C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2012	2011
	Notes	***US$'000***	*US$'000*
REVENUE	4	**4,959,059**	3,623,230
Cost of sales		**(4,286,381)**	(3,069,279)
Gross profit		**672,678**	553,951
Net changes in fair value of biological assets	5	**8,299**	(7,636)
		680,977	546,315
Other income and gains, net	6	**44,455**	21,580
Selling and distribution costs		**(212,317)**	(159,972)
General and administrative expenses		**(183,975)**	(138,797)
Finance costs		**(50,583)**	(29,631)
Share of profits and losses of:			
Joint ventures		**14,476**	16,062
Associates		**10,157**	6,304
PROFIT BEFORE TAX	7	**303,190**	261,861
Income tax	8	**(67,683)**	(56,998)
PROFIT FOR THE YEAR		**235,507**	204,863

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

		Year ended 31 December	
		2012	2011
	Notes	***US$'000***	*US$'000*
OTHER COMPREHENSIVE INCOME:			
Exchange differences on translation of foreign operations		**3,621**	19,545
Surplus on revaluation of office premises, net		**4,703**	856
Income tax effect		**(828)**	(1,849)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		**7,496**	18,552
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**243,003**	223,415
Profit attributable to:			
Shareholders of the Company		**204,154**	173,199
Non-controlling interests		**31,353**	31,664
		235,507	204,863
Total comprehensive income attributable to:			
Shareholders of the Company		**210,409**	192,189
Non-controlling interests		**32,594**	31,226
		243,003	223,415
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	10	***US cents***	*US cents*
– Basic		**0.846**	0.943
– Diluted		**0.814**	0.785

Details of dividends for the year are disclosed in note 9 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2012	2011
	Notes	***US$'000***	*US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**588,719**	471,143
Investment properties		**26,513**	21,600
Land lease prepayments		**44,872**	40,241
Non-current biological assets		**47,374**	42,414
Investments in joint ventures		**107,303**	114,717
Investments in associates		**44,110**	32,930
Available-for-sale investments		**877**	883
Other non-current assets		**9,038**	1,522
Deferred tax assets		**1,995**	1,167
Total non-current assets		**870,801**	726,617
CURRENT ASSETS			
Inventories		**613,968**	517,290
Current biological assets		**245,424**	177,464
Trade and bills receivables	11	**121,168**	107,486
Prepayments, deposits and other receivables		**79,776**	94,370
Due from related companies		**117**	142,681
Due from non-controlling equity holders		**1,445**	1,572
Pledged deposits		**1,027**	42,463
Cash and cash equivalents		**183,154**	158,328
Total current assets		**1,246,079**	1,241,654

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

		At 31 December	
		2012	2011
	Notes	***US$'000***	*US$'000*
CURRENT LIABILITIES			
Trade payables	12	**223,712**	186,639
Other payables and accruals		**189,971**	203,236
Due to related companies		**10,470**	9,187
Due to non-controlling equity holders		**3,595**	5,149
Bank borrowings		**499,568**	456,149
Corporate bonds		**–**	63,543
Income tax payables		**15,901**	17,851
Total current liabilities		**943,217**	941,754
NET CURRENT ASSETS		**302,862**	299,900
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,173,663**	1,026,517
NON-CURRENT LIABILITIES			
Bank borrowings		**41,006**	10,330
Other non-current liabilities		**12,084**	11,480
Deferred tax liabilities		**28,018**	19,247
Total non-current liabilities		**81,108**	41,057
NET ASSETS		**1,092,555**	985,460
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	13	**246,854**	213,849
Reserves		**620,413**	551,367
Proposed final dividend	9	**51,392**	63,296
		918,659	828,512
Non-controlling interests		**173,896**	156,948
TOTAL EQUITY		**1,092,555**	985,460

NOTES

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) issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for office premises, investment properties, available-for-sale investments 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.

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 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
IFRS 7 Amendments	Amendment to IFRS 7 *Financial instruments: Disclosures – Transfers of Financial Assets*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities on "Transition Guidance"*
IAS 12 Amendments	Amendment to IAS 12 *Income taxes – Deferred tax: Recovery of Underlying Assets*
IAS 27 (2011)	*Separate financial statements*
IAS 28 (2011)	*Investments in Associates and Joint Ventures*

Other than as further explained below regarding the impact of IFRS 12, IAS 12 Amendments and IAS 28 (2011), 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 12 *Disclosure of Interests in Other Entities*

IFRS 12 requires an entity shall disclose information that enables users of its financial statements to evaluate the nature of, and risks associated with its interest in other entities including subsidiaries, joint arrangements and associates. Major disclosures include (i) significant judgement and assumptions it has made in determining that it has control/joint control/significant influence over another entity; (ii) significant restrictions on its ability to access or use the assets and settle the liabilities of the Group. The disclosures required by IFRS 12 have been made in the note to the financial statements of the Group for the year ended 31 December 2012 upon early adoption of IFRS 12.

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

(b) IAS 12 Amendments *Income taxes – Deferred tax: Recovery of Underlying Assets*

Under IAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, the amendments to IAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under IAS 40 *Investment property* will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Previously, where investment properties were held under leasehold interests, the Group measured deferred tax using the tax rates consistent with recovery of the property's value through use. As a result of adopting the IAS 12 Amendments, the Group reviewed its investment properties portfolio and concluded that the presumption in the amended IAS 12 that the carrying values of the properties will be recovered through sale should be rebutted in respect of each of the investment properties of the Group as the Group has determined that each of these investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. As a result, the Group continues to measure the deferred tax relating to these investment properties using the tax rate that would apply as a result of recovering their value through use.

(c) IAS 28 (2011) *Investments in Associates and Joint Ventures*

IAS 28 (2011) modifies the accounting required when there are changes in interest which result in a change in the nature of the investment but equity method continues to be applied (i.e. an associate becomes a joint venture, or vice versa). In such cases, under IAS 28 (2011), there is no re-measurement of the retained interest to fair value. During the year, a change in the nature of the investment from a joint venture to an associate of the Group is accounted for using equity method and no re-measurement of the retained interest to fair value is made upon the early adoption of IAS 28 (2011).

The Group has not applied any new standard or interpretation that is not yet effective for the current year, except for the early adoption of IFRS 10, IFRS 11, IFRS 12, IFRS 10, IFRS 11 and IFRS 12 Amendments, IAS 27 (2011) and IAS 28 (2011).

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:

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

ii. the Vietnam agri-food operations segment engaged in the manufacture and sale of animal feed products, breeding, farming and sale of livestock and aquatic animals, and the manufacture and sale of value-added processed food products in the Socialist Republic of Vietnam ("Vietnam");

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

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

iv. the industrial operations segment engaged in the manufacture and sale of motorcycles and automotive parts and trading of machinery; and

v. the investment and property holding operations segment engaged in the holding of leasing properties owned by the Group and investments in 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 and finance costs are excluded from such measurement.

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

Segment liabilities exclude bank borrowings, income tax payables and deferred tax 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.

(a) Reportable operating segments

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group's reportable operating segments for the years ended 31 December 2012 and 2011.

Group
Year ended 31 December 2012

	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	3,301,588	1,528,155	129,041	–	275	4,959,059
Intersegment sales	–	–	2,827	–	–	2,827
	3,301,588	1,528,155	131,868	–	275	4,961,886
Reconciliation:						
Elimination of intersegment sales						(2,827)
						4,959,059

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

(a) **Reportable operating segments** *(Continued)*

Group *(Continued)*

Year ended 31 December 2012 *(Continued)*

	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 results						
The Group	221,270	79,370	31,909	(1,463)	(5,890)	325,196
Share of profits and losses of:						
Joint ventures	7,097	–	–	7,379	–	14,476
Associates	7,179	–	–	2,978	–	10,157
	235,546	79,370	31,909	8,894	(5,890)	349,829
Reconciliation:						
Elimination of segment results						(28)
Bank interest income						3,972
Finance costs						(50,583)
Profit before tax						303,190
Segment assets	720,663	977,048	83,876	111,400	200,462	2,093,449
Reconciliation:						
Elimination of intersegment receivables						(171,062)
Unallocated assets						194,493
Total assets						2,116,880
Segment liabilities	380,137	143,970	28,298	41,244	17,245	610,894
Reconciliation:						
Elimination of intersegment payables						(171,062)
Unallocated liabilities						584,493
Total liabilities						1,024,325
Other segment information						
Depreciation and amortisation	25,591	50,610	5,619	10	442	82,272
Investments in joint ventures	18,656	–	–	88,647	–	107,303
Investments in associates	33,802	–	–	10,308	–	44,110
Capital expenditure *	54,963	122,701	7,741	7	30	185,442
Additions of other non-current assets **	–	44,626	946	–	–	45,572

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

** Additions of other non-current assets consist of additions to non-current biological assets and other non-current assets.

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments *(Continued)*

Group *(Continued)*

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:						
Joint ventures	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	18,749	3,848	46	97	48,907
Investments in joint ventures	17,098	–	–	97,619	–	114,717
Investment in an associate	32,930	–	–	–	–	32,930
Capital expenditure *	30,461	50,153	20,507	2	101	101,224
Additions of other non-current assets **	2,180	211,514	1,262	–	–	214,956

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments *(Continued)*

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

** Additions of other non-current assets consist of (i) assets from acquisition of subsidiaries, and (ii) additions to non-current biological assets and other non-current assets.

(b) Geographical information

(i) Revenue from external customers

	Year ended 31 December	
	2012	2011
	US$'000	*US$'000*
Mainland China	**3,336,434**	2,879,372
Vietnam	**1,503,068**	643,743
Elsewhere	**119,557**	100,115
	4,959,059	3,623,230

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

(ii) Non-current assets

	Year ended 31 December	
	2012	2011
	US$'000	*US$'000*
Mainland China	**485,924**	456,527
Vietnam	**354,564**	242,750
Elsewhere	**27,441**	25,290
	867,929	724,567

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

(c) Information about major customers

During the years ended 31 December 2012 and 2011, there was no single external customer that contributed 10% or more of the Group's total revenue from external customers.

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 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	
	2012	2011
	US$'000	*US$'000*
Sales of goods from:		
China feed operations	**3,301,588**	2,850,238
Vietnam agri-food operations	**1,528,155**	655,124
Biochemical operations	**129,041**	117,598
	4,958,784	3,622,960
Rental income from investment and property holding operations	**275**	270
	4,959,059	3,623,230

5. **NET CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS**

The Group's net changes in fair value of biological assets represent the difference in fair value less costs to sell from 1 January 2012 to 31 December 2012. Net fair value changes consist of (i) realised fair value changes of US$56,673,000 (2011: US$58,061,000) in respect of biological assets held as at 1 January 2012 and (ii) unrealised fair value changes in biological assets stated at fair value less costs to sell as at 31 December 2012 of US$64,972,000 (2011: US$50,425,000).

6. **OTHER INCOME AND GAINS, NET**

An analysis of other income and gains, net is as follows:

	Year ended 31 December	
	2012	2011
	US$'000	*US$'000*
Other income		
Bank interest income	**3,972**	1,937
Other interest income	**5,248**	2,972
Rental income	**3,229**	3,064
Government grants *	**4,759**	4,067
Gain on factories relocation	**20,423**	–
Income from sale of wasted items and packaging materials	**4,368**	2,886
Others	**425**	5,508
	42,424	20,434
Gains, net		
Changes in fair value of investment properties	**1,067**	1,146
Foreign exchange gain, net	**964**	–
	2,031	1,146
	44,455	21,580

6. **OTHER INCOME AND GAINS, NET** *(Continued)*

* The government grants represented amortisation of government subsidies relating to certain construction and modification of plants and energy saving improvement projects of the Group. There are no unfulfilled conditions or contingencies relating to these grants.

7. **PROFIT BEFORE TAX**

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

	Year ended 31 December	
	2012	2011
	US$'000	*US$'000*
Cost of inventories sold	**4,286,381**	3,069,279
Depreciation of property, plant and equipment	**52,375**	35,727
Depreciation of investment properties	**1,271**	1,140
Amortisation of land lease prepayments	**2,737**	1,080
Depreciation of biological assets stated at cost less accumulated depreciation and impairment	**25,889**	10,960
(Written back of impairment)/impairment of trade receivables, net	**(95)**	2,666
Loss on disposal of property, plant and equipment, net	**545**	581
Rental income	**(3,504)**	(3,334)
Foreign exchange differences, net	**(964)**	279

8. **INCOME TAX**

No provision for Hong Kong profits tax has been made for the year as the Group did not generate any assessable profits in Hong Kong during the year (2011: Nil).

The subsidiaries operating in Mainland China and Vietnam are subject to income tax at the rate of 25% (2011: 25%) on their taxable income according to the PRC and Vietnam corporate income tax laws. In accordance with the relevant tax rules and regulations in the PRC and Vietnam, certain subsidiaries of the Group in PRC and Vietnam enjoy various income tax exemptions or reductions.

	Year ended 31 December	
	2012	2011
	US$'000	*US$'000*
Current – Mainland China		
Charge for the year	**61,447**	44,372
Underprovision in prior years	**601**	924
Current – Vietnam		
Charge for the year	**2,632**	7,911
Overprovision in prior years	**(4,091)**	–
Deferred	**7,094**	3,791
Total tax expense for the year	**67,683**	56,998

9. DIVIDENDS

	Year ended 31 December	
	2012	2011
	US$'000	*US$'000*
Interim – HK$0.018 (equivalent to approximately US 0.231 cents) (2011: HK$0.012 (equivalent to approximately US 0.154 cents)) per ordinary share and convertible preference share	**56,966**	32,900
Proposed final – HK$0.016 (equivalent to approximately US 0.205 cents) (2011: HK$0.020 (equivalent to approximately US 0.256 cents)) per ordinary share and convertible preference share	**51,392**	63,296
	108,358	96,196

The proposed final dividend for the year is calculated based on the number of shares in issue on the date of this announcement and subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

	Year ended 31 December	
	2012	2011
	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	**204,154**	173,199

	Year ended 31 December	
	2012	2011
Number of ordinary shares and convertible preference shares		
Weighted average number of ordinary shares and convertible preference shares in issue during the year, used in the basic earnings per share calculation	**24,135,280,643**	18,372,322,593
Effect of dilution – weighted average number of ordinary shares and convertible preference shares		
– Deferred payable shares	**550,090,103**	3,300,540,621
– Share options	**394,375,490**	381,660,971
Weighted average number of ordinary shares and convertible preference shares, used in the diluted earnings per share calculation	**25,079,746,236**	22,054,524,185

11. TRADE AND BILLS RECEIVABLES

The Group normally grants to its customers a credit period of up to 60 days, depending on the requirements of the markets and the businesses. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management and interest would be charged by the Group for the overdue trade receivable balances at rates determined by the Group, if appropriate. In the opinion of the directors, there is no significant concentration of credit risk. An aging analysis of the Group's trade and bills receivables, based on the invoice date, is as follows:

	At 31 December	
	2012	2011
	US$'000	*US$'000*
Trade and bills receivables:		
Less than 60 days	**104,846**	89,853
61 to 180 days	**13,505**	13,046
181 to 360 days	**993**	3,628
Over 360 days	**4,591**	3,821
	123,935	110,348
Impairment	**(2,767)**	(2,862)
	121,168	107,486

12. TRADE PAYABLES

An aging analysis of the Group's trade payables as at the end of the reporting period, based on the date of receipt of goods, is as follow:

	At 31 December	
	2012	2011
	US$'000	*US$'000*
Less than 60 days	**213,874**	180,888
61 to 180 days	**8,450**	5,015
181 to 360 days	**1,237**	594
Over 360 days	**151**	142
	223,712	186,639

13. SHARE CAPITAL

	At 31 December	
	2012	2011
	US$'000	*US$'000*
Authorised		
Ordinary shares:		
36,000,000,000 shares (2011: 36,000,000,000 shares) of US$0.01 each	**360,000**	360,000
Convertible preference shares:		
Series A – 20,000,000,000 shares (2011: 20,000,000,000 shares) of US$0.01 each	**200,000**	200,000
Series B – 4,000,000,000 shares (2011: 4,000,000,000 shares) of US$0.01 each	**40,000**	40,000
	240,000	240,000
	600,000	600,000
Issued and fully paid		
Ordinary shares:		
18,123,752,377 shares* (2011: 16,987,835,710 shares) of US$0.01 each	**181,238**	169,878
Convertible preference shares:		
Series A – 3,300,540,621 shares (2011: 1,135,916,667 shares) of US$0.01 each	**33,005**	11,360
Series B – 3,261,077,748 shares (2011: 3,261,077,748 shares) of US$0.01 each	**32,611**	32,611
	65,616	43,971
	246,854	213,849

* On 18 February 2013, 368,448,078 ordinary shares were issued pursuant to the exercise of share options granted by the Company.

13. SHARE CAPITAL *(Continued)*

A summary of the movements in the Company's issued ordinary shares and convertible preference shares during the years ended 31 December 2012 and 2011 is as followings:

	Number of shares in issue						
	Ordinary shares	Series A convertible preference shares	Series B convertible preference shares	Issued ordinary shares	Issued convertible preference shares	Share premium account	Total
				US$'000	*US$'000*	*US$'000*	*US$'000*
At 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
Conversion of convertible preference shares	3,387,548,387	(3,387,548,387)	–	33,875	(33,875)	–	–
Reduction of share premium account	–	–	–	–	–	(91,000)	(91,000)
At 31 December 2011 and 1 January 2012	16,987,835,710	1,135,916,667	3,261,077,748	169,878	43,971	1,284,916	1,498,765
Issue of shares upon settlement of the Intercompany Debt (as defined in note (b) below)	–	3,300,540,621	–	–	33,005	216,653	249,658
Conversion of convertible preference shares	1,135,916,667	(1,135,916,667)	–	11,360	(11,360)	–	–
At 31 December 2012	**18,123,752,377**	**3,300,540,621**	**3,261,077,748**	**181,238**	**65,616**	**1,501,569**	**1,748,423**

Notes:

(a) 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 amount paid up on the shares held by them respectively; and

13. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(a) *(Continued)*

(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 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.

(b) On 2 March 2012, Oriental Success International Limited ("OSIL", the immediate holding company of the Company as at 31 December 2011 which became a related company with common shareholders on 18 January 2012) and its affiliates had fully settled the remaining balances of its long-term amounts due to the Group (the "Intercompany Debt"), and the Company issued 3,300,540,621 Series A convertible preference shares with par value of US$0.01 per share to OSIL accordingly.

14. COMPARATIVE AMOUNTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The year of 2012 was filled with challenges and opportunities. The global economy was still on its way to full recovery from the financial crisis. The debt issue of the Eurozone remained unresolved fundamentally and it was difficult to see clear signs of economic rebound in the European region. In the United States, although the fiscal cliff was settled, momentum of economic recovery remained weak. In the midst of sluggish global economic pickup, emerging markets were the only places which maintained growth, albeit at a slower pace.

Due to the global economic slowdown, export and domestic economic activities in China and Vietnam decelerated as well. Nevertheless, both China and Vietnam achieved respectable growth in 2012 with real GDP growth of 7.8% and 5.0% respectively. In contrast, the IMF in October 2012 forecasted that GDP of advanced countries would grow by 1.3% in 2012. Also, inflationary pressure in China and Vietnam eased considerably with inflation of 2.6% in China and 9.2% in Vietnam, compared to 5.4% and 18.6% respectively a year ago.

With increasing disposable income and higher living standards, demand for quality and dependable food products in China and Vietnam is on the rise. People become more conscious of food safety, which is escalating to the top of public agenda. Social concern on food safety is extending from downstream products to upstream products. These developments would accelerate the commercialization of the agri-food industries and benefit the Group in the long run.

BUSINESS REVIEW

For the year ended 31 December 2012, the Group's profit attributable to its shareholders grew by 17.9% to US$204 million (2011: US$173 million). Total revenue was US$4,959 million (2011: US$3,623 million), of which 66.6% and 30.8% were contributed by the feed business in China and integrated agri-food business in Vietnam respectively, while the remaining 2.6% was from chlortetracycline ("CTC") business. Overall gross profit margin was lowered to 13.6% (2011: 15.3%), due to disappointing profit contribution from the Group's farming business in Vietnam. Basic and diluted EPS in 2012 were US 0.846 cents (2011: US 0.943 cents) and US 0.814 cents (2011: US 0.785 cents) respectively. The board proposed final dividend per share ("DPS") of HK$0.016. Including interim DPS of HK$0.018, total DPS in 2012 was HK$0.034 (2011: HK$0.032).

CORE BUSINESS

Feed Business in China

Meat consumption in China continued to soar on the back of increasing protein demand as a result of rising affluence. According to The Food and Agricultural Policy Research Institute ("FAPRI"), meat consumption per capita in China grew steadily from 47.8kg in 2007 to 54.6kg in 2012, representing a CAGR (compound annual growth rate) of approximately 2.7%. This increase in demand for meat in turn fuels the demand for animal feed in China.

The Group's feed business maintained solid growth in 2012. China feed revenue grew by 15.8% to US$3,302 million, of which 94.9% was complete and concentrate feed (with swine, poultry, aqua and other feed products making up 48.4%, 32.6%, 9.1% and 4.8% respectively), and 5.1% was premix. Total feed sales volume in 2012 was 5.84 million tons, representing 8.2% growth year-on-year. Gross profit margin of 14.8% was 0.2 percentage points higher than 14.6% in 2011.

Pork remains the most popular choice of meat in China. As per FAPRI, pork accounts for approximately 70% of meat consumption in China. According to the National Bureau of Statistics of China, pork production in 2012 rose by 5.6% year-on-year to 53.35 million tons and swine inventory increased 1.6% year-on-year to 475 million heads. In 2012, the Group's swine feed sales in China rose 23.1% year-on-year to 2.65 million tons, with revenue of US$1,597 million. Thanks to the Group's continued emphasis on research and development as well as marketing efforts of its technical sales and service teams, Piglet Three Treasures (a series of feed products specifically formulated for infant pigs) continued to be one of the Group's key growth drivers.

In 2012, the Group's poultry feed revenue essentially remained flat year-on-year, amounting to US$1,076 million; sales volume totalled to 2.22 million tons. Aqua feed sales rose by 15.1% to 0.47 million tons, with revenue of US$299 million.

Integrated Agri-Food Business in Vietnam

In Vietnam, the Group's integrated agri-food business has operations spanning from the manufacture and sale of animal feed, breeding, farming and sale of livestock and aquatic animals, to the manufacture and sale of value-added processed food products. The Vietnam business was acquired in August 2011; therefore, this is the first time for the Group to report full-year performance of the Vietnam business. In 2012, the Vietnam agri-food business posted total revenue of US$1,528 million, of which 51.4% was from the feed business and 48.6% was from the farm and food businesses. Overall gross profit margin was approximately 9.5%.

Feed

Feed business reported solid performance in 2012 and continued to be the most significant segment of the Group's Vietnam agri-food business. Total feed sales volume was 1.47 million tons in 2012, with total feed revenue of US$785 million. Swine, poultry, aqua and other feed products accounted for 51.0%, 23.1%, 22.7% and 3.2% of feed revenue respectively. Gross profit margin was approximately 16.6%.

Farm and Food

Swine and broiler prices in Vietnam dropped from heights in 2011 and remained at depressed levels for the most part of 2012. Furthermore, the farming market in Vietnam has been affected by disease issues. The Group's farm and food businesses posted total revenue of US$743 million in 2012, but with weak margins. Although challenges in the farming industry in Vietnam are expected to linger in the short-term, the Group remains positive on the long-term outlook of this market.

OTHER BUSINESSES

Chlortetracycline Business

CTC business grew by 9.7% year-on-year and posted total revenue of US$129 million in 2012, of which 80.3% and 19.7% were from feed-grade CTC and hydrochloride CTC respectively. The increase in revenue was mainly due to the resumption of certain production facilities which was temporarily suspended for relocation in 2011.

Industrial Business

The Group's industrial business comprises three jointly-owned entities engaged in the production and sale of motorcycles, production and sale of automotive parts, and trading of Caterpillar machinery. Attributable profit from industrial business segment amounted to US$8.89 million in 2012, up by 9.1% year-on-year.

OUTLOOK

In spite of the challenges in 2012, the Group remains confident in the long-term prospects of both China and Vietnam. Urbanization will raise protein demand, driving increase in meat production and animal feed demand. Agri-food industries are expected to further commercialize and consolidate. More importantly, with the rise in living standards, consumers are increasingly demanding for quality and safe food products. These developments will provide opportunities for the Group.

Pursuing its integrated agri-food business strategy, the Group is moving into the food segment in China. In December 2012, the Group announced a new food project in China – a value-added processed food venture focusing on the production of Chinese-style ready-to-eat meals, dim sum, buns, dumplings and other processed food items.

According to the 12th Five-Year Plan, total production value of China's food industry is expected to grow from RMB6.1 trillion in 2010 to RMB12.3 trillion by 2015, representing a CAGR of 15.1%. As such, processed food segment in China represents a large market opportunity for the Group. With its unique strengths and technical knowhow, the Group's move into the food segment will strengthen the Group's leadership position in the agri-food industry in China. The Group is committed to provide advanced, safe and quality products, fulfilling our mission to be the Kitchen of the World.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group had total assets of US$2,116.9 million, increased by 7.5% as compared with US$1,968.3 million as at 31 December 2011.

Total borrowings (31 December 2012: US$540.6 million, 31 December 2011: US$530.0 million) to equity ratio (defined as total borrowings divided by total equity excluding non-controlling interests) was 0.59 as compared to 0.64 as at 31 December 2011.

The carrying amounts of the bank borrowings of the Group are denominated in Vietnamese Dong ("VND") (31 December 2012: US$452.2 million, 31 December 2011: US$252.1 million), U.S. dollars ("US$") (31 December 2012: US$77.9 million, 31 December 2011: US$150.5 million), Renminbi ("RMB") (31 December 2012: US$10.5 million, 31 December 2011: US$49.8 million) and Hong Kong Dollars ("HK$") (31 December 2012: nil, 31 December 2011: US$14.1 million).

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

All sales in Mainland China and Vietnam are transacted in RMB and VND respectively and export sales are transacted in foreign currencies. Foreign currencies are required for purchase of certain raw materials and equipment. The Board considers the fluctuation of RMB and 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 borrowings. The Group had cash and cash equivalents of US$183.2 million as at 31 December 2012 (31 December 2011: US$158.3 million), an increase of US$24.9 million.

CHARGES ON GROUP ASSETS

As at 31 December 2012, out of the total borrowings of US$540.6 million (31 December 2011: US$530.0 million) obtained by the Group, US$12.3 million (31 December 2011: US$77.2 million) were secured and accounted for 2.3% of the total borrowings. Certain of the Group's property, plant and equipment, land lease prepayments and trade receivables with net book value of US$41.5 million (31 December 2011: US$86.0 million) have been pledged as security.

CONTINGENT LIABILITIES

As at 31 December 2012, the guarantees provided by the Group were US$67.4 million (31 December 2011: US$78.5 million).

PROPOSED FINAL DIVIDEND

The Board has proposed the payment of a final dividend for 2012 of HK$0.016 (approximately equivalent to US 0.205 cents) (2011: HK$0.020 (approximately equivalent to US 0.256 cents)) per share 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 7 June 2013, the final dividend will be paid on or about 25 June 2013 to the ordinary share holders and convertible preference share holders, whose names appear on the register of members of the Company on 18 June 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 June 2013 to 7 June 2013, both days inclusive, during which period no transfer of shares will be registered. In order to ascertain shareholders' eligibility to attend and vote at the forthcoming annual general meeting of the Company, 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 before 4:30 p.m. on 5 June 2013.

In addition, the register of members of the Company will be closed from 17 June 2013 to 18 June 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend for 2012, 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 before 4:30 p.m. on 14 June 2013.

MODEL CODE 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 (the "Model Code"). Having made specific enquiries with all the directors, the Company confirms that during the year ended 31 December 2012 all the directors have complied with the required standards as set out in the Model Code.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance. The principles of which are to uphold a high standard of ethics, transparency, accountability and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

In the opinion of the Board, the Company has applied the principles and complied with all the code provisions prescribed in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2012 except for code provision A.6.7 regarding non-executive directors' attendance on general meetings. All non-executive directors (including independent non-executive directors) attended the annual general meeting of the Company held on 22 June 2012 (the "AGM") except for one independent non-executive director who was unable to attend the AGM due to an overseas engagement.

REVIEW OF ANNUAL RESULTS

The audit committee has reviewed the consolidated results of the Group for the year ended 31 December 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

By Order of the Board
Arunee Watcharananan
Director

Hong Kong, 22 February 2013

As at the date of this announcement, the Board comprises nine executive directors, namely, Mr. Dhanin Chearavanont, Mr. Adirek Sripratak, Mr. Thanakorn Seriburi, Mr. Soopakij Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mr. Anan Athigapanich, Mr. Suphachai Chearavanont and Mrs. Arunee Watcharananan; one non-executive director, namely, Mr. Meth Jiaravanont; and five independent non-executive directors, namely, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres, Mr. Sakda Thanitcul, Mr. Vinai Vittavasgarnvej and Mr. Yanyong Phuangrach.