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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 2009

The board of directors (the "Board") of China Kangda Food Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009 together with the comparative figures for the previous year as follows:

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2009

	Notes	**2009** **RMB'000**	2008 *RMB'000*
Revenue	*5*	**750,841**	943,426
Cost of sales		**(667,701)**	(794,608)
Gross profit		**83,140**	148,818
Other income	*5*	**22,344**	24,968
Selling and distribution costs		**(16,718)**	(14,617)
Administrative expenses		**(51,768)**	(58,022)
Other operating expenses		**(1,785)**	(882)
Profit from operations	*6*	**35,213**	100,265
Finance costs	*7*	**(6,867)**	(2,988)
Share of loss of an associate		**(1)**	-

	Notes	2009 RMB'000	2008 RMB'000
Profit before taxation		**28,345**	97,277
Income tax credit/(expense)	*8*	**2,451**	(12,662)
Profit for the year		**30,796**	84,615
Other comprehensive income		**-**	-
Total comprehensive income for the year		**30,796**	84,615
Profit for the year attributable to:			
Owners of the Company		**30,355**	85,643
Minority interests		**441**	(1,028)
		30,796	84,615
Total comprehensive income attributable to:			
Owners of the Company		**30,355**	85,643
Minority interests		**441**	(1,028)
		30,796	84,615
Earnings per share for profit attributable to the owners of the Company during the year	*10*		
Basic *(RMB cents)*		**7.0**	19.4
Diluted *(RMB cents)*		**N/A**	N/A

Consolidated Statement of Financial Position
as at 31 December 2009

	Notes	**2009** **RMB'000**	2008 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**296,978**	247,568
Prepaid premium for land leases		**103,220**	45,406
Intangible asset		**4,085**	-
Long-term deposits		**-**	3,000
Interest in an associate		**682**	-
Goodwill		**3,073**	-
Biological assets		**20,791**	14,461
Deferred tax assets		**4,960**	554
		433,789	310,989
Current assets			
Biological assets		**12,230**	8,895
Inventories		**78,649**	60,655
Trade receivables	*11*	**87,467**	81,912
Prepayments, other receivables and deposits		**19,787**	26,538
Cash and bank balances		**267,884**	461,118
		466,017	639,118
Assets classified as held for sale		**-**	18,364
		466,017	657,482
Current liabilities			
Trade and bills payables	*12*	**48,076**	82,500
Accrued liabilities, other payables and deposits received		**43,128**	43,294
Interest-bearing bank borrowings		**66,795**	87,827
Amount due to a related company		**21,585**	1,047
Deferred government grants		**658**	185
Tax payables		**2,243**	6,890
		182,485	221,743
Liabilities directly associated with assets classified as held for sale		**-**	5,810
		182,485	227,553
Net current assets		**283,532**	429,929
Total assets less current liabilities		**717,321**	740,918

	2009	2008
	RMB'000	*RMB'000*
Non-current liabilities		
Interest-bearing bank borrowings	**42,991**	109,839
Deferred government grants	**9,759**	2,030
	52,750	111,869
Net assets	**664,571**	629,049
EQUITY		
Equity attributable to Company's owners		
- Share capital	**112,176**	114,178
- Reserves	**537,406**	511,176
	649,582	625,354
Minority interests	**14,989**	3,695
Total equity	**664,571**	629,049

NOTES

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 28 April 2006. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton 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 "Stock Exchange") since 9 October 2006 and 22 December 2008 respectively.

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

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

2. ADOPTION OF NEW OR AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has adopted for the first time the following new standards, amendments and interpretations (the "new IFRSs") 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 2009:

IAS 1 (Revised)	Presentation of Financial Statements
IAS 23 (Revised)	Borrowing Costs
IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (Amendment)	Share-based Payment – Vesting conditions and cancellations
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments
Various	Annual improvements to IFRSs 2008
IFRS 8	Annual improvements to IFRSs 2009

Other than as noted below, the adoption of the new IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

IAS 1 (Revised) Presentation of financial statements

The adoption of IAS 1 (Revised) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. IAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 January 2008 and accordingly this statement is not presented.

IFRS 8 Operating segments

The adoption of IFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

The Group also early adopted the amended disclosure requirements in relation to operating segments as included in the "Annual Improvements to IFRSs 2009". Following the early adoption of the said amendment, segment assets have not been disclosed as such amounts are not regularly provided to the Group's chief operating decision makers for resources allocation.

At the date of authorisation of these financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new and amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended IFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

IFRS 3 Business combinations (Revised)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

IFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

IAS 27 Consolidated and separate financial statements (Revised)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interests in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual improvements 2009

The ISAB has issued Improvements to International Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to IAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, IAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in IAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

3. BASIS OF PREPARATION

The financial statements have been prepared in accordance with IFRSs which is a collective term including all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial statements have been prepared on the historical cost basis except for biological assets which are stated at fair values. Disposal groups and non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell.

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

4. SEGMENT INFORMATION

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

			2009		
	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***
Revenue					
- Revenue from external customers	**269,085**	**142,708**	**228,453**	**110,595**	**750,841**
Reportable segment revenue	**269,085**	**142,708**	**228,453**	**110,595**	**750,841**
Reportable segment profit	**31,019**	**18,405**	**15,083**	**1,915**	**66,422**
Depreciation	**6,540**	**3,813**	**3,564**	**773**	**14,690**
Amortisation	**909**	**530**	**495**	**107**	**2,041**

	2008				
	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*
Revenue					
- Revenue from external customers	342,240	136,865	385,828	78,493	943,426
Reportable segment revenue	342,240	136,865	385,828	78,493	943,426
Reportable segment profit	63,057	31,156	31,503	8,485	134,201
Depreciation	4,810	2,341	2,637	683	10,471
Amortisation	308	150	169	43	670

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:

	2009	2008
	RMB'000	*RMB'000*
Reportable segment profit	**66,422**	134,201
Other income	**22,344**	24,968
Administrative expenses	**(51,768)**	(58,022)
Other operating expenses	**(1,785)**	(882)
Finance costs	**(6,867)**	(2,988)
Share of loss of an associate	**(1)**	-
Profit before taxation	**28,345**	97,277

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.

	2009	2008
	RMB'000	*RMB'000*
Local (Country of domicile)		
PRC	**437,172**	568,229
Export (Foreign countries)		
Japan	**174,096**	153,297
Europe	**101,177**	147,483
Others	**38,396**	74,417
	750,841	943,426

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:

	2009	2008
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**750,841**	943,426
Other income		
Interest income on financial assets stated at amortised cost		
- Interest income on bank deposits	**13,903**	8,918
- Interest income from lease	**-**	192
Rental income	**219**	219
Amortisation of deferred income on government grants	**658**	262
Government grants related to income*	**673**	3,530
Gain arising from changes in fair value of financial liabilities at fair value through profit or loss	**-**	1,673
Gains arising from changes in fair value less estimated point-of-sale costs of biological assets, net	**3,457**	1,662
Excess over the costs of business combinations recognised as income	**-**	2,379
Others	**3,434**	6,133
	22,344	24,968

* *The balance represents grants received in relation to various operations and achievements in poultry and animal rearing and food products processing of the Group.*

6. PROFIT FROM OPERATIONS

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

	2009	2008
	RMB'000	*RMB'000*
Cost of inventories recognised as an expense	**547,551**	748,809
Depreciation of property, plant and equipment*	**19,400**	13,339
Amortisation of prepaid premium for land leases**	**2,041**	670
Amortisation of an intangible asset	**105**	-
Minimum lease payments under operating leases for production facilities	**2,296**	919
Reversal of impairment on trade receivables	**-**	(54)
Excess over the costs of business combinations recognised as income	**-**	(2,379)
Gain arising from changes in fair value of financial liabilities at fair value through profit or loss	**-**	(1,673)
Gains arising from changes in fair value less estimated point-of-sale costs of biological assets, net	**(3,457)**	(1,662)
Auditors' remuneration	**1,271**	988
Non-audit fee	**885**	3,446
Staff costs (including directors' remuneration)	**54,522**	48,475
Less: Retirement scheme contribution	**(4,206)**	(3,355)
	50,316	45,120
Loss on disposal of property, plant and equipment	**839**	882
Exchange loss, net	**1,874**	1,958
Impairment on other receivable	**944**	-
Loss on disposal of a subsidiary	**1**	-

* *Depreciation of approximately RMB14,690,000 (2008: RMB10,471,000) and approximately RMB4,710,000 (2008: RMB2,868,000) has been charged to cost of sales and administrative expenses, respectively, for the year ended 31 December 2009.*

** *Amortisation of prepaid premium for land leases has been charged to cost of sales for the year ended 31 December 2009.*

7. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
Interest charges on:		
Bank loans wholly repayable within five years	**6,867**	2,988

8. INCOME TAX (CREDIT)/EXPENSE

	2009	2008
	RMB'000	*RMB'000*
Current year provision:		
PRC corporate income tax	**5,842**	14,251
Over provision in respect of prior year	**(6,010)**	(860)
	(168)	13,391
Deferred tax credit	**(2,283)**	(729)
Total income tax (credit)/expense	**(2,451)**	12,662

No Hong Kong profit tax has been provided for the year ended 31 December 2009 as the Group did not derive any assessable profit arising in Hong Kong during the year (2008: 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 profits 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 profits derived from business other than agricultural, poultry and primary food processing are then subject to corporate income tax at 25% for the year ended 31 December 2009 (2008: 25%).

Qingdao Kangda Haiqing Foods Co, Ltd. ("Kangda Haiqing") is established and operating in the PRC and subject to PRC corporate income tax. The taxable profits of Kangda Haiqing are subject to corporate income tax at 25% for the year ended 31 December 2009 (2008: 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 and Qingdao Kangda Rabbit Company Limited engaged in qualifying agricultural business, which includes breeding and sales of livestock, and are entitled to full exemption of corporate income tax during the years ended 31 December 2008 and 2009.

Tax has not been provided by the Company as the Company did not derive any assessable profits during the year (2008: Nil).

A reconciliation of the tax (credit)/expense and the accounting profit at applicable tax rates is presented below:

	2009	2008
	RMB'000	*RMB'000*
Profit before taxation	**28,345**	97,277
Tax calculated at the rates applicable to profits in the tax jurisdiction concerned	**7,407**	26,602
Tax effect of non-deductible expenses	**951**	2,356
Tax effect of non-taxable income	**-**	(475)
Tax holiday and other tax benefits of PRC subsidiaries	**(4,815)**	(14,786)
Over provision in prior year	**(6,010)**	(860)
Others	**16**	(175)
Income tax (credit)/expense	**(2,451)**	12,662

9. DIVIDENDS

The board of directors did not recommend any payment of dividends during the year (2008: Nil).

	2009	2008
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year ended 31 December 2008 of RMB0.0485 per ordinary share	**-**	21,442

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB30,355,000 (2008: RMB85,643,000) and on the weighted average of 433,308,000 (2008: weighted average of 441,792,000) ordinary shares in issue during the year.

In relation to the year ended 31 December 2008, no diluted earnings per share are presented as there was anti-dilutive effect for the share option outstanding during the period.

In relation to the year ended 31 December 2009, no diluted earnings per share are presented as there was no potential ordinary shares.

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:

	2009	2008
	RMB'000	*RMB'000*
Within 30 days	**70,321**	60,160
31 – 60 days	**12,358**	13,291
61 – 90 days	**1,816**	4,446
91 – 120 days	**1,769**	2,325
Over 120 days	**1,203**	1,690
	87,467	81,912

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. The movement in the allowance for doubtful debts during the year is as follows:

	2009	2008
	RMB'000	*RMB'000*
At 1 January	**-**	54
Reversal of impairment loss	**-**	(54)
At 31 December	**-**	-

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

	2009	2008
	RMB'000	*RMB'000*
Neither past due nor impaired	**75,771**	73,015
Not more than 3 months past due	**10,556**	8,821
3 to 6 months past due	**180**	68
6 to 12 months past due	**960**	8
	87,467	81,912

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:

	2009	2008
	RMB'000	*RMB'000*
PRC	**37,800**	23,024
Japan	**3,418**	19,221
Europe	**21,366**	26,907
Others	**24,883**	12,760
	87,467	81,912

12. TRADE AND BILLS PAYABLES

	2009	2008
	RMB'000	*RMB'000*
Trade payables	**48,076**	70,707
Bills payables	**-**	11,793
	48,076	82,500

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

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

	2009	2008
	RMB'000	*RMB'000*
Within 60 days	**35,176**	47,526
61 – 90 days	**3,737**	6,796
91 – 120 days	**2,145**	17,738
Over 120 days	**7,018**	10,440
	48,076	82,500

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group had the following acquisitions and disposal of subsidiaries for the year ended 31 December 2009:

1. On 16 February 2009, the Group entered into an agreement to sell its 70% equity interest in a subsidiary, Qingdao Spiritzone Asiawin Food Co., Ltd. ("Spiritzone Asiawin Food") to a related party at a consideration of RMB8.8 million. Spiritzone Asiawin Food was a sino-foreign equity joint venture established in the PRC and its principal business activity was the production of processed food. After taken into account the operating loss made by Spiritzone Asiawin Food for the year 2008, the directors considered that it was in the interests of the Company to dispose of Spiritzone Asiawin Food as Spiritzone Asiawin Food would probably not contribute positively to the profitability of the Group.

2. On 25 May 2009, the Group acquired 55% of the equity interest with consideration of RMB15.4 million in Qingdao Pu De Food Company Limited ("Qingdao Pu De"), a sino-foreign joint venture company incorporated in the PRC from several independent third parties. Qingdao Pu De is principally engaged in the production and sale of processed food products such as frozen vegetables, seafood products and meat products such as meatballs, Dong Po meat （東坡肉）and Gu Lao meat （古老肉）, primarily for export to the Japanese market. Its business is similar to the Group's business that can provide an opportunity for the Group to further expand its presence in the Japanese market.

3. On 26 June 2009, the Group acquired 100% equity interest in each of Qingdao Kangda Modern Agricultural Technology Development Company Limited ("Modern Agricultural") and Qingdao Baishun Food Company Limited ("Baishun") from several related parties with a total consideration of RMB7.7 million.

   The principal activities of Modern Agricultural are the planting and selling of vegetables. The acquisition of Modern Agricultural can provide the Group with its own source of supply of vegetables for the production of its processed food products. It will also strengthen the Group's existing production capacity of processed food products.

The principal activities of Baishun are the production and sale of food products.

4. On 21 November 2009, the Group entered into a share purchase agreement with two independent vendors to acquire 100% equity interest in Shandong Kaijia Food Company Limited ("Shandong Kaijia Food"), a company incorporated in the PRC, with a total consideration of RMB130 million (subject to adjustment). On 20 January 2010, an ordinary resolution proposed for approving the acquisition of 100% equity interest in Shandong Kaijia Food was duly passed by the shareholders of the Company by way of poll at a special general meeting. The principal activities of Shandong Kaijia Food and its subsidiary are the manufacturing and selling of chilled and frozen meat products and other processed foods.

   The acquisition will provide a synergy to the business of the Group and benefit the setting of the overall strategic and development plans of the Group's business in the PRC.

The Group had experienced a dynamic and challenging environment for the year ended 31 December 2009 resulting from the financial tsunami that created the worst trading conditions in living memory. The Group had experienced a decrease in its profit after tax by 63.6% to RMB30.8 million, mainly resulting from the significant decrease in the Group's products exported to the EU and Japanese markets.

Management had responded swiftly and decisively to the above decrease in demand by restructuring the Group's products' cost. The Group had also implemented an extensive marketing strategy with emphasis on manufacturing and building good relationships with customers and suppliers, widening its international client base and introducing various products to the PRC market on a continual basis.

PROSPECT

As affected by the financial tsunami in 2009, the Group's exports of processed foods to Japan and rabbit meat products to the EU had decreased significantly. After the turmoil of the financial tsunami, with the improvement in current international economic environment, the Group's business also begins to pick up gradually. The Group's export of products to Japan and the EU countries had been improved with increases in the number of orders received at this moment. The Group will leverage on the strength of its own brands in promoting a diversified quality products portfolio to strengthen its business in the PRC domestic market and also endeavour to develop the domestic market by enhancing our efforts in advertising and marketing to increase our brand awareness on customers. The Group will also continue to research and develop new type of products to better meeting the demand of consumers.

The Group acquired a number of food manufacturing enterprises in 2009 which will enhance our production capacity significantly in the near future and it is believed that they will contribute profits to the Group. The Board is confident that the Group will achieve better results in the coming years.

OPERATING AND FINANCIAL REVIEW

REVENUE BY PRODUCTS

	FY2009	FY2008	**% Change**
	RMB'000	*RMB'000*	*+/(-)*
Processed foods	**269,085**	342,240	(21.4)
Chilled and frozen rabbit meat	**142,708**	136,865	4.3
Chilled and frozen chicken meat	**228,453**	385,828	(40.8)
Other products	**110,595**	78,493	40.9
Total	**750,841**	943,426	(20.4)

Chilled and Frozen Meat Products

The rabbit and chicken meat segments contributed 49.4% and 55.4% to the Group's total revenue for the years ended 31 December 2009 ("FY2009") and 2008 ("FY2008") respectively. The revenue of the rabbit and chicken meat segments registered a 29.0% decrease to RMB371.2 million in FY2009 as compared that of FY2008.

Revenue from the rabbit meat segment contributed 19.0% to the Group’s total revenue for FY2009. Revenue from the sale of rabbit meat increased by 4.3% to RMB142.7 million in FY2009 as compared to that in FY2008. The increase was attributable to the recovering demand for the Group’s rabbit meat products in the EU market and sales of its rabbit meat products to the Russian market in the second half year.

Revenue from the chicken meat segment contributed 30.4% to the Group’s total revenue for FY2009. Revenue decreased by 40.8% to RMB228.5 million in FY2009 as compared to that in FY2008. The decrease was mainly due to keen competition in the PRC market. The significant increase in pork prices in the PRC had resulted in an increase in demand for chicken meat products as a substitute for pork in 2008. However, a continual decrease in the average price of pork from the second half year of 2008 had resulted in a significant decrease in demand for chicken meat products in FY2009.

Processed Foods

Revenue from processed foods showed a decreased by 21.4% to RMB269.1 million in FY2009 as compared to that in FY2008. The decrease was mainly due to a slow down of export of products to Japan resulted from the economic downturn.

Other Products

Revenue from other products increased by 40.9% to RMB110.6 million in FY2009 compared to RMB78.5 million in FY2008, mainly due to strong demand from the domestic market and export to Japan.

The increase in revenue was largely driven by an increase in demand for the Company’s pet food products. Pet food sales contributed over 50% to this segment with growth generated from Beijing and Shanghai markets in the PRC, and in the export sales to Japan and Korea.

REVENUE BY GEOGRAPHICAL MARKETS

	FY2009	FY2008	**% Change**
	RMB'000	*RMB'000*	*+/(-)*
Export	**313,669**	375,197	(16.4)
PRC	**437,172**	568,229	(23.1)
Total	**750,841**	943,426	(20.4)

On a geographical basis, revenue from the export sales decreased by 16.4% to RMB313.7 million in FY2009 as compared to that in FY2008. The lower export sales was attributable to a decrease in export sales of processed foods to Japan.

PRC sales decreased by 23.1% to RMB437.2 million in FY2009 as compared to that in FY2008. The decrease was mainly attributable to a decrease in sale of chicken meat products to the domestic market.

PROFITABILITY

Gross Profit and Margin

	FY2009	**FY2009**	FY2008	FY2008	**Change**	**% Change**
	RMB'000	***Margin %***	*RMB'000*	*Margin %*	*RMB'000*	*+/(-)*
Processed foods	**37,010**	**13.8**	66,859	19.5	(29,849)	(44.6)
Chilled and frozen rabbit meat	**21,582**	**15.1**	34,777	25.4	(13,195)	(37.9)
Chilled and frozen chicken meat	**20,170**	**8.8**	37,481	9.7	(17,311)	(46.2)
Other products	**4,378**	**4.0**	9,701	12.4	(5,323)	(54.9)
Total	**83,140**	**11.1**	148,818	15.8	(65,678)	(44.1)

Gross profit margin declined from 15.8% in FY2008 to 11.1% in FY2009 which was mainly due to the increase in prices of raw materials prices relating to processed foods and the reduction in selling prices of rabbit meat to the EU.

Processed Foods

Processed foods business remained as the main profit contributor in FY2009. Gross profit decreased by 44.6% to RMB37.0 million in FY2009 as compared to that in FY2008. Gross profit margin declined from 19.5% to 13.8% for FY2009, mainly due to rising raw material costs.

Chilled and frozen rabbit meat

Decrease in gross profit of rabbit meat segment was mainly due to the reduction in selling price of rabbit meat to the EU to stimulate sales during the period of global economic downturn and introduction of rabbit meat to Russian market at a relatively low price at the initial stage. Gross profit margin decreased to 15.1% in FY2009 and gross profit decreased by 37.9% to RMB21.6 million as compared to that in FY2008.

Chilled and frozen chicken meat

Gross profit margin for chicken meat segment has decreased from 9.7% to 8.8% in FY2009 was due to keen competition in the PRC market. The Group's own supply of chicken meat from its vertically-integrated operation ensured a stable price level. Gross profit decreased by RMB17.3 million or 46.2% from RMB37.5 million for FY2008 to RMB20.2 million for FY2009.

Other products

Gross profit margin decreased to 4.0% for FY2009 from 12.4% for FY2008. Other products are mainly chicken and rabbit by-products and pet food products, which are not the core profit drivers of the Group. Significant decrease in gross profit margin was due to the fluctuation in prices of chicken and rabbit by-products.

Other income

Other income of RMB22.3 million mainly comprised interest income of RMB13.9 million, gain on change in fair value of biological assets of RMB3.5 million, gain on sales of raw materials of RMB1.1 million and income from provision of testing services of RMB1.8 million.

Selling and distribution costs

The increase in selling and distribution costs of approximately RMB2.1 million or 14.4% to RMB16.7 million in FY2009 was primarily due to higher staff cost involved resulting from acquisition and establishment of subsidiaries and higher advertising cost for promotion of the Group's products.

Administrative expenses

Administrative expenses decreased by 10.8% to RMB51.8 million in FY2009 from RMB58.0 million in FY2008. This was mainly due to the inclusion of, among other things, professional fees relating to the Hong Kong listing last year which amounted to RMB19.5 million. Administrative expenses mainly comprised employee salaries and allowances of RMB16.5 million, legal and professional fees of RMB4.7 million, depreciation and amortisation of RMB4.8 million, foreign exchange loss of RMB1.9 million, and travelling expense of RMB1.9 million.

Finance costs

Finance costs increased by 129.8% to approximately RMB6.9 million for FY2009 from RMB3.0 million in FY2008 due to a 3-year syndication loan of HK$105 million which was guaranteed and secured against the Company's interests in its two subsidiaries, Perfect Good Group Limited and Spiritzone Group Limited. A bank loan of US$7 million obtained at the end of 2008 for the Group's project investment.

Taxation

Tax credit of approximately RMB2.5 million recorded in FY2009 mainly coming from the over-provision of tax in the prior year in the amount of RMB6.0 million.

Review of the Group's Financial Position as at 31 December 2009

The Group's addition of property, plant and equipment were mainly leasehold buildings and plant and machinery amounted to approximately RMB27.9 million and addition of property, plant and equipment amounted to RMB8.9 million through acquisition of a subsidiary in May 2009, namely Qingdao Pu De. Aggregate addition of property, plant and equipment in FY2009 amounted to RMB70.2 million.

The significant increase in prepaid premium for land leases of RMB57.8 million was mainly due to the rental of two parcels of land located at Jiaonan, Shandong Province with a total area of 2,372 mu for the purposes of breeding and rearing of chickens and rabbits. The tenancy agreements were signed between the Group and the local government on 26 April 2009 for a lease period of 30 years. Prepayment for these two parcels of land amounted to RMB47.8 million had been paid in May 2009.

Biological assets refer to progeny rabbits and progeny chickens held for sale and breeder rabbits and chickens held for breeding purpose. These biological assets were valued by an independent professional valuer as at 31 December 2009 with reference to the market-determined prices.

Inventories increased by RMB18.0 million to RMB78.6 million in anticipation of an increase in demand in the first quarter of 2010. The inventory turnover period for FY2009 was 38 days for FY2009 compared to 29 days for FY2008.

Trade receivables increased by RMB5.6 million to RMB87.5 million in FY2009 as compared to that of FY2008, which was attributable to higher level of credit sales towards year end resulted from the recovering demand for the Group's products. The trade receivables turnover period for was 41 days FY2009 compared to 27 days for FY2008.

Prepayments, other receivables and deposits decreased by approximately RMB6.8 million from approximately RMB26.5 million for FY2008 to approximately RMB19.8 million for FY2009. The decrease was mainly due to fewer deposits placed with the Group's suppliers for the supply of raw materials.

Trade and bills payables decreased by approximately RMB34.4 million from approximately RMB82.5 million in FY2008 to approximately RMB48.1 million in FY2009 due to shorter payment terms granted by some of the suppliers.

Accrued liabilities, other payables, and deposits received remained constant. These comprised mainly payables for construction and facilities acquired, salary and welfare payables, accrued expenses and deposit received.

The Group continued to generate positive net operating cash flow of RMB9.3 million in FY2009 and cash and cash equivalent amounted to RMB267.9 million as at the end of FY2009.

CAPITAL STRUCTURE

During the year under review, the Group had net assets of approximately RMB664.6 million (2008: RMB629.0 million), comprising non-current assets of approximately RMB433.8 million (2008: RMB311.0 million), and current assets of approximately RMB466.0 million (2008: RMB657.5 million). The Group recorded a net current asset position of approximately RMB283.5 million (2008: RMB429.9 million) as at 31 December 2009, which primarily consists of cash and bank balances amounted to approximately RMB267.9 million (2008: RMB461.1 million). Moreover, inventories amounted to approximately RMB78.6 million (2008: RMB60.7 million) and trade receivables amounted to approximately RMB87.5 million (2008: RMB81.9 million) are also major current assets. Major current liabilities are trade and bills payables, accrued liabilities, other payables and deposits received and interest-bearing bank borrowings amounted to RMB48.1 million (2008: RMB82.5 million), RMB43.1 million (2008: RMB43.3 million) and RMB66.8 million (2008: RMB87.8 million) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, the Group has cash and cash equivalent of approximately RMB267.9 million (2008: RMB461.1 million) and had total interest-bearing bank borrowings of approximately RMB109.8 million (2008: RMB197.7 million). Where, RMB86.0 million was subject to floating rate of 3.0% over HIBOR per annum and the remaining RMB23.8 million was subject to floating rate of LIBOR plus 3.5%. As at 31 December 2009, RMB66.8 million are payable in instalments within one year and the remaining RMB43.0 million are payable in instalments more than one year.

The gearing ratio for the Group was 16.9% (2008: 31.6%) as at 31 December 2009, based on net debt of RMB109.8 million (2008: RMB197.7 million) and equity attributable to Company's owners of RMB649.6 million (2008: RMB625.4 million). The Group serves its debts primarily with recurring cash flow generated from its operation, 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*
Financial assets					
Trade receivables	24,883	21,366	3,418	-	-
Cash and bank balances	5,430	-	-	730	993
	30,313	21,366	3,418	730	993
Financial liabilities					
Interest-bearing bank borrowings	23,804	-	-	-	85,982

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 2009, the capital commitment of the Group in respect of the acquisition of 100% equity interest in Shandong Kaijia Food and its subsidiary, which had been contracted for but not provided in the financial statements was in the total amount of approximately RMB130.0 million (subject to adjustment) and in respect of purchase of property, plant and equipment amounting to RMB30.6 million (2008: RMB92.9 million).

CHARGE ON ASSETS

As at 31 December 2009, a 3-year syndicated loan of HK$105.0 million was guaranteed and secured against the Company's interests in its two subsidiaries, Perfect Good Group Limited and Spiritzone Group Limited.

CONTINGENT LIABILITIES

As at 31 December 2009, the Group did not have any material contingent liabilities (2008: Nil).

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2009, the Group employed a total of 3,586 employees (2008: 2,602 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 RMB54.5 million (2008: RMB48.5 million). The Company does not have share option scheme for its employees.

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

During the period from 13 January 2009 to 19 January 2009, the Company repurchased a total of 7,728,000 of its ordinary shares of HK$0.25 each by way of market acquisition on the SGX-ST. The total consideration paid was approximately RMB6,127,000. Save as aforesaid, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities 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, Mr. Zhang Qi. The audit committee together with the management has reviewed the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the Company's audited financial statements for the year ended 31 December 2009.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practice, as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2009.

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"). The Directors have complied with the standard set out in the Model Code for the year ended 31 December 2009.

PUBLICATION OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009 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 2009 will also be published on the aforesaid websites in due course.

STATUTORY INFORMAITON

An annual general meeting of the Company will be held on 29 April 2010. The register of members of the Company will be closed from 26 April 2010 to 29 April 2010, 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 23 April 2010.

APPRECIATION

I would like to express my heartfelt gratitude to the Directors, the management and all our staff whose indispensable contributions have driven the Group to achieve impressive results for the year. My sincere appreciation also goes to all our shareholders, business partners, bankers and customers for their continued support and confidence in the Group over the years.

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

Hong Kong, 27 February 2010

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) and Mr. Zhang Qi, 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 2009 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 27 February 2010.

FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

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.

	FY2009	FY2008	% Change
	RMB'000	*RMB'000*	+/(-)
Revenue	**750,841**	943,426	(20.4)
Cost of sales	**(667,701)**	(794,608)	(16.0)
Gross profit	**83,140**	148,818	(44.1)
Other income	**22,344**	24,968	(10.5)
Selling and distribution costs	**(16,718)**	(14,617)	14.4
Administrative expenses	**(51,768)**	(58,022)	(10.8)
Other operating expenses	**(1,785)**	(882)	102.4
Profit from operations	**35,213**	100,265	(64.9)
Finance costs	**(6,867)**	(2,988)	129.8
Share of loss of an associate	**(1)**	-	N/A
Profit before taxation	**28,345**	97,277	(70.9)
Income tax credit/(expense)	**2,451**	(12,662)	(119.4)
Profit for the year	**30,796**	84,615	(63.6)
Other comprehensive income	**-**	-	N/A

	FY2009	FY2008	% Change
	RMB'000	*RMB'000*	+/(-)
Total comprehensive income for the year	**30,796**	84,615	(63.6)
Profit for the year attributable to:			
Owners of the Company	**30,355**	85,643	(64.6)
Minority interests	**441**	(1,028)	(142.9)
	30,796	84,615	(63.6)
Total comprehensive income attributable to:			
Owners of the Company	**30,355**	85,643	(64.6)
Minority interests	**441**	(1,028)	(142.9)
	30,796	84,615	(63.6)
The Group's profit before taxation is arrived at after charging/(crediting) :			
Depreciation	**19,400**	13,339	45.4
Amortisation of prepaid premium for land leases	**2,041**	670	204.6
Loss on disposal of property, plant and equipment	**839**	882	(4.9)
Exchange loss, net	**1,874**	1,958	(4.3)
Interest expenses on interest-bearing bank borrowings	**6,867**	2,988	129.8
Impairment on other receivables	**944**	-	N/A
Loss on disposal of a subsidiary	**1**	-	N/A
Interest income on bank deposits	**(13,903)**	(8,918)	55.9

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	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	**296,978**	247,568	**12**	-
Prepaid premium for land leases	**103,220**	45,406	**-**	-
Intangible asset	**4,085**	-	**-**	-
Long-term deposits	**-**	3,000	**-**	-
Investments in subsidiaries	**-**	-	**84,144**	84,144
Interest in an associate	**682**	-	**-**	-
Goodwill	**3,073**	-	**-**	-
Biological assets	**20,791**	14,461	**-**	-
Deferred tax assets	**4,960**	554	**-**	-
	433,789	310,989	**84,156**	84,144
Current assets				
Biological assets	**12,230**	8,895	**-**	-
Inventories	**78,649**	60,655	**-**	-
Trade receivables	**87,467**	81,912	**-**	-
Prepayments, other receivables and deposits	**19,787**	26,538	**88**	-
Amounts due from subsidiaries	**-**	-	**369,046**	413,443
Cash and bank balances	**267,884**	461,118	**6,190**	14,024
	466,017	639,118	**375,324**	427,467
Assets classified as held for sale	**-**	18,364	**-**	-
	466,017	657,482	**375,324**	427,467
Current liabilities				
Trade and bills payables	**48,076**	82,500	**-**	-
Accrued liabilities, other payables and deposits received	**43,128**	43,294	**2,340**	10,105
Interest-bearing bank borrowings	**66,795**	87,827	**66,795**	23,857
Amount due to a related company	**21,585**	1,047	**-**	-
Deferred government grants	**658**	185	**-**	-
Tax payables	**2,243**	6,890	**-**	-
	182,485	221,743	**69,135**	33,962
Liabilities directly associated with assets classified as held for sale	**-**	5,810	**-**	-
	182,485	227,553	**69,135**	33,962

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Net current assets	**283,532**	429,929	**306,189**	393,505
Total assets less current liabilities	**717,321**	740,918	**390,345**	477,649
Non-current liabilities				
Interest-bearing bank borrowings	**42,991**	109,839	**42,991**	109,839
Deferred government grants	**9,759**	2,030	**-**	-
	52,750	111,869	**42,991**	109,839
Net assets	**664,571**	629,049	**347,354**	367,810
EQUITY				
Equity attributable to Company's owners				
- Share capital	**112,176**	114,178	**112,176**	114,178
- Reserves	**537,406**	511,176	**235,178**	253,632
	649,582	625,354	**347,354**	367,810
Minority interests	**14,989**	3,695	**-**	-
Total equity	**664,571**	629,049	**347,354**	367,810

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

Amount repayable in one year or less, or on demand

FY2009 (Audited)		FY2008 (Audited)	
Secured	**Unsecured**	Secured	Unsecured
RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
42,991	**23,804**	27,000	60,827

Amount repayable after one year

FY2009 (Audited)		FY2008 (Audited)	
Secured	**Unsecured**	Secured	Unsecured
RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
42,991	**-**	85,982	23,857

Details of any collateral

As at 31 December 2009, a 3-year syndicated loan of HK$105.0 million was guaranteed and secured against the Company's interests in its two subsidiaries, Perfect Good Group Limited and Spiritzone Group Limited.

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.

	2009	2008
	RMB'000	*RMB'000*
Cash flows from operating activities		
Profit before taxation	**28,345**	97,277
Adjustments for :		
Interest income	**(13,903)**	(9,110)
Interest expenses	**6,867**	2,988
Gain arising from changes in fair value of financial liabilities at fair value through profit or loss	**-**	(1,673)
Gains arising from changes in fair value less estimated point-of-sale costs of biological assets, net	**(3,457)**	(1,662)
Excess over the costs of business combinations recognised as income	**-**	(2,379)
Depreciation of property, plant and equipment	**19,400**	13,339
Loss on disposal of property, plant and equipment	**839**	882
Loss on disposal of a subsidiary	**1**	-
Amortisation of prepaid premium for land leases	**2,041**	670
Amortisation of deferred income on government grant	**(658)**	(262)
Amortisation of an intangible asset	**105**	-
Reversal of impairment on trade receivables	**-**	(54)
Impairment on other receivable	**944**	-
Share of loss of an associate	**1**	-
Operating profit before working capital changes	**40,525**	100,016
(Increase)/decrease in inventories	**(15,495)**	5,742
Increase in trade receivables	**(3,944)**	(25,374)
Decrease in amounts due from related companies	**13,299**	52,721
Decrease/(increase) in prepayments, other receivables and deposits	**8,923**	(3,733)
Increase in biological assets	**(5,165)**	(6,625)
(Decrease)/increase in trade and bills payables	**(35,927)**	43,013
(Decrease)/increase in accrued liabilities, other payables and deposits received	**(2,064)**	18,384
Increase in amount due to a related company	**20,538**	2,133
Cash generated from operations	**20,690**	186,277
Interest paid	**(6,867)**	(2,988)
Income taxes paid	**(4,479)**	(21,947)
Net cash generated from operating activities	**9,344**	161,342

	2009	2008
	RMB'000	*RMB'000*
Cash flows from investing activities		
Purchases of property, plant and equipment	**(60,603)**	(101,847)
Additions to prepaid premium for land leases	**(56,578)**	(19,842)
Long-term deposits paid	**-**	(3,000)
Proceeds from disposal of property, plant and equipment	**569**	3,741
Arising from acquisition of subsidiaries (net of cash and cash equivalents)	**(21,881)**	(61,800)
Acquisition of additional interests in a subsidiary	**-**	(20,350)
Investment in an associate	**(683)**	-
Proceeds from sale of a subsidiary (net of cash disposal)	**7,775**	-
Receipt of deferred government grants	**8,860**	3,176
Interest received	**13,903**	8,918
Net cash used in investing activities	**(108,638)**	(191,004)
Cash flows from financing activities		
New bank borrowings	**-**	197,666
Repayment of bank borrowings	**(87,880)**	(25,000)
Dividend paid	**-**	(21,442)
Repurchase of shares	**(6,127)**	(1,250)
Net cash (used in)/generated from financing activities	**(94,007)**	149,974
Net (decrease)/increase in cash and cash equivalents	**(193,301)**	120,312
Cash and cash equivalents at 1 January	**461,185**	340,873
Cash and cash equivalents at 31 December	**267,884**	461,185
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**267,884**	461,118
Bank balances attributable to assets classified as held for sale	**-**	67
	267,884	461,185

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								Minority interests	Total equity
	Share capital	Proposed final dividends	Share premium*	Merger reserve*	Capital redemption reserve*	Other reserves*	Retained profits*	Total		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2008	114,550	21,442	262,076	(41,374)	-	26,285	179,424	562,403	25,073	587,476
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	-	(20,350)	(20,350)
2007 final dividends approved	-	(21,442)	-	-	-	-	-	(21,442)	-	(21,442)
Repurchase of own shares	(372)	-	(878)	-	-	-	-	(1,250)	-	(1,250)
Transfer to capital redemption reserve	-	-	-	-	372	-	(372)	-	-	-
Transactions with owners	(372)	(21,442)	(878)	-	372	-	(372)	(22,692)	(20,350)	(43,042)
Profit for the year	-	-	-	-	-	-	85,643	85,643	(1,028)	84,615
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	85,643	85,643	(1,028)	84,615
Transfer to other reserves	-	-	-	-	-	7,685	(7,685)	-	-	-
At 31 December 2008 and 1 January 2009	114,178	-	261,198	(41,374)	372	33,970	257,010	625,354	3,695	629,049
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	10,430	10,430
Contribution from a minority shareholder	-	-	-	-	-	-	-	-	4,190	4,190
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(3,767)	(3,767)
Repurchase of own shares	(2,002)	-	(4,125)	-	-	-	-	(6,127)	-	(6,127)
Transfer to capital redemption reserve	-	-	-	-	2,002	-	(2,002)	-	-	-
Transactions with owners	(2,002)	-	(4,125)	-	2,002	-	(2,002)	(6,127)	10,853	4,726
Profit for the year	-	-	-	-	-	-	30,355	30,355	441	30,796
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	30,355	30,355	441	30,796
Transfer to other reserves	-	-	-	-	-	4,812	(4,812)	-	-	-
At 31 December 2009	**112,176**	**-**	**257,073**	**(41,374)**	**2,374**	**38,782**	**280,551**	**649,582**	**14,989**	**664,571**

* *The consolidated reserves of the Group of approximately RMB537,406,000 as at 31 December 2009 (2008: approximately RMB511,176,000) as presented in the Group's statement of financial position comprised these reserve accounts.*

Company	Share Capital	Proposed final dividends	Share premium**	Merger reserve**	Capital redemption reserve**	Retained profits/ (Accumulated losses)**	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2008	114,550	21,442	262,076	6,143	-	403	404,614
2007 final dividends approved	-	(21,442)	-	-	-	-	(21,442)
Repurchase of own shares	(372)	-	(878)	-	-	-	(1,250)
Transfer to capital redemption reserve	-	-	-	-	372	(372)	-
Transactions with owners	(372)	(21,442)	(878)	-	372	(372)	(22,692)
Loss for the year	-	-	-	-	-	(14,112)	(14,112)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(14,112)	(14,112)
At 31 December 2008 and 1 January 2009	114,178	-	261,198	6,143	372	(14,081)	367,810
Repurchase of own shares	(2,002)	-	(4,125)	-	-	-	(6,127)
Transfer to capital redemption reserve	-	-	-	-	2,002	(2,002)	-
Transaction with owners	(2,002)	-	(4,125)	-	2,002	(2,002)	(6,127)
Loss for the year	-	-	-	-	-	(14,329)	(14,329)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(14,329)	(14,329)
At 31 December 2009	112,176	-	257,073	6,143	2,374	(30,412)	347,354

** *The reserves of the Company of approximately RMB235,178,000 as at 31 December 2009 (2008: approximately RMB253,632,000) 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.

Ordinary shares of HK$0.25 each	**Number of shares**	**Amount**
	'000	*HK$'000*
Authorised:		
At 31 December 2008 and 2009	2,000,000	500,000
Issued and fully paid:		
At 1 January 2008	442,106	110,527
Repurchase	(1,430)	(358)
At 31 December 2008 and 1 January 2009	440,676	110,169
Repurchase	(7,728)	(1,932)
At 31 December 2009	432,948	108,237

Note:

On 13, 14 and 19 January 2009, the Company repurchased 531,000, 900,000 and 6,297,000 of its ordinary shares, respectively, of HK$0.25 each by way of market acquisition on the SGX-ST with purchase prices ranging from S$0.170 to S$0.185 each. The total consideration paid was approximately RMB6,127,000.

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.

	FY2009	FY2008
	Audited	Audited
	'000	*'000*
Total number of ordinary shares excluding treasury shares	**432,948**	440,676

Note:

There were no treasury shares held by the Company as at FY2008 and FY2009.

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 been audited by the auditors.

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

The financial statements for the year ended 31 December 2009 which have been prepared in accordance with International Financial Reporting Standards have been audited by Grant Thornton and no qualification or emphasis of matter were noted in the reports. (Please refer to the Independent Auditors' report)

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 that in the current year, the Group has adopted all of the new and amended standards and interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for accounting years beginning on 1 January 2009.

The adoption of the new and amended standards and interpretations did not result in significant changes to the Group's accounting policies.

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

Not applicable.

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

	FY2009	FY2008
Earnings per share		
- Basic *(RMB cents)*	**7.0**	19.4
- Diluted *(RMB cents)*	**-**	-

Note:

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB30,355,000 (2008: RMB85,643,000) and on the weighted average of 433,308,000 (2008: weighted average of 441,792,000) ordinary shares in issue during the year. No diluted earnings per share are presented as there was no potential ordinary shares (2008: Anti-dilutive effect for the share option outstanding).

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**	
	FY2009	FY2008	**FY2009**	FY2008
Net asset value per ordinary share based on issued share capital at the end of:	**153.50**	142.75	**80.23**	83.46

Note:

The number of ordinary shares of the Company as at 31 December 2009 was 432,948,000 (2008: 440,676,000).

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

	FY2009	FY2008	**% Change**
	RMB'000	*RMB'000*	*+/(-)*
Processed foods	**269,085**	342,240	(21.4)
Chilled and frozen rabbit meat	**142,708**	136,865	4.3
Chilled and frozen chicken meat	**228,453**	385,828	(40.8)
Other products	**110,595**	78,493	40.9
Total	**750,841**	943,426	(20.4)

Chilled and Frozen Meat Products

The rabbit and chicken meat segments contributed 49.4% and 55.4% to the Group's total revenue for the years ended 31 December 2009 ("FY2009") and 2008 ("FY2008") respectively. The revenue of the rabbit and chicken meat segments registered a 29.0% decrease to RMB371.2 million in FY2009 as compared to that in FY2008.

Revenue from the rabbit meat segment contributed 19.0% to the Group's total revenue for FY2009. Revenue from the sale of rabbit meat increased by 4.3% to RMB142.7 million in FY2009 as compared to that in FY2008. The increase was attributable to the recovering demand for the Group's rabbit meat products in the EU market and sales of its rabbit meat products to the Russian market in the second half year of 2009.

Revenue from the chicken meat segment contributed 30.4% to the Group's total revenue for FY2009. Revenue decreased by 40.8% to RMB228.5 million in FY2009 as compared to that in FY2008. The decrease was mainly due to keen competition in the PRC market. The significant increase in pork prices in the PRC had resulted in an increase in demand for chicken meat products as a substitute for pork in 2008. However, a continual decrease in the average price of pork from the second half year of 2008 had resulted in a significant decrease in demand for chicken meat products in FY2009.

Processed Foods

Revenue from processed foods decreased by 21.4% to RMB269.1 million in FY2009 as compared to that in FY2008. The decrease was mainly due to a slow down of export of products to Japan resulted from the economic downturn.

Other Products

Revenue from other products increased by 40.9% to RMB110.6 million in FY2009 compared to RMB78.5 million in FY2008, mainly due to strong demand from the domestic market and export to Japan.

The increase in revenue was largely driven by an increase in demand for the Company's pet food products. Pet food sales contributed over 50% to this segment with growth generated from Beijing and Shanghai markets in the PRC, and export to Japan and Korea.

REVENUE BY GEOGRAPHICAL MARKETS

	FY2009	FY2008	**% Change**
	RMB'000	*RMB'000*	*+/(-)*
Export	**313,669**	375,197	(16.4)
PRC	**437,172**	568,229	(23.1)
Total	**750,841**	943,426	(20.4)

On a geographical basis, revenue from the export sales decreased by 16.4% to RMB313.7 million in FY2009 as compared to that in FY2008. The lower export sales was attributable to a decrease in export sales of processed foods to Japan.

PRC sales decreased by 23.1% to RMB437.2 million in FY2009 as compared to that in FY2008. The decrease was mainly attributable to a decrease in sale of chicken meat products to the domestic market.

PROFITABILITY

Gross Profit and Margin

	FY2009	**FY2009**	FY2008	FY2008	**Change**	**%Change**
	RMB'000	***Margin%***	*RMB'000*	*Margin %*	*RMB'000*	*+/(-)*
Processed foods	**37,010**	**13.8**	66,859	19.5	(29,849)	(44.6)
Chilled and frozen rabbit meat	**21,582**	**15.1**	34,777	25.4	(13,195)	(37.9)
Chilled and frozen chicken meat	**20,170**	**8.8**	37,481	9.7	(17,311)	(46.2)
Other products	**4,378**	**4.0**	9,701	12.4	(5,323)	(54.9)
Total	**83,140**	**11.1**	148,818	15.8	(65,678)	(44.1)

Gross profit margin declined from 15.8% in FY2008 to 11.1% in FY2009 which was mainly due to the increase in prices of raw materials prices relating to processed foods and the reduction in selling prices of rabbit meat to the EU.

Processed Foods

Processed foods business remained as the main profit contributor in FY2009. Gross profit decreased by 44.6% to RMB37.0 million in FY2009 as compared to that in FY2008. Gross profit margin declined from 19.5% to 13.8% for FY2009, mainly due to rising raw material costs.

Chilled and frozen rabbit meat

Decrease in gross profit of rabbit meat segment was mainly due to the reduction in selling price of rabbit meat to the EU to stimulate sales during the global economic downturn and introduction of rabbit meat to Russian market at a relatively low price at the initial stage. Gross profit margin decreased to 15.1% in FY2009 and gross profit decreased by 37.9% to RMB21.6 million as compared to that in FY2008.

Chilled and frozen chicken meat

Gross profit margin for chicken meat segment has decreased from 9.7% to 8.8% in FY2009 due to keen competition in the PRC market. The Group's own supply of chicken meat from its vertically-integrated operation ensured a stable price level. Gross profit decreased by RMB17.3 million or 46.2% from RMB37.5 million for FY2008 to RMB20.2 million for FY2009.

Other products

Gross profit margin decreased to 4.0% for FY2009 from 12.4% for FY2008. Other products are mainly chicken and rabbit by-products and pet food products, which are not the core profit drivers of the Group. Significant decrease in gross profit margin was due to the fluctuation in prices of chicken and rabbit by-products.

Other income

Other income of RMB22.3 million mainly comprised interest income of RMB13.9 million, gain on change in fair value of biological assets of RMB3.5 million, gain on sales of raw materials of RMB1.1 million and income from provision of testing services of RMB1.8 million.

Selling and distribution costs

The increase in selling and distribution costs of approximately RMB2.1 million or 14.4% to RMB16.7 million in FY2009 was primarily due to higher staff cost resulting from acquisition and establishment of subsidiaries and higher advertising cost for promotion of the Group's products.

Administrative expenses

Administrative expenses decreased by 10.8% to RMB51.8 million in FY2009 from RMB58.0 million in FY2008. This was mainly due to the inclusion, of among other things, professional fees relating to the Hong Kong listing last year which amounted to RMB19.5 million. Administrative expenses mainly comprised employee salaries and allowances of RMB16.5 million, legal and professional fees of RMB4.7 million, depreciation and amortisation of RMB4.8 million, foreign exchange loss of RMB1.9 million, and travelling expense of RMB1.9 million.

Finance costs

Finance costs increased by 129.8% to approximately RMB6.9 million for FY2009 from RMB3.0 million in FY2008 due to a 3-year syndication loan of HK$105 million which was guaranteed and secured against the Company's interests in its two subsidiaries, Perfect Good Group Limited and Spiritzone Group Limited. A bank loan of US$7 million obtained at the end of 2008 for the Group's project investment.

Taxation

Tax credit of approximately RMB2.5 million recorded in FY2009 mainly coming from the over-provision of tax in the prior year in the amount of RMB6.0 million.

(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 2009

The Group's addition of property, plant and equipment were mainly leasehold buildings and plant and machinery amounted to approximately RMB27.9 million and addition of property, plant and equipment amounted to RMB8.9 million through acquisition of a subsidiary in May 2009, namely Qingdao Pu De Food Company Limited. Aggregate addition of property, plant and equipment in FY2009 amounted to RMB70.2 million.

The significant increase in prepaid premium for land leases of RMB57.8 million was mainly due to the rental of two parcels of land located at Jiaonan, Shandong Province with a total area of 2,372 mu for the purposes of breeding and rearing of chickens and rabbits. The tenancy agreements were signed between the Group and the local government on 26 April 2009 for a lease period of 30 years. Prepayment for these two parcels of land amounted to RMB47.8 million had been paid in May 2009.

Biological assets refer to progeny rabbits and progeny chickens held for sale and breeder rabbits and chickens held for breeding purpose. These biological assets were valued by an independent professional valuer as at 31 December 2009 with reference to the market-determined prices.

Inventories increased by RMB18.0 million to RMB78.6 million in anticipation of an increase in demand in the first quarter of 2010. The inventory turnover period for FY2009 was 38 days for FY2009 compared to 29 days for FY2008.

Trade receivables increased by RMB5.6 million to RMB87.5 million in FY2009 as compared to that of FY2008, which was attributable to higher level of credit sales towards year end resulted from the recovering demand for the Group's products. The trade receivables turnover period was 41 days for FY2009 compared to 27 days for FY2008.

Prepayments, other receivables and deposits decreased by approximately RMB6.8 million from approximately RMB26.5 million for FY2008 to approximately RMB19.8 million for FY2009. The decrease was mainly due to fewer deposits placed with the Group's suppliers for the supply of raw materials.

Trade and bills payables decreased by approximately RMB34.4 million from approximately RMB82.5 million in FY2008 to approximately RMB48.1 million in FY2009 due to shorter payment terms granted by some of the suppliers.

Accrued liabilities, other payables, and deposits received remained constant. These comprised mainly payables for construction and facilities acquired, salary and welfare payables, accrued expenses and deposit received.

The Group continued to generate positive net operating cash flow of RMB9.3 million in FY2009 and cash and cash equivalents amounted to RMB267.9 million as at the end of FY2009.

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

Not applicable.

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.

Jilin Rabbit project

The new processing plant in Nongan County, Jilin Province, the PRC has commenced operation in March 2009 and has contributed to the Group's total sales. This plant rears and breeds rabbits and processes rabbit meat and is able to increase the Group's production capacity of rabbit meat to 12,000 tons per annum.

Significant trends and competitive conditions of the industry

The Group had experienced a dynamic and challenging environment for the year ended 31 December 2009 resulting from the financial tsunami that created the worst trading conditions in living memory. The Group had experienced a decrease in its profit after tax by 63.6% to RMB30.8 million, mainly resulting from the significant decrease in the Group's products exported to the EU and Japanese markets.

Management had responded swiftly and decisively to the above decrease in demand by restructuring the Group's products' cost. The Group had also implemented an extensive marketing strategy with emphasis on manufacturing and building good relationships with customers and suppliers, widening its international client base and introducing various products to the PRC market on a continual basis.

Acquisition of a food processing company

On 21 November 2009, the Group have entered into the share purchase agreement with two independent vendors to acquire 100% equity interest in Shandong Kaijia Food Company Limited ("Shandong Kaijia Food"), a company incorporated in the PRC, with a total consideration of RMB130 million (subject to adjustment). On 20 January 2010, an ordinary resolution proposed for approving the acquisition of 100% equity interest in Shandong Kaijia Food was duly passed by the shareholders of the Company by way of poll at a special general meeting. The principal activities of Shandong Kaijia Food and its subsidiary are those of manufacturing and selling of chilled and frozen meat products and other processed foods.

The acquisition will provide a synergy to the business of the Group and it would benefit the setting of the overall strategic and development plans of the Group business in the PRC.

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 FY2009.

PART II - ADDITIONAL INFORMATION REQUIRD FOR FUL 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:

	2009				
	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***
Revenue					
- Revenue from external customers	**269,085**	**142,708**	**228,453**	**110,595**	**750,841**
Reportable segment revenue	**269,085**	**142,708**	**228,453**	**110,595**	**750,841**
Reportable segment profit	**31,019**	**18,405**	**15,083**	**1,915**	**66,422**
Depreciation	**6,540**	**3,813**	**3,564**	**773**	**14,690**
Amortisation	**909**	**530**	**495**	**107**	**2,041**

	2008				
	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*
Revenue					
- Revenue from external customers	342,240	136,865	385,828	78,493	943,426
Reportable segment revenue	342,240	136,865	385,828	78,493	943,426
Reportable segment profit	63,057	31,156	31,503	8,485	134,201
Depreciation	4,810	2,341	2,637	683	10,471
Amortisation	308	150	169	43	670

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:

	2009	2008
	RMB'000	*RMB'000*
Reportable segment profit	**66,422**	134,201
Other income	**22,344**	24,968
Administrative expenses	**(51,768)**	(58,022)
Other operating expenses	**(1,785)**	(882)
Finance costs	**(6,867)**	(2,988)
Share of loss of an associate	**(1)**	-
Profit before taxation	**28,345**	97,277

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.

	2009	2008
	RMB'000	*RMB'000*
Local (Country of domicile)		
PRC	**437,172**	568,229
Export (Foreign countries)		
Japan	**174,096**	153,297
Europe	**101,177**	147,483
Others	**38,396**	74,417
	750,841	943,426

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 decreased by 16.4% to RMB313.7 million in FY2009. The lower export sales was mainly due to a decrease in export sales of processed foods to Japan.

PRC sales decreased by 23.1% to RMB437.2 million in FY2009, this was mainly attributable to a decrease in sale of chicken meat products to the domestic market.

15. A breakdown of sales

	FY2009	FY2008	**% Change**
	RMB'000	*RMB'000*	*+/(-)*
(a) Sales reported for the 1st half year	**344,796**	456,057	(24.4)
(b) Operating profit after tax before deducting minority interests reported for the 1st half year	**17,568**	60,238	(70.8)
(c) Sales reported for the 2nd half year	**406,045**	487,369	(16.7)
(d) Operating profit after tax before deducting minority interests reported for the 2nd half year	**12,787**	25,405	(49.7)

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

	FY2009	FY2008
	RMB'000	*RMB'000*
Ordinary share	**-**	-
Preference share	**-**	-
Total	**-**	-

17. Interested Person Transactions

In RMB'000

	Full year ended 31 December 2009	
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)*	-	2,189
Purchases from KD Group *(Note 2)*	-	47,543
Rental income received from a related company	219	-
Rental expenses paid to related companies	188	-

Notes:

1. These are the sales of the Group's products to KD Trading Group, including KD Shidai Property Company, KD Modern Farm, KD Feed Company and KD Delijia for the year ended 31 December 2009.

2. These are the purchases of raw materials such as vegetables and animal feeds from the KD Trading Group including KD Feed Company and KD Modern Farm for the year ended 31 December 2009.

18. Utilisation of IPO Proceeds

The Company refers to the net IPO proceeds amounted to RMB142.0 million (equivalent to S$28.1 million) raised from the initial public offering of its shares.

The Group has fully utilised its IPO proceeds as of to-date in accordance with the purposes stated in its IPO's prospectus as follow:

	Intended Use	Amount Allocated and Utilised
1.	To increase production capacity of existing product including cold storage facilities	RMB56.0 million (equivalent to S$11.1 million)
2.	To establish production facilities for new products	RMB14.0 million (equivalent to S$2.8 million)
3.	To acquire land	RMB30.0 million (equivalent to S$5.9 million)
4.	For establishment of farms	RMB32.0 million (equivalent to S$6.3 million)
5.	To build a new building to house the Company's product development centre	RMB10.0 million (equivalent to S$2.0 million)
	Total	RMB142.0 million (equivalent to S$28.1 million)

BY ORDER OF THE BOARD
Gao Sishi
Chairman

Hong Kong, 27 February 2010

Independent Auditors' Report

To the members of China Kangda Food Company Limited
(incorporated in Bermuda with limited liability)

We have audited the financial statements of China Kangda Food Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the company and consolidated statements of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the company and consolidated statements of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. Their opinion on these financial statements is set out in the Statement by the Directors.

The directors' responsibility for these financial statements includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Auditors' responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with disclosure requirements of the Hong Kong Companies Ordinance.

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27 February 2010