KONDE 康大

中國康大食品有限公司

CHINA KANGDA FOOD COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 834)

(Singapore Stock Code: P74)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The board of directors (the "Board") of China Kangda Food Company Limited (the "Company") is pleased to announce its consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011 together with the comparative figures for the previous year as follows:

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

	Notes	**2011** **RMB'000** **(Unaudited)**	2010 *RMB'000* (Audited)
Revenue	*5*	**1,353,397**	1,016,870
Cost of sales		**(1,233,945)**	(935,660)
Gross profit		**119,452**	81,210
Other income	*5*	**31,543**	28,517
Selling and distribution costs		**(36,195)**	(25,240)
Administrative expenses		**(69,073)**	(59,531)
Other operating expenses		**(871)**	(1,258)
Profit from operations	*6*	**44,856**	23,698
Finance costs	*7*	**(33,097)**	(22,624)
Share of loss of associates		**(443)**	(280)

	Notes	**2011**	2010
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Profit before taxation		**11,316**	794
Income tax (expense)/credit	*8*	**(2,568)**	1,212
Profit for the year		**8,748**	2,006
Other comprehensive income		**-**	-
Total comprehensive income for the year		**8,748**	2,006
Profit for the year attributable to:			
Owners of the Company		**12,240**	3,383
Non-controlling interests		**(3,492)**	(1,377)
		8,748	2,006
Total comprehensive income attributable to:			
Owners of the Company		**12,240**	3,383
Non-controlling interests		**(3,492)**	(1,377)
		8,748	2,006
Earnings per share for profit attributable to the owners of the Company during the year	*10*		
Basic *(RMB cents)*		**2.8**	0.8
Diluted *(RMB cents)*		**N/A**	N/A

Consolidated Statement of Financial Position
as at 31 December 2011

	Notes	**2011** **RMB'000** **(Unaudited)**	2010 *RMB'000* (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**595,347**	559,186
Prepaid premium for land leases		**125,849**	129,031
Intangible assets		**3,171**	8,592
Interest in associates		**3,459**	3,902
Goodwill		**59,428**	59,428
Biological assets		**32,935**	27,653
Deferred tax assets		**14,549**	13,971
		834,738	801,763
Current assets			
Biological assets		**31,384**	21,598
Inventories		**191,552**	137,039
Trade receivables	*11*	**102,592**	93,182
Prepayments, other receivables and deposits		**53,849**	51,804
Amount due from a related company		**-**	12,795
Pledged deposits		**4,171**	-
Cash and cash equivalents		**310,934**	116,643
		694,482	433,061
Current liabilities			
Trade and bills payables	*12*	**135,223**	73,200
Accrued liabilities and other payables		**86,408**	72,839
Interest-bearing bank borrowings		**500,430**	384,902
Amount due to a related company		**86,527**	-
Deferred government grants		**891**	791
Tax payables		**1,869**	2,142
		811,348	533,874
Net current liabilities		**(116,866)**	(100,813)
Total assets less current liabilities		**717,872**	700,950

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current liabilities		
Deferred government grants	**13,024**	11,015
Total non-current liabilities	**13,024**	11,015
Net assets	**704,848**	689,935
EQUITY		
Equity attributable to Company's owners		
- Share capital	**112,176**	112,176
- Reserves	**553,029**	540,789
	665,205	652,965
Non-controlling interests	**39,643**	36,970
Total equity	**704,848**	689,935

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 28 April 2006. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The principal place of business of the Company is located at No. 1, Hainan Road, Economic and Technology Development Zone, Jiaonan City, Qingdao, the People's Republic of China. The Company's shares have been listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Mainboard of the Stock Exchange of Hong Kong Limited (the "HKEx") since 9 October 2006 and 22 December 2008 respectively.

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

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

2 APPLICATIONS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) Adoption of new / revised IFRSs – effective 1 January 2011

In the current year, the Group has applied for the first time the following revision and amendment to standards and interpretations issued by the International Accounting Standards Board ("IASB"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2011:

IFRSs (Amendments)	Improvements to IFRSs 2010
IFRS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these new / revised standards and interpretations has no significant impact on the Group's financial statements.

IFRS 3 (Amendments) – Business Combinations

As part of the Improvements to IFRSs issued in 2010, IFRS 3 has been amended to clarify that the option to measure non-controlling interests ("NCI") at either fair value or the NCI's proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of NCI are measured at their acquisition date fair value unless another measurement basis is required by IFRSs. The Group has amended its accounting policies for measuring NCI but the adoption of the amendment has had no impact on the Group's financial statements as the Group did not have any business acquisition in current year.

IFRS 7 (Amendments) – Financial Instruments: Disclosures

As part of the Improvements to IFRSs issued in 2010, IFRS 7 has been amended to enhance the interaction between quantitative and qualitative disclosures. If the carrying amount of a financial asset best represents the maximum exposure to credit risk, the standard does not require a positive statement to this effect in the financial statements. This amended disclosure requirement has been applied retrospectively. The prior year financial statements included a positive statement with a table to this effect which is removed in the 2011 financial statements following the amendments. The adoption of the amendments has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

IAS 24 (Revised) – Related Party Disclosures

IAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition in relation to the transactions with subsidiaries of the Group's associates and to exclude transactions with an entity which was significantly influenced by a member of the Group's key management personnel. The adoption of IAS 24 (Revised) has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

IAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

(b) New/revised IFRSs that have been issued but are not yet effective

The following new/revised IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to IFRS 7	Disclosures - Transfers of Financial Assets[1]
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities[3]
Amendments to IAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[2]
Amendments to IAS 32	Presentation - Offsetting Financial Assets and Financial Liabilities[4]
IFRS 9	Financial Instruments [5]
IFRS 10	Consolidated Financial Statements [3]
IFRS 12	Disclosure of Interests in Other Entities [3]
IFRS 13	Fair Value Measurement [3]
IAS 27 (2011)	Separate Financial Statements [3]
IAS 28 (2011)	Investments in Associates and Joint Ventures[3]

[1]Effective for annual periods beginning on or after 1 July 2011
[2]Effective for annual periods beginning on or after 1 July 2012
[3]Effective for annual periods beginning on or after 1 January 2013
[4]Effective for annual periods beginning on or after 1 January 2014
[5]Effective for annual periods beginning on or after 1 January 2015

Amendments to IFRS 7 – Disclosures – Transfers of Financial Assets

The amendments to IFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments to IAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

IFRS 9 – Financial Instruments

Under IFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. IFRS 9 carries forward the recognition and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

IFRS 10 – Consolidated Financial Statements

IFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. IFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implentation of IFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing IAS 27 on other consolidation related matters are carried forward unchanged. IFRS 10 is applied retrospectively subject to certain transitional provisions.

IFRS 12 – Disclosures of Interests in Other Entities

IFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

IFRS 13 – Fair Value Measurement

IFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and nonfinancial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with IFRS 7 "Financial Instruments: Disclosures". IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. IFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these new / revised IFRSs and the directors so far concluded that the application of these new / revised IFRSs will have no material impact on the Group's financial statements.

2. BASIS OF PREPARATION

(a)Statement of compliance

The financial statements have been prepared in accordance with IFRSs which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the IASB, and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Listing Manual of the Singapore Securities Exchange Trading Limited.

(b)Basis of measurement and going concern assumption

The financial statements have been prepared under the historical cost basis except for biological assets which are stated at fair values as explained in the accounting policies set out below.

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

In preparing the financial statements, the directors considered the operations of the Group as a going concern notwithstanding that:

1. The Group's current liabilities exceeded its current assets by approximately RMB116.9 million as at 31 December 2011; and

2. There was a significant increase in the bank borrowings of the Group from approximately RMB384.9 million as at 31 December 2010 to approximately RMB500.4 million as at 31 December 2011, all of which are due for repayment within one year from 31 December 2011.

These conditions indicate the existence of a material uncertainty which may cast significant doubts on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the financial statements were prepared based on the assumption that the Group can be operated as a going concern and the directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2011, after taking into consideration the following:

1. The Group continues to expand its production volume by improving the utilization rate of its facilities and implement measures to tighten cost controls over various operating expenses in order to improve its profitability and to generate positive cash inflow from its operations in the future;

2. The Group is actively negotiating with the banks to seek for renewal of the outstanding bank borrowings. Subsequent to year end date, the Group successfully renewed bank borrowings of RMB50 million upon maturity of these bank borrowings;

3. The Group is actively exploring the availability of alternative source of financing; and

4. Qingdao Kangda Foreign Trade Group Limited ("KD Group"), which is substantially beneficially owned by a substantial shareholder of the Company, has agreed to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations as a going concern notwithstanding any present or future financial difficulties experienced by the Group.

The directors of the Company believe that the aforementioned financing/business plans and operational measures will be successful, based on the continuous efforts and commitment given by the management.

Having regard to the cash flow projection of the Group, which are prepared assuming that these measures are successful, the directors of the Company are of the opinion that, in the light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the financial statements to write down the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not yet been reflected in the financial statements.

If the progress or actual outcomes of the aforementioned measures differ unfavourably from the expected results or if there is insufficient evidence to support that the aforementioned measures are successful, the Group's ability to continue as a going concern will be in doubt, and hence, the use of the going concern basis in the preparation of the financial statements of the Group for the year ended 31 December 2011 may become inappropriate. Accordingly, the Company's auditor will be likely to issue a modified opinion in this respect for the financial statements of the Group for the year ended 31 December 2011.

4. SEGMENT INFORMATION

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

			2011		
	Processed foods *RMB'000* **(Unaudited)**	**Chilled and frozen rabbit meat** *RMB'000* **(Unaudited)**	**Chilled and frozen chicken meat** *RMB'000* **(Unaudited)**	**Other products** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Revenue from external customers	**511,416**	**299,492**	**420,907**	**121,582**	**1,353,397**
Reportable segment revenue	**511,416**	**299,492**	**420,907**	**121,582**	**1,353,397**
Reportable segment profit	**45,580**	**32,948**	**2,953**	**1,776**	**83,257**
Depreciation of property, plant and equipment	**16,484**	**9,653**	**13,566**	**3,919**	**43,622**
Amortisation of prepaid premium land leases	**1,202**	**704**	**990**	**286**	**3,182**
Amortisation of intangible assets	**4,583**	**838**	**-**	**-**	**5,421**

	2010				
	Processed foods	**Chilled and frozen rabbit meat**	**Chilled and frozen chicken meat**	**Other products**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Revenue from external customers	376,497	207,673	261,511	171,189	1,016,870
Reportable segment revenue	376,497	207,673	261,511	171,189	1,016,870
Reportable segment profit	22,431	20,323	4,022	9,194	55,970
Depreciation of property, plant and equipment	12,738	7,129	10,728	1,958	32,553
Amortisation of prepaid premium land leases	914	512	770	141	2,337
Amortisation of intangible assets	5,685	419	-	-	6,104

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

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Reportable segment profit	**83,257**	55,970
Other income	**31,543**	28,517
Administrative expenses	**(69,073)**	(59,531)
Other operating expenses	**(871)**	(1,258)
Finance costs	**(33,097)**	(22,624)
Share of loss of associates	**(443)**	(280)
Profit before taxation	**11,316**	794

The following table set out information about the geographical locations of the Group's revenue from external customers. The geographical location of customers is determined based on the location at which the goods were delivered.

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Local (Country of domicile)		
PRC	**867,060**	586,329
Export (Foreign countries)		
Japan	**271,350**	222,669
Europe	**145,575**	135,581
Others	**69,412**	72,291
	1,353,397	1,016,870

The Group's non-current assets are solely located in the PRC (the country of domicile of the Company).

5. REVENUE AND OTHER INCOME

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

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue		
Sale of goods	**1,353,397**	1,016,870

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Other income		
Interest income on financial assets stated at amortised cost		
- Interest income on bank deposits	**3,093**	9,301
Amortisation of deferred income on government grants	**891**	791
Government grants related to income*	**19,850**	6,295
Gains arising from changes in fair value less estimated point-of-sale costs of biological assets, net	**5,223**	9,694
Others	**2,486**	2,436
	31,543	28,517

* *Various government grants have been received mainly from the Finance Bureau of Jiaonan City (膠南市財政局) and Cultivated Animal Husbandry and Veterinary Bureau of Kai Xian (開縣畜牧獸醫局) for the Group's business conducted in those areas. There are no unfulfilled conditions or contingencies related to these grants.*

6. PROFIT FROM OPERATIONS

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

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cost of inventories recognised as an expense	**935,048**	770,233
Depreciation of property, plant and equipment*	**43,622**	32,553
Amortisation of prepaid premium for land leases**	**3,182**	2,337
Amortisation of an intangible assets***	**5,421**	6,104
Minimum lease payments under operating leases for production facilities	**4,067**	2,517
Gains arising from changes in fair value less estimated point-of-sale costs of biological assets, net	**(5,223)**	(9,694)
Staff costs (including directors' remuneration)	**152,371**	94,259
Retirement scheme contribution	**8,492**	7,982
Total staff costs	**160,863**	102,241

(Gain)/Loss on disposal of property, plant and equipment	**(213)**	970
Exchange loss, net	**3,371**	690

* *Depreciation of approximately RMB36,853,000 (2010: RMB26,357,000), approximately RMB108,000 (2010: Nil) and approximately RMB6,661,000 (2010: RMB6,196,000) has been charged to cost of sales, selling and distribution costs and administrative expenses, respectively, for the year ended 31 December 2011.*

** *Amortisation of prepaid premium for land leases has been charged to cost of sales for the years ended 31 December 2010 and 2011.*

*** *Amortisation of intangible assets has been charged to cost of sales for the years ended 31 December 2010 and 2011.*

7. FINANCE COSTS

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest charges on:		
Bank loans wholly repayable within five years	**33,097**	22,624

8. INCOME TAX EXPENSE/(CREDIT)

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current year provision:		
PRC corporate income tax	**3,146**	1,021
Deferred tax credit	**(578)**	(2,233)
Total income tax expense/(credit)	**2,568**	(1,212)

No Hong Kong profits tax has been provided for the year ended 31 December 2011 as the Group did not derive any assessable profit arising in Hong Kong during the year (2010: Nil).

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

Qingdao Kangda Foods Co., Ltd. ("Kangda Foods") is established and operating in the PRC and subject to PRC corporate income tax. According to the New PRC Corporate Income Tax Law, the profit arising from agricultural, poultry and primary food processing businesses of Kangda Foods are exempted from PRC corporate income tax. The taxable profits of Kangda Foods arising from profit from business other than agricultural, poultry and primary food processing are subject to corporate income tax at 25% for the year ended 31 December 2011 (2010: 25%).

Under the New PRC Corporate Income Tax Law and Implementation Rules, enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full corporate income tax exemption or half reduction of corporate income tax on profits derived from such business. Qingdao Kangda Animal Rearing Company Limited, Qingdao Kangda Rabbit Company Limited, Chongqing Juxin Rabbit Co., Limited, Gaomi Kaijia Rearing Co., Limited and Qingdao Kangda Modern Agricultural Technology Development Company Limited engaged in qualifying agricultural business, which include breeding and sales of livestock, and are entitled to full exemption of corporate income tax during the years ended 31 December 2010 and 2011.

Tax has not been provided by the Company as the Company did not derive any assessable profits during the year (2010: Nil).

9. DIVIDENDS

The board of directors did not recommend any payment of dividends during the year (2010: Nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB12,240,000 (2010: RMB3,383,000) and on the weighted average of 432,948,000 (2010: weighted average of 432,948,000) ordinary shares in issue during the year.

In relation to the years ended 31 December 2010 and 2011, no diluted earnings per share are presented as there was no potential ordinary share.

11. TRADE RECEIVABLES

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

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

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 30 days	**71,086**	64,874
31 – 60 days	**17,025**	16,550
61 – 90 days	**3,460**	6,587
91 – 120 days	**1,062**	2,218
Over 120 days	**9,959**	2,953
	102,592	93,182

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

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly or the trade receivables are written-off against the allowance account if impairment losses on that trade receivables have been recorded in the allowance account previously. No allowance was made for the year ended 31 December 2010 and 2011.

The aging analysis of trade receivables that are not impaired is as follows:

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Neither past due nor impaired	**85,561**	72,194
Not more than 3 months past due	**7,662**	18,863
3 to 6 months past due	**5,566**	1,614
6 to 12 months past due	**3,803**	511
	102,592	93,182

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there were no recent history of default.

Trade receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region is:

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
PRC	**59,730**	41,246
Japan	**13,219**	17,944
Europe	**29,329**	26,904
Others	**314**	7,088
	102,592	93,182

12. TRADE AND BILLS PAYABLES

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

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**107,682**	73,200
Bills payables	**27,541**	-
	135,223	73,200

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

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 60 days	**96,612**	60,268
61 – 90 days	**20,297**	5,081
91 – 120 days	**4,822**	1,924
Over 120 days	**13,492**	5,927

135,223	73,200

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Notwithstanding the increasing competition in our target markets, the Group was still able to achieve an admirable organic growth in revenue for this year. For the year ended 31 December 2011 ("FY2011"), the Group recorded a revenue of approximately RMB1,353.4 million, representing an increase of 33.1% compared to the year ended 31 December 2010 ("FY2010"), which showed an increase in the sales quantity achieved through expansion of the Group's productivity driven by the strong market demand in tandem with the increased consumer spending on healthier, safer and quality meat products.

Although the continuous rise in both raw material costs and staff costs was still a challenge faced by the Group in FY2011, the gross profit margin and gross profit recorded an increment of 10% resulting to 8.8% and 47.1% resulting to approximately RMB119.5 million respectively compared to FY2010. The increase was due mainly to the advantage of the cost control through the Group's own supply of living rabbits and chickens.

The Group has major customers in the PRC, Europe, Japan, the United Arab Emirates and other regions. The Group, being one of the licenced companies in the PRC to supply rabbit meat to the EU, had continued to leverage on the opportunities arising from strong demand of rabbit meat in the EU to expand its sales. The Group had also continued to implement an extensive marketing strategy with emphasis on maintaining good relationships with customers and suppliers and focus on widening the Group's domestic and international customer base. In FY2011, the Group also introduced various new products to the PRC market on a continual basis and took steps aimed at strengthening and expanding the sales network in more provinces in the PRC.

Over the past few years, the Group has invested on expanding the productivity and upsteam rearing industry, such as the acquisitions of the Shandong Kaijia Food Company Limited and its subsidiary, Shandong Kaijia International Trade Co., Ltd. (collectively referred as the "Kaijia Group") and the Group's new operations in Jilin and Chongqing Provinces. The additional cost incurred to consolidate, integrate and fine-tune those operation bases had adversely affected the Group's profitability. To increase the working capital, the Group's operating costs and finance costs had risen significantly and this factor continually weakened the Group's profitability. In spite of this, benefiting from the Group's effective cost management and expense control, the profit after tax showed a fourfold increase from approximately RMB2.0 million in FY2010 to approximately RMB8.7 million in FY2011. On the basis that the operations of the Group's new subsidiaries had successfully integrated into the Group's business, the Group continues to be positive of significant growth in its profitability in the coming years.

SAFETY

The Group's emphasis on food quality has been widely recognized. The Group's quality control centre has complied with both the PRC and international requirements and obtained the HACCP certification. Its quality management system has also achieved ISO9001 and ISO14001 certification. The Group views its ability to comply with PRC and international standards as its strength. Food safety has already become a basic and most pertinent factor for the Group's development.

In view of the food safety law recently promulgated by the PRC legislature, the Group will be firmly committed to food quality and safety and further strengthen our quality management and risks over every operation process ranging from purchases, production, logistics, storage to sales to ensure that the Group consistently offer quality and safe food to consumers.

PROSPECT

The global economy is currently affected by the Euro financial crisis so the business environment remains difficult. The Group expects that the PRC domestic consumption is ultimately the essential driving force of social and economic growth and the current crisis will accelerate the transformation of the PRC's economy to demand for healthier, safer and quality meat products. In view of this, the Group is well positioned to penetrate into the PRC market by its continued efforts to broaden its sales channels in the PRC domestic market and raise the Group's brand profile through advertisements. Due to the market's recognition, the proportion of revenue generated from PRC domestic market increased from 57.7% in FY2010 to 64.1% in FY2011.

Looking forward, the Group will continue to expand its market share in PRC by further enhancing the building of sales and other related mechanisms, strengthening cost control, improving management tools and simultaneously accelerating talent development in order to achieve a leading position to expand the Group's market share. At the same time, the Group will continue to increase its production capacity and control its products quality through enhancement of its existing production facilities to meet the increase in market demand for its products.

To mitigate the increasing prices of raw materials, the Group would invest its efforts in the research and development of new products. In FY2011, the Group had successfully passed the requirements in a research project working with the Shandong Agriculture University of China and obtained the certification for breeding progeny rabbit from the Ministry of Agriculture in the PRC. China Kangda is the first PRC company to be granted this certification and recognition. The Group had achieved its aim to improve its breeding techniques and efficiency through the use of this technical know-how to further reduce its production costs.

In addition, the Group will also continue to improve production efficiency, utilization rates, operational efficiency and its product quality through enhancement of its existing production facilities. Taking advantage of the Group's reputation as a provider for meat products, the commitment to healthier, safer and quality meat products will place the Group ahead of its fellow competitors.

To satisfy the Group's future working capital, the Group will continue to implement measures to tighten cost controls over various operating expenses in order to increase its profitability and to generate positive cash inflow from its operations in the future. The Group will also actively negotiate with the banks to seek the renewal of the outstanding bank borrowings as well as to negotiate for new banking facilities. The Board is confident that the Group will achieve better results in the coming years.

OPERATING AND FINANCIAL REVIEW

REVENUE BY PRODUCTS

	FY2011	FY2010	% Change
	RMB'000	*RMB'000*	*+/(-)*
	(Unaudited)	(Audited)	(Unaudited)
Processed foods	**511,416**	376,497	35.8
Chilled and frozen rabbit meat	**299,492**	207,673	44.2
Chilled and frozen chicken meat	**420,907**	261,511	61.0
Other products	**121,582**	171,189	(29.0)
Total	**1,353,397**	1,016,870	33.1

Processed Food Products
Revenue derived from processed food increased by 35.8% to approximately RMB511.4 million in FY2011. The Group had successfully launched various new product ranges under its own brand, such as instant soup, chicken-based cooked products and roasted rabbit food. Based on the Group's reputation and track record in the processed food products market, a momentous growth in revenue was achieved.

The significant increase in revenue was also attributable to the expansion of the Group's production capacity through the acquisition of Kaijia Group in the prior year. The principal activities of Kaijia Group are production and sale of processed food products as well as chilled and frozen chicken meat products, which commenced from March 2010. The Group's revenue included full year's result of Kaijia Group in FY2011 and ten month's result in FY2010.

Chilled and Frozen Meat Products
The rabbit and chicken meat segments contributed 53.2% and 46.1% to the Group's total revenue in FY2011 and FY2010 respectively. The revenue of the rabbit and chicken meat segments registered a 53.5% increase to approximately RMB720.4 million in FY2011.

Revenue derived from the sale of rabbit meat increased by 44.2% to approximately RMB299.5 million in FY2011. The increase was attributable to the uptrend for rabbit meat demand in the PRC market.

Revenue of the chicken meat segment contributed 31.1% to the Group's total revenue for FY2011 and increased by 61.0% to approximately RMB420.9 million in FY2011. The increase was due to the recovering demand in the PRC market and the expanded production capacity of chilled and frozen chicken meat products following the acquisition of Kaijia Group, which has been discussed and explained under "Process food products" above.

Other Products
Due to the weaker demand from the PRC market, revenue derived from the production and sale of other products, mainly chicken and rabbit meat by-products and pet food products, decreased by 29.0% to approximately RMB121.6 million in FY2011, compared to approximately RMB171.2 million in FY2010. Pet food sales contributed over 50% to this segment with growth generated from Beijing and Shanghai markets in the PRC and overseas markets in Japan and Korea.

REVENUE BY GEOGRAPHICAL MARKETS

	FY2011	FY2010	% Change
	RMB'000	*RMB'000*	*+/(-)*
	(Unaudited)	(Audited)	(Unaudited)
Export	**486,337**	430,541	13.0
PRC	**867,060**	586,329	47.9
Total	**1,353,397**	1,016,870	33.1

On a geographical basis, revenue from the export sales increased by 13.0% to approximately RMB486.3 million in FY2011. The increase in export sales was attributable mainly to the increase in demand for rabbit meat and processed food products.

PRC sales increased by 47.9% to approximately RMB867.1 million in FY2011. PRC sales achieved remarkable growth through continuous expansion of the Group's market share by optimizing its sales channels and stepping up its brand promotion.

PROFITABILITY

Gross Profit and Margin

	FY2011	**FY2011**	FY2010	FY2010	Change	% Change
	RMB'000	***Margin %***	*RMB'000*	*Margin %*	*RMB'000*	*+/(-)*
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Processed foods	**59,257**	**11.6**	31,776	8.4	27,481	86.5
Rabbit meat	**40,958**	**13.7**	25,479	12.3	15,479	60.8
Chicken meat	**14,210**	**3.4**	10,512	4.0	3,698	35.2
Other products	**5,027**	**4.1**	13,443	7.9	(8,416)	(62.6)
Total	**119,452**	**8.8**	81,210	8.0	38,242	47.1

Although the continuous rise in the raw material costs of chicken meat products and the overall staff costs was still a challenge faced by the Group during the year, the gross profit margin increased slightly from 8.0% to 8.8% in FY2011.

Processed Food Products
Processed food business was the largest profit contributor in FY2011. Gross profit increased by 86.5% to approximately RMB59.3 million and the gross profit margin increased from 8.4% to 11.6% in FY2011.

Chilled and Frozen Rabbit Meat
Gross profit increased by 60.8% to approximately RMB41.0 million. As the Group was able to control the cost of raw materials through its own supply of rabbit meat, the gross profit margin of chilled and frozen rabbit meat increased from 12.3% to 13.7%.

Chilled and Frozen Chicken Meat
The slight decline in gross profit margin of chilled and frozen chicken meat segment from 4.0% to 3.4% was due mainly to the increase in raw material prices and keen competition. As a result of the oversupply of chicken meat products from smaller plants in the PRC, the bargaining power on discount of bulk-purchase of raw materials had weakened. The production cost was affected by the fluctuation and the general increase in prices of raw materials.

Other Products
Other products are mainly chicken and rabbit meat by-products and pet food products. These are not the core profit drivers of the Group. Due to the fluctuation in prices of chicken and rabbit meat by-products, the gross profit margin decreased from 7.9% to 4.1%.

Other Income
Other income comprised mainly government grants, gain on change in fair value of biological assets and interest income from bank deposits amounting to approximately RMB20.7 million, approximately RMB5.2 million and approximately RMB3.1 million respectively. The rest was mainly minor income generated from sale of raw materials, mainly vegetables and food ingredients, to factories in Qingdao. The increase in other income was due to the increase of government grants provided by the Chinese government to support the Group's operations and business in Shandong and Jilin Provinces.

The decrease in interest income from bank deposits from RMB9.3 million to RMB3.1 million was due mainly to the lower average cash and bank balances maintained with the banks.

Selling and Distribution Costs
Selling and distribution expenses comprised mainly transportation costs, promotion costs and salary and welfare. The increase by 43.4% to approximately RMB36.2 million was primarily due to the increase in transportation and quality inspection costs as a result of higher sales volume in FY2011.

Administrative Expenses
Administrative expenses comprised mainly staff costs, professional fees, travelling expenses and other miscellaneous expenses. The increase of 16.0% to approximately RMB69.1 million was due mainly to higher cost of salaries and allowance expenses of the administrative staff in FY2011.

Other Operating Expenses
Other operating expenses represented miscellaneous expenses relating to the disposal of damaged packaging materials. As a result of the enhancement of the quality control on such materials, the expenses decreased by 30.8% to approximately RMB0.9 million in FY2011.

Finance costs
Finance costs increased by 46.3% to approximately RMB33.1 million in FY2011 were due mainly to the higher average bank borrowings level.

Taxation
The income tax expense was mainly as a result of the offsetting of the deferred tax liability and deferred tax asset, which arose from the fair value adjustment on property, plant and equipment, intangible assets and land use rights in the course of the acquisition of Kaijia Group.

Exchange loss, net
Since some of the Group's export sales transactions were originally invoiced in foreign currency, such as Japanese yen and US dollar, the appreciation of RMB against those currencies and the increase of sales in FY2011 increased the exchange loss significantly

Review of the Group's Financial Position as at 31 December 2011

The Group's property, plant and equipment increased by 6.5% to approximately RMB595.3 million as at 31 December 2011 due mainly to an acquisition of equipment of approximately RMB80.3 million. This was offset by a depreciation charge of approximately RMB43.6 million.

The reduction in prepaid premium for land leases and intangible assets in FY2011 amounted to approximately RMB3.2 million and approximately RMB5.4 million respectively. This was due mainly to amortisation. The intangible assets refer to the export licenses and hygiene registration certificates awarded by the relevant authorities in Japan and EU. The said licenses and certificates allow the Group to export its products to these countries.

Goodwill arising from the acquisitions of subsidiaries in the past.

Biological assets refer to progeny rabbits and progeny chickens for sale and breeder rabbits and chickens for breeding purpose. These biological assets were valued by an independent professional valuer as at 31 December 2011 with reference to market-determined prices.

Inventories increased by approximately RMB54.5 million to approximately RMB191.6 million in anticipation of an increase in demand in the first quarter of 2012. The inventory turnover days for FY2011 were 49 days compared to 42 days for FY2010. The Lunar New Year is traditionally the peak season for the Group. Since the Lunar New Year in 2012 was earlier than that in 2011, more inventories were produced to meet the expected increase of customer's need and this in turn increased the inventory turnover days for FY2011.

Trade receivables increased by approximately RMB9.4 million or 10.1% to approximately RMB102.6 million as at 31 December 2011. The increase was attributable to higher level of credit sales in line with the increase in business volume. The trade receivables turnover days decreased to 26 days in FY2011 compared with 32 days FY2010 due to the stepping up of collection efforts.

Prepayments, other receivables and deposits increased slightly by approximately RMB2.0 million or 3.9% to approximately RMB53.8 million as at 31 December 2011..

Cash and cash equivalents, including pledged deposits, increased by approximately RMB198.5 million to approximately RMB315.1 million was due mainly to the increase of bank borrowings acquired close to the year ended in 2011. Approximately RMB4.2 million of the bank deposits is for securing the interest-bearing borrowings by the Group.

Trade and bills payables increased by approximately RMB62.0 million to approximately RMB135.2 million as at 31 December 2011 due to the increase in purchase of raw materials to cater to the anticipated increase in demand in the first quarter of 2012.

Accrued liabilities and other payables received represented payables for construction and facilities, salary and welfare payables, accrued expenses and deposit received. The increase was due to the increase of deposits placed by customers compared to balance as at 31 December 2010.

The interest-bearing bank borrowings balance as at 31 December 2011 increased to approximately RMB500.4 million after taking into account the additional bank borrowing of approximately RMB553.9 million and the bank borrowings repayment of approximately RMB438.4 million during the year.

Amount due from/to a related company represented the cash advance received from KD Group and the outstanding balance resulting from the sales to KD Group.

To provide for the Group's additional working capital, KD Group had advanced approximately RMB100.0 million on March 2011 to the Group which is unsecured and interest-free. Approximately RMB20.0 million was repaid to KD Group on December 2011 and the remaining approximately RMB80.0 million was subsequently repaid to KD Group on January 2012.

Tax payables decreased slightly from approximately RMB2.1 million as at 31 December 2010 to approximately RMB1.9 as at 31 December 2011. This was due to income tax paid during 2011.

CAPITAL STRUCTURE

During the year under review, the Group had net assets of approximately RMB704.8 million (31 December 2010: RMB689.9 million), comprising non-current assets of approximately RMB834.7 million (31 December 2010: RMB801.8 million), and current assets of approximately RMB694.5 million (31 December 2010: RMB433.1 million). The Group recorded a net current liability position of approximately RMB116.9 million (31 December 2010: RMB100.8 million) as at 31 December 2011, which primarily consist of cash and cash equivalents balances amounted to approximately RMB310.9 million (31 December 2010: RMB116.6 million). Moreover, inventories amounted to approximately RMB191.6 million (31 December 2010: RMB137.0 million) and trade receivables amounted to approximately RMB102.6 million (31 December 2010: RMB93.2 million) are also major current assets. Major current liabilities are trade and bills payables and interest-bearing bank borrowings amounted to approximately RMB135.2 million (31 December 2010: RMB73.2 million) and approximately RMB500.4 million (31 December 2010: RMB384.9 million) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, the Group has cash and cash equivalent of approximately RMB310.9 million (31 December 2010: RMB116.6 million) and had total interest-bearing bank borrowings of approximately RMB500.4 million (31 December 2010: RMB384.9 million). The Group's interest-bearing bank borrowings was fixed rate debts with interest rate ranging from 4.38% to 7.60% (31 December 2010: 3.26% to 5.58%) per annum.

The gearing ratio for the Group was 75.2% (31 December 2010: 58.9%) as at 31 December 2011, based on net debt of approximately RMB500.4 million (31 December 2010: RMB384.9 million) and equity attributable to Company's owners of approximately RMB665.2 million (31 December 2010: RMB653.0 million). The Group would serve its debts primarily with cash flow generated from its operation, seeking renewal of the outstanding bank borrowings and new banking facilities and exploring the availability of alternative source of financing. The Board is confident that the Group has adequate financial resources to meet its future debt repayment and support its working capital requirement and future expansion.

FOREIGN CURRENCY EXPOSURE

The following table details the Group's exposures at the reporting date to foreign currency risk from the financial assets and financial liabilities denominated in a currency other than the functional currency to which the Group's entities relate:

	USD	**EURO**	**JPY**	**SGD**	**HK$**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financial assets					
Trade receivables	21,706	17,648	3,457	-	-
Cash and bank balances	119,644	4,943	-	23	55
	141,350	22,591	3,457	23	55
Financial liabilities					
Trade and bills payables	12,010	-	-	-	-

In view of the nature of the Group's business, which spans several countries, foreign exchange risks will continue to be an integral aspect of its risk profile in the future. Currently, the Group neither has a formal foreign currency hedging policy nor conducts hedging exercise to reduce foreign currency exposure. The Group will continue to monitor its foreign exchange exposure should it be necessary.

CAPITAL COMMITMENTS

As at 31 December 2011, the capital commitment of the Group which had been contracted for but not provided in the financial statements was in the total amount of approximately RMB12.0 million (2010: RMB11.6 million).

CHARGE ON ASSETS

Total interest-bearing bank borrowings include secured liabilities of approximately RMB205,000,000 (2010: RMB195,000,000).

As at 31 December 2011, the Group's interest-bearing bank borrowings are guaranteed by Perfect Good Group Ltd. ("Perfect Good"), Spiritzone Group Ltd. ("Spiritzone") and certain related parties of the Group and secured against the Company's interests in Perfect Good and Spiritzone and the pledge of certain of the Group's property, plant and equipment, land use rights and pledged deposits.

CONTINGENT LIABILITIES

As at 31 December 2011, the Group did not have any material contingent liabilities (31 December 2010: Nil).

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2011, the Group employed a total of 5,008 employees (2010: 4,056 employees) in the PRC. The Group's emolument policy is formulated based on the industry practices and performance of individual employee. During the year under review, the total staff costs (including Directors' emoluments) were in the amount of approximately RMB160.9 million (2010: RMB102.2 million). The Company does not have share option scheme for its employees.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year under review.

AUDIT COMMITTEE

The audit committee of the Company consists of the independent non-executive directors, namely Mr. Sim Wee Leong, Mr. Kuik See Juan and Mr. Yu Chung Leung and the non-executive director of the Company, Mr. Zhang Qi and Mr. Naoki Yamada. The audit committee has reviewed with management the accounting principles and standards adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the annual results for the year ended 31 December 2011.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has adopted and complied with the code provisions of the Code on Corporate Governance Practice, as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards as set out in the Model Code for the year ended 31 December 2011.

PUBLICATION OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011 ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.kangdafood.com. The Company's Annual Report 2011 will also be published on the aforesaid websites in due course.

STATUTORY INFORMATION

An annual general meeting of the Company will be held on 30 April 2012. The register of members of the Company will be closed from 23 April 2012 to 30 April 2012, both days inclusive, during which no transfer of shares will be registered.

In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 19 April 2012.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to extend my sincere appreciation for the support, faith and hard-working of my colleagues and to our shareholders for their loyalty and commitment. We will do all our best and we wish you all the best for the upcoming year.

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

Hong Kong, 26 February 2012

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

The following announcement is a reproduction of the announcement made by China Kangda Food Company Limited (the "Company") regarding the annual results of the Company and its subsidiaries for the year ended 31 December 2011 pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited. In compliance with Rule 13.09(2) of the Listing Rules (which requires a listed issuer to ensure that if securities of the listed issuer are also listed on other stock exchanges, the Stock Exchange of Hong Kong Limited is simultaneously informed of any information released to any of such other stock exchanges and that such information is released to the market in Hong Kong at the same time as it is released on the other markets), the following announcement is announced by the Company simultaneously in Hong Kong and in Singapore on 24 February 2012.

FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

	FY2011	FY2010	% Change
	RMB'000	*RMB'000*	+/(-)
	(Unaudited)	(Audited)	(Unaudited)
Revenue	**1,353,397**	1,016,870	33.1
Cost of sales	**(1,233,945)**	(935,660)	31.9
Gross profit	**119,452**	81,210	47.1
Other income	**31,543**	28,517	10.6
Selling and distribution costs	**(36,195)**	(25,240)	43.4
Administrative expenses	**(69,073)**	(59,531)	16.0
Other operating expenses	**(871)**	(1,258)	(30.8)
Profit from operations	**44,856**	23,698	89.3
Finance costs	**(33,097)**	(22,624)	46.3
Share of loss of associates	**(443)**	(280)	58.2
Profit before taxation	**11,316**	794	1,325.2
Income tax (expense)/credit	**(2,568)**	1,212	(311.9)

	FY2011	FY2010	% Change
	RMB'000	*RMB'000*	+/(-)
	(Unaudited)	(Audited)	(Unaudited)
Profit for the year	**8,748**	2,006	336.1
Other comprehensive income	**-**	-	N/A
Total comprehensive income for the year	**8,748**	2,006	336.1
Profit for the year attributable to:			
Owners of the Company	**12,240**	3,383	261.8
Non-controlling interests	**(3,492)**	(1,377)	153.6
	8,748	2,006	336.1
Total comprehensive income attributable to:			
Owners of the Company	**12,240**	3,383	261.8
Non-controlling interests	**(3,492)**	(1,377)	153.6
	8,748	2,006	336.1

	FY2011	FY2010	% Change
	RMB'000	*RMB'000*	+/(-)
	(Unaudited)	(Audited)	(Unaudited)
The Group's profit before taxation is arrived at after charging/(crediting) :			
Depreciation of property, plant and equipment	**43,622**	32,553	34.0
Amortisation of intangible assets	**5,421**	6,104	(11.2)
Amortisation of prepaid premium for land leases	**3,182**	2,337	36.2
(Gain)/Loss on disposal of property, plant and equipment	**(213)**	970	(122.0)
Exchange loss, net	**3,371**	690	388.6
Interest expenses on interest-bearing bank borrowings	**33,097**	22,624	46.3
Interest income on bank deposits	**(3,093)**	(9,301)	(66.7)

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

	Group		Company	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	**595,347**	559,186	**8**	10
Prepaid premium for land leases	**125,849**	129,031	**-**	-
Intangible assets	**3,171**	8,592	**-**	-
Investments in subsidiaries	**-**	-	**84,144**	84,144
Interest in associates	**3,459**	3,902		-
Goodwill	**59,428**	59,428		-
Biological assets	**32,935**	27,653		-
Deferred tax assets	**14,549**	13,971		-
	834,738	801,763	**84,152**	84,154
Current assets				
Biological assets	**31,384**	21,598	**-**	-
Inventories	**191,552**	137,039	**-**	-
Trade receivables	**102,592**	93,182	**-**	-
Prepayments, other receivables and deposits	**53,849**	51,804	**95**	88
Amounts due from subsidiaries	**-**	-	**133,682**	277,982
Amount due from a related company	**-**	12,795	**-**	-
Pledged deposits	**4,171**	-	**-**	-
Cash and cash equivalents	**310,934**	116,643	**113,521**	306
	694,482	433,061	**247,298**	278,376
Current liabilities				
Trade and bills payables	**135,223**	73,200	**-**	-
Accrued liabilities and other payables	**86,408**	72,839	**586**	652
Interest-bearing bank borrowings	**500,430**	384,902	**-**	24,902
Amount due to a related company	**86,527**	-	**-**	-
Deferred government grants	**891**	791	**-**	-
Tax payables	**1,869**	2,142	**-**	-
	811,348	533,874	**586**	25,554
Net current (liabilities)/assets	**(116,866)**	(100,813)	**246,712**	252,822
Total assets less current liabilities	**717,872**	700,950	**330,864**	336,976

	Group		Company	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Non-current liabilities				
Deferred government grants	**13,024**	11,015	**-**	-
Total non-current liabilities	**13,024**	11,015	**-**	-
Net assets	**704,848**	689,935	**330,864**	336,976
EQUITY				
Equity attributable to Company's owners				
- Share capital	**112,176**	112,176	**112,176**	112,176
- Reserves	**553,029**	540,789	**218,688**	224,800
	665,205	652,965	**330,864**	336,976
Non-controlling interests	**39,643**	36,970	**-**	-
Total equity	**704,848**	689,935	**330,864**	336,976

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

Amount repayable in one year or less, or on demand

FY2011		FY2010	
Secured	**Unsecured**	Secured	Unsecured
RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
205,000	**295,430**	194,902	190,000

Amount repayable after one year

FY2011		FY2010	
Secured	**Unsecured**	Secured	Unsecured
RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
-	**-**	-	-

Details of any collateral

Total interest-bearing bank borrowings include secured liabilities of approximately RMB205,000,000 (2010: RMB195,000,000).

As at 31 December 2011, the Group's interest-bearing bank borrowings are guaranteed by Perfect Good Group Ltd. ("Perfect Good"), Spiritzone Group Ltd. ("Spiritzone") and certain related parties of the Group and secured against the Company's interests in Perfect Good and Spiritzone and the pledge of certain of the Group's property, plant and equipment, land use rights and pledged deposits.

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

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash flows from operating activities		
Profit before taxation	**11,316**	794
Adjustments for :		
Interest income	**(3,093)**	(9,301)
Interest expenses	**33,097**	22,624
Gains arising from changes in fair value less estimated point-of-sale costs of biological assets, net	**(5,223)**	(9,694)
Depreciation of property, plant and equipment	**43,622**	32,553
(Gain)/Loss on disposal of property, plant and equipment	**(213)**	970
Amortisation of prepaid premium for land leases	**3,182**	2,337
Amortisation of deferred income on government grants	**(891)**	(791)
Amortisation of intangible assets	**5,421**	6,104
Share of loss of associates	**443**	280
Operating profit before working capital changes	**87,661**	45,876
Increase in inventories	**(54,513)**	(43,251)
(Increase)/Decrease in trade receivables	**(9,410)**	3,970
Decrease/(Increase) in amounts due from related companies	**12,795**	(12,795)
Increase in prepayments, other receivables and deposits	**(2,045)**	(26,444)
Increase in biological assets	**(9,845)**	(6,536)
Increase in trade and bills payables	**62,023**	9,651
Increase/(Decrease) in accrued liabilities and other payables	**13,569**	(92,887)
Increase/(Decrease) in amount due to a related company	**6,527**	(21,607)
Cash generated from/(used in) operations	**106,762**	(144,023)
Interest paid	**(33,097)**	(22,624)
Income taxes paid	**(3,419)**	(1,122)
Net cash generated from/(used in) operating activities	**70,246**	(167,769)

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(80,347)**	(94,064)
Proceeds from disposal of property, plant and equipment	**777**	190
Arising from acquisition of subsidiaries (net of cash and cash equivalents acquired)	**-**	(123,891)
Investment in an associate	**-**	(3,500)
Proceeds from sale of a subsidiary (net of cash and cash equivalents disposal)	**-**	944
Receipt of deferred government grants	**3,000**	2,180
Interest received	**3,093**	9,301
Increase in pledged deposits	**(4,171)**	-
Net cash used in investing activities	**(77,648)**	(208,840)
Cash flows from financing activities		
Capital contribution from non-controlling shareholders	**6,165**	4,740
Advance from a related company	**100,000**	-
Repayment to a related company	**(20,000)**	-
New bank borrowings	**553,900**	305,512
Repayment of bank borrowings	**(438,372)**	(84,884)
Net cash generated from financing activities	**201,693**	225,368
Net increase/(decrease) in cash and cash equivalents	**194,291**	(151,241)
Cash and cash equivalents at 1 January	**116,643**	267,884
Cash and cash equivalents at 31 December	**310,934**	116,643
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	**310,934**	116,643

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

Group	Equity attributable to owners of the Company								
	Share capital *RMB'000*	Share premium* *RMB'000*	Merger reserve* *RMB'000*	Capital edemption reserve* *RMB'000*	Other reserves* *RMB'000*	Retained profits* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2010 (Audited)	112,176	257,073	(41,374)	2,374	38,782	280,551	649,582	14,989	664,571
Acquisition of a subsidiary (Audited)	-	-	-	-	-	-	-	18,618	18,618
Contribution from a non-controlling shareholder (Audited)	-	-	-	-	-	-	-	4,740	4,740
Transactions with owners (Audited)	-	-	-	-	-	-	-	23,358	23,358
Profit for the year (Audited)	-	-	-	-	-	3,383	3,383	(1,377)	2,006
Other comprehensive income (Audited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year (Audited)	-	-	-	-	-	3,383	3,383	(1,377)	2,006
Transfer to other reserves (Audited)	-	-	-	-	3,036	(3,036)	-	-	-
At 31 December 2010 and 1 January 2011 (Audited)	112,176	257,073	(41,374)	2,374	41,818	280,898	652,965	36,970	689,935
Contribution from non-controlling shareholders (Unaudited)	-	-	-	-	-	-	-	6,165	6,165
Transactions with owners (Unaudited)	-	-	-	-	-	-	-	6,165	6,165
Profit for the year (Unaudited)	-	-	-	-	-	12,240	12,240	(3,492)	8,748
Other comprehensive income (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year (Unaudited)	-	-	-	-	-	12,240	12,240	(3,492)	8,748
Transfer to other reserves (Unaudited)	-	-	-	-	2,299	(2,299)	-	-	-
At 31 December 2011 (Unaudited)	**112,176**	**257,073**	**(41,374)**	**2,374**	**44,117**	**290,839**	**665,205**	**39,643**	**704,848**

* *The consolidated reserves of the Group of approximately RMB553,029,000 as at 31 December 2011 (2010: approximately RMB540,789,000) as presented in the Group's statement of financial position comprised these reserve accounts.*

Company	Share Capital	Share premium**	Merger reserve**	Capital redemption reserve**	Accumulated losses**	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010 (Audited)	112,176	257,073	6,143	2,374	(30,412)	347,354
Transactions with owners (Audited)	-	-	-	-	-	-
Loss for the year (Audited)	-	-	-	-	(10,378)	(10,378)
Other comprehensive income (Audited)	-	-	-	-	-	-
Total comprehensive loss for the year (Audited)	-	-	-	-	(10,378)	(10,378)
At 31 December 2010 and 1 January 2011 (Audited)	112,176	257,073	6,143	2,374	(40,790)	336,976
Transaction with owners (Unaudited)	-	-	-	-	-	-
Loss for the year (Unaudited)	-	-	-	-	(6,112)	(6,112)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive loss for the year (Unaudited)	-	-	-	-	(6,112)	(6,112)
At 31 December 2011 (Unaudited)	**112,176**	**257,073**	**6,143**	**2,374**	**(46,902)**	**330,864**

** *The reserves of the Company of approximately RMB218,688,000 as at 31 December 2011 (2010: approximately RMB224,800,000) as presented in the Company's statement of financial position comprised these reserve accounts.*

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

	Number of shares	Amount
Ordinary shares of HK$0.25 each	*'000*	*HK$'000*
Authorised:		
At 31 December 2010 and 2011	2,000,000	500,000
Issued and fully paid:		
At 31 December 2010 and 2011	432,948	108,237

Note:
The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 December 2010 and 2011.

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

	FY2011	FY2010
	'000	*'000*
	Unaudited	Audited
Total number of ordinary shares excluding treasury shares	**432,948**	432,948

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

Not applicable.

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

The figures have neither been audited nor reviewed by the auditor.

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

Not applicable. However, the Company's auditor will be likely to issue a modified opinion for the financial statements of the Group for the year ended 31 December 2011 if the Group's measures to improve its cash flow and financial position are not successful. Please refer to section 10 for details.

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

The Group has adopted the same accounting policies and methods of computations as stated in its most recently audited financial statements to this full year result announcement, except as mentioned in section 5 below.

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

In the current year, the Group has applied for the first time the following revision and amendment to standards and interpretations issued by the International Accounting Standards Board ("IASB"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2011:

IFRSs (Amendments)	Improvements to IFRSs 2010
IFRS 24 (Revised)	Related Party Disclosures

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

	FY2011	FY2010
	RMB'000	RMB'000
	Unaudited	Audited
Earnings per share		
- Basic *(RMB cents)*	**2.8**	0.8
- Diluted *(RMB cents)*	**-**	-

Note:
The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB12,240,000 (2010: RMB3,383,000) and on the weighted average of 432,948,000 (2010: weighted average of 432,948,000) ordinary shares in issue during the year. No diluted earnings per share are presented as there was no potential issuance of ordinary shares.

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

(a) current financial period reported on; and

(b) immediately preceding financial year.

In RMB cents	**Group**		**Company**	
	FY2011	FY2010	**FY2011**	FY2010
	Unaudited	Audited	**Unaudited**	Audited
Net asset value per ordinary share based on issued share capital at the end of:	**162.80**	159.40	**76.42**	77.83

Note:
The number of ordinary shares of the Company as at 31 December 2011 was 432,948,000 (2010: 432,948,000).

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

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

REVENUE BY PRODUCTS

	FY2011	FY2010	**% Change**
	RMB'000	*RMB'000*	*+/(-)*
	(Unaudited)	(Audited)	(Unaudited)
Processed foods	**511,416**	376,497	35.8
Chilled and frozen rabbit meat	**299,492**	207,673	44.2
Chilled and frozen chicken meat	**420,907**	261,511	61.0
Other products	**121,582**	171,189	(29.0)
Total	**1,353,397**	1,016,870	33.1

Processed Food Products
Revenue derived from processed food increased by 35.8% to approximately RMB511.4 million in FY2011. The Group had successfully launched various new product ranges under its own brand, such as instant soup, chicken-based cooked products and roasted rabbit food. Based on the Group's reputation and track record in the processed food products market, a momentous growth in revenue was achieved.

The significant increase in revenue was also attributable to the expansion of the Group's production capacity through the acquisition of Shandong Kaijia Food Company Limited and its subsidiary, Shandong Kaijia International Trade Co., Ltd. (collectively referred as the "Kaijia Group") in the prior year.

The principal activities of Kaijia Group are production and sale of processed food products as well as chilled and frozen chicken meat products, which commenced from March 2010. The Group's revenue included full year's result of Kaijia Group for the year ended 31 December 2011 ("FY2011") and ten month's result for the year ended 31 December 2010 ("FY2010").

Chilled and Frozen Meat Products
The rabbit and chicken meat segments contributed 53.2% and 46.1% to the Group's total revenue in FY2011 and FY2010 respectively. The revenue of the rabbit and chicken meat segments registered a 53.5% increase to approximately RMB720.4 million

in FY2011.

Revenue derived from the sale of rabbit meat increased by 44.2% to approximately RMB299.5 million in FY2011. The increase was attributable to the uptrend for rabbit meat demand in PRC market.

Revenue of the chicken meat segment contributed 31.1% to the Group's total revenue for FY2011 and increased by 61.0% to approximately RMB420.9 million in FY2011. The increase was due to the recovering demand in the PRC market and the expanded production capacity of chilled and frozen chicken meat products following the acquisition of Kaijia Group, which has been discussed and explained under "Process food products" above.

Other Products

Due to the weaker demand from the PRC market, revenue derived from the production and sale of other products decreased by 29.0% to approximately RMB121.6 million in FY2011, compared to approximately RMB171.2 million in FY2010. Pet food sales contributed over 50% to this segment with growth generated from Beijing and Shanghai markets in the PRC and overseas markets in Japan and Korea.

REVENUE BY GEOGRAPHICAL MARKETS

	FY2011 ***RMB'000*** **(Unaudited)**	FY2010 *RMB'000* (Audited)	**% Change** *+/(-)* (Unaudited)
Export	**486,337**	430,541	13.0
PRC	**867,060**	586,329	47.9
Total	**1,353,397**	1,016,870	33.1

On a geographical basis, revenue from the export sales increased by 13.0% to approximately RMB486.3 million in FY2011. The increase in export sales was attributable mainly to the increase in demand for rabbit meat and processed food products.

PRC sales increased by 47.9% to approximately RMB867.1 million in FY2011. PRC sales achieved remarkable growth through continuous expansion of the Group's market share by optimizing its sales channels and stepping up its brand promotion.

PROFITABILITY

Gross Profit and Margin

	FY2011	**FY2011**	FY2010	FY2010	Change	%Change
	RMB'000	***Margin%***	*RMB'000*	*Margin %*	*RMB'000*	*+/(-)*
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Processed foods	**59,257**	**11.6**	31,776	8.4	27,481	86.5
Chilled and frozen rabbit meat	**40,958**	**13.7**	25,479	12.3	15,479	60.8
Chilled and frozen chicken meat	**14,210**	**3.4**	10,512	4.0	3,698	35.2
Other products	**5,027**	**4.1**	13,443	7.9	(8,416)	(62.6)
Total	**119,452**	**8.8**	81,210	8.0	38,242	47.1

Although the continuous rise in the raw material costs of chicken meat products and the overall staff costs was a challenge faced by the Group during the year, the gross profit margin increased slightly from 8.0% to 8.8% in FY2011.

Processed Food Products

Processed food business was the largest profit contributor in FY2011. Gross profit increased by 86.5% to approximately RMB59.3 million and the gross profit margin increased from 8.4% to 11.6% in FY2011.

Chilled and Frozen Rabbit Meat

Gross profit increased by 60.8% to approximately RMB41.0 million. As the Group was able to control the cost of raw materials through its own supply of rabbit meat, the gross profit margin of chilled and frozen rabbit meat increased from 12.3% to 13.7%.

Chilled and Frozen Chicken Meat

The slight decline in gross profit margin of chilled and frozen chicken meat segment from 4.0% to 3.4% was due mainly to the increase in raw material prices and keen competition. As a result of the oversupply of chicken meat products from smaller plants in the PRC, the bargaining power on discount of bulk-purchase of raw materials had weakened. The production cost was affected by the fluctuation and the general increase in prices of raw materials.

Other Products

Other products are mainly chicken and rabbit meat by-products and pet food products. These are not the core profit drivers of the Group. Due to the fluctuation in prices of chicken and rabbit meat by-products, the gross profit margin decreased from 7.9% to 4.1%.

Other Income

Other income comprised mainly government grants, gain on change in fair value of biological assets and interest income from bank deposits amounting to approximately RMB20.7 million, approximately RMB5.2 million and approximately RMB3.1 million respectively. The rest was mainly minor income generated from sale of raw materials, mainly vegetables and food ingredients, to factories in Qingdao. The increase in other income was due to the increase of government grants provided by the Chinese government to support the Group's operations and business in Shandong and Jilin Provinces.

The decrease in interest income from bank deposits from RMB9.3 million to RMB3.1 million was due mainly to the lower average cash and bank balances maintained with the banks.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly transportation costs, promotion costs and salary and welfare. The increase by 43.4% to approximately RMB36.2 million was primarily due to the increase in transportation and quality inspection costs as a result of higher sales volume in FY2011.

Administrative Expenses

Administrative expenses comprised mainly staff costs, professional fees, travelling expenses and other miscellaneous expenses. The increase of 16.0% to approximately RMB69.1 million was due mainly to higher cost of salaries and allowance expenses of the administrative staff in FY2011.

Other Operating Expenses

Other operating expenses represented miscellaneous expenses relating to the disposal of damaged packaging materials. As a result of the enhancement of the quality control on such materials, the expenses decreased by 30.8% to approximately RMB0.9 million in FY2011.

Finance costs

Finance costs increased by 46.3% to approximately RMB33.1 million in FY2011 were due mainly to the higher average bank borrowings level.

Taxation

The income tax expense was mainly as a result of the offsetting of the deferred tax liability and deferred tax asset, which arose from the fair value adjustment on property, plant and equipment, intangible assets and land use rights in the course of the acquisition of Kaijia Group.

Exchange loss, net
Since some of the Group's export sales transactions were originally invoiced in foreign currency, such as Japanese yen and US dollar, the appreciation of RMB against those currencies and the increase of sales in FY2011 increased the exchange loss significantly.

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

Review of the Group's Financial Position as at 31 December 2011

The Group's property, plant and equipment increased by 6.5% to approximately RMB595.3 million as at 31 December 2011 due mainly to an acquisition of equipment of approximately RMB80.3 million. This was offset by a depreciation charge of approximately RMB43.6 million.

The reduction in prepaid premium for land leases and intangible assets in FY2011 amounted to approximately RMB3.2 million and approximately RMB5.4 million respectively. This was due mainly to amortisation. The intangible assets refer to the export licenses and hygiene registration certificates awarded by the relevant authorities in Japan and EU. The said licenses and certificates allow the Group to export its products to these countries.

Goodwill arising from the acquisitions of subsidiaries in the past.

Biological assets refer to progeny rabbits and progeny chickens for sale and breeder rabbits and chickens for breeding purpose. These biological assets were valued by an independent professional valuer as at 31 December 2011 with reference to market-determined prices.

Inventories increased by approximately RMB54.5 million to approximately RMB191.6 million in anticipation of an increase in demand in the first quarter of 2012. The inventory turnover days for FY2011 were 49 days compared to 42 days for FY2010. The Lunar New Year is traditionally the peak season for the Group. Since the Lunar New Year in 2012 was earlier than that in 2011, more inventories were produced to meet the expected increase of customer's need and this in turn increased the inventory turnover days for FY2011.

Trade receivables increased by approximately RMB9.4 million or 10.1% to approximately RMB102.6 million as at 31 December 2011. The increase was attributable to higher level of credit sales in line with the increase in business volume. The trade receivables turnover days decreased to 26 days in FY2011 compared with 32 days FY2010 due to the stepping up of collection efforts.

Prepayments, other receivables and deposits increased slightly by approximately RMB2.0 million or 3.9% to approximately RMB53.8 million as at 31 December 2011..

Cash and cash equivalents, including pledged deposits, increased by approximately RMB198.5 million to approximately RMB315.1 million was due mainly to the increase of bank borrowings acquired close to the year ended in 2011. Approximately RMB4.2 million of the bank deposits is for securing the interest-bearing borrowings by the Group.

Trade and bills payables increased by approximately RMB62.0 million to approximately RMB135.2 million as at 31 December 2011 due to the increase in purchase of raw materials to cater to the anticipated increase in demand in the first quarter of 2012.

Accrued liabilities and other payables received represented payables for construction and facilities, salary and welfare payables, accrued expenses and deposit received. The increase was due to the increase of deposits placed by customers compared to balance as at 31 December 2010.

The interest-bearing bank borrowings balance as at 31 December 2011 increased to approximately RMB500.4 million after taking into account the additional bank borrowings of approximately RMB553.9 million and the bank borrowings repayment of approximately RMB438.4 million during the year.

Amount due to from/a related company represented the cash advance received from Qingdao Kangda Foreign Trade Group Limited ("KD Group") and the outstanding balance resulting from the sales to KD Group.

To provide for the Group's additional working capital, KD Group had advanced approximately RMB100.0 million on March 2011 to the Group which is unsecured and interest-free. Approximately RMB20.0 million was repaid to KD Group on December 2011 and the remaining approximately RMB80.0 million was subsequently repaid to KD Group on January 2012.

Tax payables decreased slightly from approximately RMB2.1 million as at 31 December 2010 to approximately RMB1.9 as at 31 December 2011. This was due to income tax paid during 2011.

Statement of Cash Flows

Operating activities

Cash generated from operating activities was approximately RMB70.2 million for FY2011 compared with cash utilisation of approximately RMB167.8 million for FY2010. The operating activities cash flow for FY2011 have significantly improved with the increase in business activities.

Investing activities

Net cash used in investing activities amounted to approximately RMB77.6 million due mainly to the purchase of property, plant and equipment.

Financing activities
Net cash generated mainly represented the additional bank borrowings of approximately RMB553.9 million, the bank borrowings repayment of approximately RMB438.4 million and the advance and repayment from KD Group of approximately RMB100.0 million and approximately RMB20.0 million respectively.

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

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

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

Going concern
In preparing the financial statements, the directors considered the operations of the Group as a going concern notwithstanding that:

1. The Group's current liabilities exceeded its current assets by approximately RMB116.9 million as at 31 December 2011; and

2. There was a significant increase in the bank borrowings of the Group from approximately RMB384.9 million as at 31 December 2010 to approximately RMB500.4 million as at 31 December 2011, all of which are due for repayment within one year from 31 December 2011.

These conditions indicate the existence of a material uncertainty which may cast significant doubts on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the financial statements were prepared based on the assumption that the Group can be operated as a going concern and the directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2011, after taking into consideration the following:

1. The Group continues to expand its production volume by improving the utilization rate of its facilities and implement measures to tighten cost controls over various operating expenses in order to improve its profitability and to generate positive cash inflow from its operations in the future;

2. The Group is actively negotiating with the banks to seek for renewal of the outstanding bank borrowings. Subsequent to year end date, the Group successfully renewed bank

borrowings of RMB50 million upon maturity of these bank borrowings;

3. The Group is actively exploring the availability of alternative source of financing; and

4. KD Group, which is substantially beneficially owned by a substantial shareholder of the Company, has agreed to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations as a going concern notwithstanding any present or future financial difficulties experienced by the Group.

The directors of the Company believe that the aforementioned financing/business plans and operational measures will be successful, based on the continuous efforts and commitment given by the management.

Having regard to the cash flow projection of the Group, which are prepared assuming that these measures are successful, the directors of the Company are of the opinion that, in the light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the financial statements to write down the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not yet been reflected in the financial statements.

If the progress or actual outcomes of the aforementioned measures differ unfavourably from the expected results or if there is insufficient evidence to support that the aforementioned measures are successful, the Group's ability to continue as a going concern will be in doubt, and hence, the use of the going concern basis in the preparation of the financial statements of the Group for the year ended 31 December 2011 may become inappropriate. Accordingly, the Company's auditor will be likely to issue a modified opinion in this respect for the financial statements of the Group for the year ended 31 December 2011.

Significant trends and competitive conditions of the industry

Notwithstanding the increasing competition in our target markets, the Group was still able to achieve an admirable organic growth in revenue for this year. In FY2011, the Group recorded a revenue of approximately RMB1,353.4 million, representing an increase of 33.1% compared to FY2010, which showed an increase in the sales quantity achieved through expansion of the Group's productivity driven by the strong market demand in tandem with the increased consumer spending on healthier, safer and quality meat products.

Although the continuous rise in both raw material costs and staff costs was still a challenge faced by the Group in FY2011, the gross profit margin and gross profit recorded an increment of 10% resulting to 8.8% and 47.1% resulting to approximately RMB119.5 million respectively compared to FY2010. The increase was due mainly to the advantage of the cost control through the Group's own supply of living rabbits and chickens.

The Group has major customers in the PRC, Europe, Japan, the United Arab Emirates and other regions. The Group, being one of the licenced companies in the PRC to supply rabbit meat to the EU, had continued to leverage on the opportunities arising from strong demand of rabbit meat in the EU to expand its sales. The Group had also continued to implement an extensive marketing strategy with emphasis on maintaining good relationships with customers and suppliers and focus on widening the Group's domestic and international customer base. In FY2011, the Group also introduced various new products to the PRC market on a continual basis and took steps aimed at strengthening and expanding the sales network in more provinces in the PRC.

Over the past few years, the Group has invested on expanding the productivity and upsteam rearing industry, such as the acquisitions of the Kaijia Group and the Group's new operations in Jilin and Chongqing Provinces. The additional cost incurred to consolidate, integrate and fine-tune those operation bases had adversely affected the Group's profitability. To increase the working capital, the Group's operating costs and finance costs had risen significantly and this factor continually weakened the Group's profitability. In spite of this, benefiting from the Group's effective cost management and expense control, the profit after tax showed a fourfold increase from approximately RMB2.0 million in FY2010 to approximately RMB8.7 million in FY2011. On the basis that the operations of the Group's new subsidiaries had successfully integrated into the Group's business, the Group continues to be positive of significant growth in its profitability in the coming years.

The global economy is currently affected by the Euro financial crisis so the business environment remains difficult. The Group expects that the PRC domestic consumption is ultimately the essential driving force of social and economic growth and the current crisis will accelerate the transformation of the PRC's economy to demand for healthier, safer and quality meat products. In view of this, the Group is well positioned to penetrate into the PRC market by its continued efforts to broaden its sales channels in the PRC domestic market and raise the Group's brand profile through advertisements. Due to the market's recognition, the proportion of revenue generated from PRC domestic market increased from 57.7% in FY2010 to 64.1% in FY2011.

Looking forward, the Group will continue to expand its market share in PRC by further enhancing the building of sales and other related mechanisms, strengthening cost control, improving management tools and simultaneously accelerating talent development in order to achieve a leading position to expand the Group's market share. At the same time, the Group will continue to increase its production capacity and control its products quality through enhancement of its existing production facilities to meet the increase in market demand for its products.

To mitigate the increasing prices of raw materials, the Group would invest its efforts in the research and development of new products. In FY2011, the Group had successfully passed the requirements in a research project working with the Shandong Agriculture University of China and obtained the certification for breeding progeny rabbit from the Ministry of Agriculture in the PRC. China Kangda is the first PRC company to be granted this certification and recognition. The Group had achieved its aim to improve its breeding techniques and efficiency through the use of this technical know-how to further reduce its production costs.

The Group will also continue to improve production efficiency, utilization rates, operational efficiency and its product quality through enhancement of its existing production facilities. Taking advantage of the Group's reputation as a provider for meat products, the commitment to healthier, safer and quality meat products will place the Group ahead of its fellow competitors.

To satisfy the Group's future working capital, the Group will continue to implement measures to tighten cost controls over various operating expenses in order to increase its profitability and to generate positive cash inflow from its operations in the future. The Group will also actively negotiate with the banks to seek the renewal of the outstanding bank borrowings as well as to negotiate for new banking facilities. The Board is confident that the Group will achieve better results in the coming years.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend declared.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No dividend declared.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for FY2011.

PART II - ADDITIONAL INFORMATION REQUIRD FOR FULL YEAR ANNOUNCEMENT (This part is not applicable for Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

SEGMENT INFORMATION

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

			2011		
	Processed foods	Chilled and frozen rabbit meat	Chilled and frozen chicken meat	Other products	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue					
- Revenue from external customers	**511,416**	**299,492**	**420,907**	**121,582**	**1,353,397**
Reportable segment revenue	**511,416**	**299,492**	**420,907**	**121,582**	**1,353,397**
Reportable segment profit	**45,580**	**32,948**	**2,953**	**1,776**	**83,257**
Depreciation of property, plant and equipment	**16,484**	**9,653**	**13,566**	**3,919**	**43,622**
Amortisation of prepaid premium for land leases	**1,202**	**704**	**990**	**286**	**3,182**
Amortisation of intangible assets	**4,583**	**838**	**-**	**-**	**5,421**

	2010				
	Processed foods	**Chilled and frozen rabbit meat**	**Chilled and frozen chicken meat**	**Other products**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Revenue					
- Revenue from external customers	376,497	207,673	261,511	171,189	1,016,870
Reportable segment revenue	376,497	207,673	261,511	171,189	1,016,870
Reportable segment profit	22,431	20,323	4,022	9,194	55,970
Depreciation of property, plant and equipment	12,738	7,129	10,728	1,958	32,553
Amortisation of prepaid premium for land leases	914	512	770	141	2,337
Amortisation of intangible assets	5,685	419	-	-	6,104

Reportable segment revenue represented turnover of the Group in the consolidated statement of comprehensive income. A reconciliation between the reportable segment profit and the Group's profit before taxation is set out below:

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Reportable segment profit	**83,257**	55,970
Other income	**31,543**	28,517
Administrative expenses	**(69,073)**	(59,531)
Other operating expenses	**(871)**	(1,258)
Finance costs	**(33,097)**	(22,624)
Share of loss of associates	**(443)**	(280)
Profit before taxation	**11,316**	794

The following table set out information about the geographical locations of the Group's revenue from external customers. The geographical location of customers is determined based on the location at which the goods were delivered.

	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
<u>Local (Country of domicile)</u>		
PRC	**867,060**	586,329
<u>Export (Foreign countries)</u>		
Japan	**271,350**	222,669
Europe	**145,575**	135,581
Others	**69,412**	72,291
	1,353,397	1,016,870

The Group's non-current assets are solely located in the PRC (the country of domicile of the Company).

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

On a geographical basis, revenue from the export sales increased by 13.0% to approximately RMB486.3 million in FY2011. The increase in export sales was attributable mainly to the increase in demand for rabbit meat and processed food products.

PRC sales increased by 47.9% to approximately RMB867.1 million in FY2011. PRC sales achieved remarkable growth through continuous expansion of the Group's market share by optimizing its sales channels and stepping up its brand promotion.

15. A breakdown of sales

	FY2011	FY2010	% Change
	RMB'000	*RMB'000*	*+/(-)*
	(Unaudited)	(Audited)	(Unaudited)

(a) Sales reported for the 1st half year	**570,722**	443,197	28.8
(b) Operating profit after tax before deducting minority interests reported for the 1st half year	**4,642**	4,552	2.0
(c) Sales reported for the 2nd half year	**782,675**	573,673	36.4
(d) Operating profit/(loss) after tax before deducting minority interests reported for the 2nd half year	**7,598**	(1,169)	750.0

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY2011	FY2010
	RMB'000	*RMB'000*
	(unaudited)	(Audited)
Ordinary share	**-**	-
Preference share	**-**	-
Total	**-**	-

17. Interested Person Transactions

In RMB'000 (Unaudited)

	Full year ended 31 December 2011	
Name of Interested Person	**Aggregate value of all IPTs during the financial year under review excluding transactions less than $100,000 and transactions pursuant to the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual)**	**Aggregate value of all IPTs under the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual) during the financial year under review (excluding transactions less than $100,000)**
Sales to KD Group *(Note 1)*	-	632

Advances from KD Group (Note 2)	100,000	-
Rental expenses paid to related companies	344	-
Guarantees given by KD Group in connection with bank loans granted to the Group	100,000	-

Notes:

1. These are sales of the Group's products to KD Group, including Qingdao Kangda Shidai Property Development Co., Ltd., for the year ended 31 December 2011.

2. KD Group had advanced approximately RMB100.0 million to the Group which is unsecured and interest-free for the year ended 31 December 2011.

18. Disclosure of person occupying in a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Family relationship with any director and/or substantial shareholder	Current Position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Gao Yanxu	46	Nephew of Gao Sishi, Chairman & Non-Executive Director/Substantial Shareholder	Chief Executive Officer & Executive Director since 2006	NA
Gao Sishi	54	Uncle of Gao Yanxu, Chief Executive Officer & Executive Director	Chairman & Non-Executive Director since 2006	NA

BY ORDER OF THE BOARD
Gao Sishi
Chairman

Hong Kong, 26 February 2012