		**1,572**	885
Pledged deposits		**42,463**	25,921
Cash and cash equivalents		**158,328**	138,068
Total current assets		**1,241,654**	510,653
CURRENT LIABILITIES			
Trade payables	11	**186,639**	154,117
Other payables and accruals		**203,236**	92,065
Due to related companies		**9,187**	5,370
Due to non-controlling equity holders		**5,149**	4,531
Bank borrowings		**456,149**	227,573
Corporate bond		**63,543**	–
Income tax payables		**17,851**	13,925
Total current liabilities		**941,754**	497,581
NET CURRENT ASSETS		**299,900**	13,072

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

		As at 31 December	
		2011	2010
	Notes	***US$'000***	*US$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,026,517**	588,953
NON-CURRENT LIABILITIES			
Bank borrowings		**10,330**	12,375
Other non-current liabilities		**11,480**	14,869
Deferred tax liabilities		**19,247**	3,550
Total non-current liabilities		**41,057**	30,794
NET ASSETS		**985,460**	558,159
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	12	**213,849**	161,238
Reserves		**551,367**	301,873
Proposed final dividend	13	**63,296**	33,074
		828,512	496,185
Non-controlling interests		**156,948**	61,974
TOTAL EQUITY		**985,460**	558,159

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) promulgated by the International Accounting Standards Board, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for office premises, available-for-sale investments, certain investment properties and biological assets, which have been measured at fair value or at fair value less costs to sell, where appropriate. 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

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company. 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.

Total comprehensive income within a subsidiary is 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 transaction.

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.

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 Amendment	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*
IAS 24 (Revised)	*Related Party Disclosures*
IAS 32 Amendment	Amendment to IAS32 *Financial Instruments: Presentation – Classification of Rights Issues*
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to IFRSs 2010	Amendments to a number of IFRSs issued in May 2010

Other than as further explained below regarding the impact of IAS 24 (Revised), and amendments to IFRS 3, IAS 1 and IAS 27 included in Improvements to IFRSs 2010, 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) IAS 24 (Revised) *Related Party Disclosures*

IAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

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

(b) *Improvements to IFRSs 2010* issued in May 2010 sets out amendments to a number of IFRSs. There are separate transitional provision for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- IFRS 3 *Business Combinations:* The amendment clarifies that the amendments to IFRS 7, IAS 32 and IAS39 that eliminate the exemption for contingent consideration not to apply to contingent consideration that arose from business combinations whose acquisition date precede the application of IFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instrument's proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless other measurement basis is required by another IFRS.

  The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- IAS 1 *Presentation of Financial Statements:* The amendment clarifies that an analysis of each component of other comprehensive income can be presented at either in the statement of changes in equity or in the note to financial statements. The Group elects to present the analysis of each component of other comprehensive income in the consolidated statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements:* The amendment clarifies that the consequential amendments from IAS 27 (as revised in 2008) made to IAS 21, IAS 28 and IAS 31 shall be applied retrospectively for annual periods beginning on or after 1 July 2009 or earlier if IAS 27 is applied earlier.

3. OPERATING SEGMENT INFORMATION

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

– the China feed operations segment engaged in the manufacture and sale of animal feed products in the People's Republic of China (the "PRC");

– the Vietnam agri-food operations segment engaged in manufacture and sale of animal feed products, breeding, farming and sale of livestock and aquatic animals and manufacture and sale of value-added processed food products in Vietnam;

– the biochemical operations segment engaged in the manufacture and sale of chlortetracycline products;

– the industrial operations segment represents the manufacture and sale of motorcycles and automotive parts and trading of machinery through jointly-controlled entities; and

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

Management monitors the results of the Group's operations 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 and finance costs are excluded from such measurement.

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

Segment liabilities exclude bank borrowings, income taxes payables, 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 or loss and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2011 and 2010.

Group
Year ended 31 December 2011

	China feed operations *US$'000*	Vietnam agri-food operations *US$'000*	Biochemical operations *US$'000*	Industrial operations *US$'000*	Investment and property holding operations *US$'000*	Total *US$'000*
Segment revenue						
Sales to external customers	2,850,238	655,124	117,598	–	270	3,623,230
Intersegment sales	–	–	2,541	–	13	2,554
	2,850,238	655,124	120,139	–	283	3,625,784
Reconciliation:						
Elimination of intersegment sales						(2,554)
						3,623,230
Segment results						
The Group	188,833	62,220	26,084	(1,740)	(8,111)	267,286
Share of profits and losses of:						
Jointly-controlled entities	6,171	–	–	9,891	–	16,062
An associate	6,304	–	–	–	–	6,304
	201,308	62,220	26,084	8,151	(8,111)	289,652
Reconciliation:						
Elimination of segment results						(97)
Bank interest income						1,937
Finance costs						(29,631)
Profit before tax						261,861
Segment assets	850,906	762,637	83,962	105,326	91,074	1,893,905
Reconciliation:						
Elimination of intersegment receivables						(127,592)
Unallocated assets						201,958
Total assets						1,968,271
Segment liabilities	357,258	100,502	38,006	42,810	68,250	606,826
Reconciliation:						
Elimination of intersegment payables						(127,592)
Unallocated liabilities						503,577
Total liabilities						982,811
Other segment information						
Depreciation and amortisation	26,167	24,258	3,848	46	97	54,416
Investments in jointly-controlled entities	17,098	–	–	97,619	–	114,717
Investment in an associate	32,930	–	–	–	–	32,930
Capital expenditure*	30,461	53,591	20,507	2	101	104,662
Addition of other non-current assets**	2,180	211,514	–	–	–	213,694

* Capital expenditure consists of additions to property, plant and equipment, investment properties and land lease prepayments but excludes assets from acquisition of subsidiaries.

** Excluded financial instruments and deferred tax assets.

3. OPERATING SEGMENT INFORMATION *(continued)*

(a) Business segments *(Continued)*

Group *(Continued)*

Year ended 31 December 2010

	China feed operations *US$'000*	Vietnam agri-food operations *US$'000*	Biochemical operations *US$'000*	Industrial operations *US$'000*	Investment and property holding operations *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						
The Group	151,152	–	24,519	(2,426)	(4,486)	168,759
Share of profits and losses of:						
Jointly-controlled entities	5,319	–	–	17,166	–	22,485
An associate	5,129	–	–	–	–	5,129
	161,600	–	24,519	14,740	(4,486)	196,373
Reconciliation:						
Elimination of segment results						(86)
Bank interest income						1,387
Finance costs						(14,531)
Profit before tax						183,143
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
Additions of other non-current assets**	203,213	–	–	–	–	203,213

* Capital expenditure consists of additions to property, plant and equipment and land lease prepayments but excludes assets from acquisition of subsidaries.

** Excluded financial instruments and deferred tax assets.

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

(b) **Geographical information**

(i) Revenue from external customers

	Year ended 31 December	
	2011	2010
	US$'000	*US$'000*
Mainland China	**2,879,372**	1,865,591
Vietnam	**643,743**	–
Elsewhere	**100,115**	85,202
	3,623,230	1,950,793

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

(ii) Non-current assets

	As at 31 December	
	2011	2010
	US$'000	*US$'000*
Mainland China	**456,527**	548,881
Vietnam	**242,750**	–
Elsewhere	**25,290**	25,107
	724,567	573,988

The non-current asset above is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about major customer

During the year ended 31 December 2011 and 2010, there was no single external customer that contributed 10% or more of the Group's total revenue from external customer for both years.

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 from investment properties.

An analysis of revenue is as follows:

	Year ended 31 December	
	2011	2010
	US$'000	*US$'000*
Sales to/income from external customers:		
China feed operations	**2,850,238**	1,839,296
Vietnam agri-food operations	**655,124**	–
Biochemical operations	**117,598**	111,225
Investment and property holding operations	**270**	272
	3,623,230	1,950,793

5. COST OF SALES

The Group's cost of sales included a realised fair value changes of livestock of approximately US$58,061,000 brought forward from livestock revalued at fair value immediately prior to the completion of the acquisition of Modern State Investments Limited in July 2011.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	
	2011	2010
	US$'000	*US$'000*
Interest expenses on bank loans wholly repayable within five years	**27,492**	14,531
Interest expenses on corporate bond	**2,139**	–
	29,631	14,531

7. PROFIT BEFORE TAX

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

	Year ended 31 December	
	2011	2010
	US$'000	*US$'000*
Depreciation of property, plant and equipment	**33,581**	19,839
Depreciation of investment properties stated under cost model	**3,286**	–
Amortisation of land lease prepayments	**6,589**	524
Depreciation of livestock stated at cost less accumulated depreciation and impairment	**10,960**	–
Impairment loss of trade receivables	**2,760**	114
Loss on disposal of property, plant and equipment, net	**581**	195
Rental income on investment properties	**(499)**	(349)

8. 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 (2010: Nil).

The subsidiaries and jointly-controlled entities operating in the PRC are subject to income tax at the rate of 25% (2010: 25%) on their taxable income according to the PRC Enterprises Income Tax Law. A subsidiary operating in Vietnam is subject to income tax at the rate of 25% on its taxable income according to the Vietnam Corporate Income Tax Law. In accordance with the relevant tax rules and regulations in the PRC and Vietnam, certain PRC subsidiaries, a Vietnam subsidiary, jointly-controlled entities and an associate of the Group enjoy income tax exemptions and reductions.

	Year ended 31 December	
	2011	2010
	US$'000	*US$'000*
Current – Mainland China		
Charge for the year	**44,372**	29,876
Underprovision in prior years	**924**	350
Current – Vietnam	**7,911**	–
Deferred tax	**3,791**	–
Total tax expenses for the year	**56,998**	30,226

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

	Year ended 31 December	
	2011	2010
	US$'000	*US$'000*
Earnings		
Profit for the year attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	**173,199**	132,840

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY *(continued)*

	Year ended 31 December	
	2011	2010
Number of shares		
Weighted average number of ordinary shares and convertible preference shares in issue during the year, used in the basic earnings per share calculation	**18,372,322,593**	11,073,289,697
Effect of dilution – weighted average number of ordinary shares and convertible preference shares		
– Deferred payables shares	**3,300,540,621**	5,723,593,415
– Share options	**381,660,971**	292,948,877
Weighted average number of ordinary shares and convertible preference shares, used in the diluted earnings per share calculation	**22,054,524,185**	17,089,831,989

10. TRADE AND BILLS RECEIVABLES

The Group normally grants a credit period of up to 60 days, depending on the line of business, to its customers. 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 trade receivables, based on the invoice date, together with bills receivables, is as follows:

	As at 31 December	
	2011	2010
	US$'000	*US$'000*
Trade receivables:		
Less than 60 days	**83,996**	60,450
61 to 180 days	**6,602**	1,347
181 to 360 days	**3,628**	313
Over 360 days	**3,821**	340
	98,047	62,450
Impairment	**(2,862)**	(196)
	95,185	62,254
Bills receivables	**12,301**	3,307
	107,486	65,561

11. TRADE PAYABLES

An aged analysis of the trade payables, based on the date of receipt of the respective goods, as at the end of the reporting period, is as follows:

	As at 31 December	
	2011	2010
	US$'000	*US$'000*
Less than 60 days	**180,888**	149,634
61 to 180 days	**5,015**	4,244
181 to 360 days	**594**	132
Over 360 days	**142**	107
	186,639	154,117

12. SHARE CAPITAL

	As at 31 December	
	2011	2010
	US$'000	*US$'000*
Authorised:		
Ordinary shares		
36,000,000,000 shares (2010: 30,000,000,000 shares) of US$0.01 each	**360,000**	300,000
Convertible preference shares ("CPS")		
Series A CPS – 20,000,000,000 shares of US$0.01 each	**200,000**	200,000
Series B CPS – 4,000,000,000 shares (2010: nil) of US$0.01 each	**40,000**	–
	600,000	500,000
Issued and fully paid:		
Ordinary shares		
16,987,835,710 shares (2010: 11,600,287,323 shares) of US$0.01 each	**169,878**	116,003
Convertible preference shares		
Series A CPS – 1,135,916,667 shares (2010: 4,523,465,054 shares) of US$0.01 each	**11,360**	45,235
Series B CPS – 3,261,077,748 shares (2010: nil) of US$0.01 each	**32,611**	–
	213,849	161,238

12. **SHARE CAPITAL** *(continued)*

Pursuant to a special resolution passed at the special general meeting on 22 July 2011, the authorised share capital of the Company was increased to US$600,000,000 divided into 36,000,000,000 ordinary shares of US$0.01 each and 24,000,000,000 convertible preference shares of US$0.01 each by the creation of an additional 6,000,000,000 ordinary shares of US$0.01 each and 4,000,000,000 Series B 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. The 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, respectively, 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 of such assets, by reference to the aggregate nominal amounts paid up on 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 other shares not entitled to participate 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.

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

	Number of shares in issue			Issued		Share premium	
	Ordinary shares	**Series A CPS**	**Series B CPS**	**ordinary shares**	**Issued CPS**	**account**	**Total**
				US$'000	*US$'000*	*US$'000*	*US$'000*
At 1 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 CPSs	5,985,797,959	(5,985,797,959)	–	59,858	(59,858)	–	–
At 31 December 2010 and 1 January 2011	11,600,287,323	4,523,465,054	–	116,003	45,235	868,694	1,029,932
Acquisition of subsidiaries	2,000,000,000	–	3,261,077,748	20,000	32,611	507,222	559,833
Reduction of share premium account	–	–	–	–	–	(91,000)	(91,000)
Conversion of CPS	3,387,548,387	(3,387,548,387)	–	33,875	(33,875)	–	–
At 31 December 2011	**16,987,835,710**	**1,135,916,667**	**3,261,077,748**	**169,878**	**43,971**	**1,284,916**	**1,498,765**

13. DIVIDENDS

The Board has proposed the payment of a final dividend of HK$0.02 (approximately equivalent to US 0.256 cents) (2010: HK$0.016 (approximately equivalent to US 0.205 cents)) per share for the year ended 31 December 2011 to the ordinary share holders and convertible preference share holders of the Company. Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Friday, 22 June 2012, the final dividend will be paid on or about Tuesday, 10 July 2012 to the ordinary share holders and convertible preference share holders, whose names appear on the register of members of the Company on Friday, 29 June 2012.

	Year ended 31 December	
	2011	2010
	US$'000	*US$'000*
Interim dividend – HK$0.012 (2010: Nil) per ordinary share and convertible preference share	**32,900**	–
Proposed final dividend – HK$0.02 (approximately equivalent to US 0.256 cents) (2010: HK$0.016 (approximately equivalent to US 0.205 cents)) per ordinary share and convertible preference share	**63,296**	33,074
	96,196	33,074

14. EVENTS AFTER THE REPORTING PERIOD

(i) Certain conditional agreements was entered into between Orient Success International Limited ("OSIL"), CPI Holding Co. Ltd. and Worth Access Trading Limited (collectively the "Sellers") and Charoen Pokphand Foods Public Company Limited ("CPF") and a wholly-owned subsidiary of CPF (the "Buyers") for the transfer of an aggregate of up to 12,231,155,784 ordinary shares and up to 6,561,618,369 CPS at HK$0.90 per ordinary share or CPS (as the case may be) (the "Share Transfer Transaction").

The Company has been informed that a total of 9,051,872,450 ordinary shares and 3,261,077,748 CPS have been transferred from the Sellers to the Buyers on 18 January 2012. The remaining 3,179,283,334 ordinary shares and 3,300,540,621 CPS have also been transferred from the Sellers to the Buyers on 5 March 2012.

Further details regarding the Share Transfer Transactions are set out in the Company's announcements dated 19 January 2012 and 6 March 2012 respectively.

(ii) On 2 March 2012, OSIL and/or its affiliates have fully settled the remaining balances owed by OSIL and/or its affiliates to the Company and/or its subsidiaries, and the Company has issued 3,300,540,621 Series A CPS to OSIL accordingly.

15. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the world economy, 2011 was a tumultuous year with the US mired in unemployment and debt issues and the Euro zone caught in sovereign debt crisis. Against this complex environment, Asian economies emerged as the pillars of strength with their comparatively steady and faster growth.

Higher commodity prices in the first half of the year fueled inflationary pressures across the region. Although investment in fixed asset was slowed by the introduction of anti-inflationary measures, domestic consumption remained strong. During the second half, inflation pressures eased across most of Asia. In China and Vietnam, inflation eased from the peaks in July and August, taking their respective rates to 5.4% and 18.6% for the year. Reported real GDP growth for China and Vietnam was at 9.2% and 5.9%, respectively.

China and Vietnam, with their sizeable rural populations, are concerned about improving rural welfare and income. Both countries place great importance on the sustainability of their agricultural development as part of their objectives to maintain steady economic growth. As a result, favorable agricultural policies were rolled out by both governments during the year.

In China, the central government established comprehensive feed-industry-development objectives in its 12th Five-Year Agricultural Development Plan and has revised the "Regulations on the Administration of Feed and Feed Additives". Both steps should promote the industry's steady growth, improve feed quality and safety and increase utilization of resources. Feed production and operation standards will be streamlined further, prompting further industry consolidation.

In Vietnam, the government continued to pursue plans for the sustainable development of the livestock and aquaculture industries. It promoted the adoption of modern livestock management practices and the increase in local production of raw materials for feed. An annual growth target of 7.5% to 8.0% from 2011 to 2015 for the production value of the livestock industry has been set for the country.

With China and Vietnam's economic rise, higher per capita incomes and living standards are driving the demand for food products. In 2011, Chinese urban and rural residents' real household incomes rose by 8.4% and 11.4%, respectively, boosting agricultural products sales. During the year, China's livestock industry grew at a steady pace as rising demand for staples such as meat, eggs, and milk drove feed consumption nationwide. According to preliminary government statistics, China's annual commercial feed output rose by 4.3% to reach 169 million tons in 2011. In Vietnam, meanwhile, the estimated production value of agriculture, forestry and fishery, excluding price factors, grew by 5.2%, with the animal husbandry and fishery segments growing faster at 5.5% and 6.1%, respectively.

BUSINESS REVIEW

For the year ended 31 December 2011, the Group's profit attributable to its shareholders reached US$173.2 million (2010: US$132.8 million), growing 30.4% year-on-year. Total turnover reached US$3,623.2 million (2010: US$1,950.8 million), of which the feed business in China, the integrated agri-food business in Vietnam, and the chlortetracycline business contributed 78.7%, 18.1% and 3.2%, respectively. Overall gross profit margin was 13.7%, or 15.3% excluding realized fair value changes (2010: 15.9%). Basic and diluted earnings per share were US cents 0.943 (2010: US cents 1.200) and US cents 0.785 (2010: U.S. cents 0.777), respectively.

On business development, the Group acquired from its ultimate parent a 70.82% stake in an integrated agri-food company in Vietnam on 29 July 2011 after announcing the acquisition in May 2011. The acquisition contributed approximately US$655.1 million to the Group's turnover for the five months from August to December 2011.

CORE BUSINESS

Feed Business in China

The 2010 financials reflect the performance of the China feed business for just 10 months from March 2010 when the business was consolidated into the Group. To facilitate year-on-year comparison of the financial figures, the growth rates stated in the following analysis are based on the unaudited actual figures over the full year of 2010.

The increasingly positive farming industry atmosphere in 2011 boosted the feed industry's annual sales performance. According to estimates by the Ministry of Agriculture, China's national commercial feed production in 2011 was about 169 million tons, representing a year-on-year increase of 4.3%. Meanwhile, the Group's feed business turnover increased 35.2% year-on-year to US$2,850.2 million, of which complete and concentrate feed accounted for 93.8% (with complete and concentrate swine, poultry, aqua and other animal species' feed products making up 43.3%, 37.9%, 8.6% and 4.0%, respectively), and premix feed for 5.3%. Total feed sales volume grew 24.8% year-on-year to 5,400,000 tons, while gross margin remained at 14.6%.

With tight swine supplies at the start of 2011, prices of pork products surged during the year, with annual average domestic pork, hogs and piglets prices jumping 41.2%, 46.7% and 74.2%, respectively, according to the China Animal Agriculture Association. To alleviate rising pressure on pork prices, the government continued to encourage hog breeding and production; for example, the government introduced subsidies for quality breeds, accelerated the pace of industrial livestock production, promoted standardized farming and upgraded livestock information monitoring systems. With these measures, China's swine breeding inventory rose slightly by about 0.7% year-on-year. According to estimates by the Ministry of Agriculture, the production of swine feed in 2011 was also up by about 4% to 62.1 million tons. With the continued marketing of its flagship products (such as piglet feed packages) and the strengthening of its sales and technical service teams, the Group's complete and concentrate swine feed product sales recorded strong performance, leaping 36.1% year-on-year to reach approximately 2,151,000 tons with a turnover of US$1,234.8 million.

Pork is a popular staple of the Chinese diet. However, high pork prices in 2011 drove poultry product demand (because of substitution effect). In 2011, according to the FAPRI statistics, a 3.4% rise was seen in per capita poultry consumption. Based on the China Animal Agriculture Association data, live chicken and egg products saw price escalation of 18.4% and 20.1%, respectively. These developments incentivized farmers to breed and raise poultry, which in turn drove poultry feed product sales. According to Ministry of Agriculture estimates, China's poultry feed production rose 5.0% year-on-year to 49.8 million tons. The Group's complete and concentrate poultry feed sales turnover was approximately US$1,081.1 million, representing a 19.7% year-on-year rise in sales volume to 2,379,000 tons.

In the aquatic feed sector, the Group's complete and concentrate aqua feed totaled about US$245.8 million. Although unfavorable weather adversely affected the production of some aquatic farms in China, the Group, through strong marketing efforts and superior technical services, achieved sales volume of approximately 405,000 tons, representing a year-on-year growth of 9.7%.

Integrated Agri-food Business in Vietnam

By the end of July 2011, the Group completed the acquisition of Vietnam's leading integrated agri-food business. The Group's integrated agri-food business in the country encompass the entire food production value chain – from the manufacturing and distribution of animal feed, to livestock rearing and aquaculture cultivation, to the processing and production of meat and packaged food. In the last five months of 2011, the acquisition contributed turnover of approximately US$655.1 million.

Feed

During the year, this segment had a five-month turnover of about US$336.7 million and sales volume of about 633,000 tons.

In 2011, estimated sales volume of the Group's Vietnam feed business recorded an annual growth of around 12.0%. The Group's livestock feed sales volume, thanks to continuous efforts in marketing its high-efficiency products, recorded a year-on-year growth of 12.9%. Meanwhile, aquaculture feed sales volume grew 8.2% due to Vietnam's strong performance in the aquaculture business.

Farm and Food

This segment had a five-month turnover of approximately US$318.4 million during the year. With high quality breeds and industry-leading farming techniques in a favorable environment where the government actively promotes large-scale farming, the Group's livestock product sales, and in particular the swine segment, continued to grow. On the aquaculture side, the Group increased the number of farms and further improved their production efficiency. With the Vietnamese government's open policy to boost aquaculture product exports, the Group's aquaculture turnover also recorded growth in 2011.

With Vietnam's rise in per capita income driving higher demand for food products, the Group's livestock food business registered healthy sales growth. Also, due to the government's active promotion of seafood products for export and a decline in exports from neighboring disaster-affected countries, Vietnam and the Group's seafood exports continued to grow.

NON-CORE BUSINESS

Chlortetracycline ("CTC") Business

In 2011, the Group's CTC business revenue rose 5.7% year-on-year to US$117.6 million. Of this total, feed-grade CTC and hydrochloride CTC contributed 74.7% and 25.3%, respectively. There was a temporary decline in the Group's CTC production in 2011 due to the relocation of a production facility, thereby affecting sales. However, the business' gross profit margin was comparatively similar to 2010 as CTC product prices generally rose in-line with production costs.

Industrial Business

The Group's industrial business comprises three jointly-controlled entities engaged in the production and sale of motorcycles, automobile and motorcycle parts, and Caterpillar machinery distribution. In 2011, its aggregate profit was US$8.2 million, declining 44.7% year-on-year.

In 2011, the Chinese government gradually tightened the nation's liquidity to avoid excessive investment and high inflation. Thus, Chinese fixed asset investments, which grew by 23.8% in 2011, saw a gradual slowdown from June 2011 onwards, causing the Group's construction machinery sales to drop in the second half. However, overall sales still rose slightly by 2.9% year-on-year to 2,832 units.

In the motorcycle market, National Phase III Motor Vehicle Emission Standards ("National Standard III") were fully implemented in 2011. The selling prices of National Standard III motorcycles are higher than the previous generation of motorcycles (due to higher costs), reducing consumers' desire to purchase. Furthermore, the market was affected by the surge of fake National Standard III motorcycles. As a result, in 2011, the Group's domestic motorcycle sales fell by 25.6% year-on-year to approximately 312,800 units. However, the Group strengthened its overseas markets and was able to achieve strong growth in exports, registering a 36.0% year-on-year increase to approximately 118,800 units.

Finally, with regards to the automobile and motorcycle parts business, the Group leveraged its edge in product technology to generate higher sales. Revenue from automobile and motorcycle parts continued to record growth.

OUTLOOK

Looking ahead, 2012 will offer both challenges and opportunities. Despite expectations of persisting global economic volatility and slower macroeconomic growth, demand for quality agricultural products will continue to be driven by rising consumption and ever-increasing desire for safe, quality food products. Also, to reduce the reliance on imports and increase production efficiency, China and Vietnam are actively pushing domestic agricultural industry development.

In China, the 12th Five-Year Plan for the feed industry aims to accelerate industry consolidation, intensify industrialization and phase out weaker players. The number of large-scale feed enterprises and their proportion of total output are expected to rise. On the other hand, the government intends to strengthen the supervision of the feed production process in order to protect the quality of feed products and to provide strong support for the long-term development of China's feed industry. With rigorous quality management and tight control on formulations, the Group's edge in its safe and superior products will be further differentiated.

In Vietnam, the government has set annual growth targets of 7.5% to 8% from 2011 to 2015 with regards to the production value of its livestock industry. To support this target, it should continue to encourage the local production of raw materials for feed, including corn and soybean. The government also aims to grow the country's export of aquatic food and catapult Vietnam into becoming one of the world's largest seafood-trading countries. The Group believes that these policies will be beneficial to the long-term development of its integrated business in Vietnam.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, the Group had total assets of US$1,968.3 million, increased by 81.2% as compared with US$1,086.5 million as at 31 December 2010.

Total borrowings (2011: US$530 million, 2010: US$239.9 million) to equity ratio (defined as total borrowings divided by total equity) was 53.8% as compared to 43.0% as at 31 December 2010.

Most of the borrowings by the Group are in Vietnam Dong ("VND"), Renminbi ("RMB") and U.S. dollars, and the interest rates ranged from 1.8% to 20.5% per annum.

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

All sales in the PRC are transacted in RMB, domestic sales in Vietnam are transacted in VND and export sales are transacted in foreign currencies. Foreign currencies are required for purchase of imported raw materials, parts and components. The Group keeps necessary foreign currencies to meet its operational needs. The Board considers the appreciation of RMB and the depreciation of VND 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 other borrowings (including short and long term bank borrowing and corporate bond). The Group had cash and cash equivalents of US$158.3 million as at 31 December 2011 (31 December 2010: US$138.1 million), an increase of US$20.2 million.

CHARGES ON GROUP ASSETS

As at 31 December 2011, out of the total borrowings of US$530 million (31 December 2010: US$239.9 million) obtained by the Group, US$77.2 million (31 December 2010: US$23.7 million) were secured and accounted for 14.6% of the total. Certain of the Group's property, plant and equipment and land lease prepayments with net book value of US$86.0 million (31 December 2010: US$35.3 million) have been pledged as security for various short term bank borrowings.

CONTINGENT LIABILITIES

As at 31 December 2011, the guarantees provided by the Group were US$78.5 million (31 December 2010: US$31.3 million).

PROPOSED FINAL DIVIDEND

The Board has proposed the payment of a final dividend for 2011 of HK$0.02 (approximately equivalent to US 0.256 cents) (2010: HK$0.016 (approximately equivalent to US0.205 cents)) per share to the ordinary share holders and convertible preference share holders of the Company. Subject to shareholders' approval in the forthcoming annual general meeting of the Company to be held on Friday, 22 June 2012, the final dividend will be paid on or about Tuesday, 10 July 2012 to the ordinary share holders and convertible preference share holders, whose names appear on the register of members of the Company on Friday, 29 June 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 21 June 2012 to Friday, 22 June 2012, both days inclusive, during which period no transfer of shares will be affected. In order to ascertain shareholders' eligibility to attend and vote at the annual general meeting, 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 Wednesday, 20 June 2012.

In addition, the register of members of the Company will be closed from Thursday, 28 June 2012 to Friday, 29 June 2012, both days inclusive, during which period no transfer of shares will be affected. In order to qualify for the proposed final dividend for 2011, 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 Wednesday, 27 June 2012.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules ("Model Code"). Having made specific enquiries with all the Directors, the Company confirms that during the year ended 31 December 2011 all the Directors have complied with the required standards as set out in the Model Code.

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 31 December 2011.

AUDIT COMMITTEE

The audit committee of the Company has reviewed 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 31 December 2011.

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 31 December 2011.

By Order of the Board
Robert Ping-Hsien Ho
Director

Hong Kong, 27 March 2012

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. Bai Shanlin, Mr. Suphachai Chearavanont, Mr. Robert Ping-Hsien Ho and Mr. Sooksunt Jiumjaiswanglerg, 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.