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C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Summary

The board of directors (the “Board”) of C.P. POKPHAND CO. LTD. (the “Company”) is making this announcement of the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the nine months ended 30 September 2021 in line with its current practice to publish its financial results quarterly.

The unaudited consolidated loss attributable to shareholders of the Company for the nine months ended 30 September 2021 was approximately US\$17 million.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(IN US\$'000)**

	2021			2020 (Note)		
	Nine months ended 30 September			Nine months ended 30 September		
	Results before biological assets fair value changes	Biological assets fair value changes	Total	Results before biological assets fair value changes (Restated)	Biological assets fair value changes (Restated)	Total (Restated)
CONTINUING OPERATIONS						
REVENUE	3,304,860	-	3,304,860	3,199,600	-	3,199,600
Cost of sales	(2,659,928)	-	(2,659,928)	(2,206,063)	-	(2,206,063)
Gross profit	644,932	-	644,932	993,537	-	993,537
Net changes in fair value of biological assets	-	(137,986)	(137,986)	-	(8,740)	(8,740)
	644,932	(137,986)	506,946	993,537	(8,740)	984,797
Other income, net	26,024	-	26,024	17,536	-	17,536
Selling and distribution costs	(104,333)	-	(104,333)	(83,098)	-	(83,098)
General and administrative expenses	(178,534)	-	(178,534)	(175,666)	-	(175,666)
Finance costs	(65,863)	-	(65,863)	(63,800)	-	(63,800)
Share of profits and losses of:						
Joint venture	(2)	-	(2)	(31)	-	(31)
A 35%-owned associate	(19,663)	(44,309)	(63,972)	-	-	-
Other associates	(197)	-	(197)	(73)	-	(73)
PROFIT BEFORE TAX	302,364	(182,295)	120,069	688,405	(8,740)	679,665
Income tax	(88,230)	21,773	(66,457)	(143,239)	564	(142,675)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	214,134	(160,522)	53,612	545,166	(8,176)	536,990
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-	-	-	154,600	-	154,600
PROFIT FOR THE PERIOD	214,134	(160,522)	53,612	699,766	(8,176)	691,590

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(IN US\$'000) (Continued)

	2021			2020 (Note)		
	Nine months ended 30 September			Nine months ended 30 September		
	Results before biological assets fair value changes	Biological assets fair value changes	Total	Results before biological assets fair value changes (Restated)	Biological assets fair value changes (Restated)	Total (Restated)
Profit/(loss) attributable to:						
Shareholders of the Company						
Continuing operations	110,038	(126,611)	(16,573)	362,311	(5,790)	356,521
Discontinued operations	-	-	-	139,561	-	139,561
	110,038	(126,611)	(16,573)	501,872	(5,790)	496,082
Non-controlling interest						
Continuing operations	104,096	(33,911)	70,185	182,855	(2,386)	180,469
Discontinued operations	-	-	-	15,039	-	15,039
	104,096	(33,911)	70,185	197,894	(2,386)	195,508
	214,134	(160,522)	53,612	699,766	(8,176)	691,590
PROFIT FOR THE PERIOD	214,134	(160,522)	53,612	699,766	(8,176)	691,590
OTHER COMPREHENSIVE INCOME						
Continuing operations						
Items that will not be reclassified subsequently to profit or loss:						
Share of other comprehensive income of:						
Associates			2,242			-
			2,242			-
Items that may be reclassified subsequently to profit or loss:						
Exchange differences related to translation of foreign operations			19,718			12,850
Cash flow hedge – effective portion of changes in fair value			(3,013)			-
Income tax effect			603			-
Share of other comprehensive income of:						
Associates			39,376			-
			56,684			12,850

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(IN US\$'000) (Continued)

	2021			2020 (Note)		
	Nine months ended 30 September			Nine months ended 30 September		
	Results before biological assets fair value changes	Biological assets fair value changes	Total	Results before biological assets fair value changes (Restated)	Biological assets fair value changes (Restated)	Total (Restated)
OTHER COMPREHENSIVE INCOME <i>(continued)</i>						
Continuing operations <i>(continued)</i>						
Other comprehensive income from continuing operations, net of income tax			58,926			12,850
Discontinued operations						
Items that will not be reclassified subsequently to profit or loss:						
Equity investments at fair value through other comprehensive income			-			(6,388)
Income tax effect			-			1,597
			-			(4,791)
Items that may be reclassified subsequently to profit or loss:						
Exchange differences related to translation of foreign operations			-			18,682
Share of other comprehensive income of:						
Joint venture			-			540
Associates			-			2,520
			-			21,742
Other comprehensive income from discontinued operations, net of income tax			-			16,951
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX			58,926			29,801
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			112,538			721,391

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(IN US\$'000) (Continued)

	2021			2020 (Note)		
	Nine months ended 30 September			Nine months ended 30 September		
	Results before biological assets fair value changes	Biological assets fair value changes	Total	Results before biological assets fair value changes (Restated)	Biological assets fair value changes (Restated)	Total (Restated)
Total comprehensive income attributable to:						
Shareholders of the Company						
Continuing operations	163,652	(126,611)	37,041	375,065	(5,790)	369,275
Discontinued operations	–	–	–	153,695	–	153,695
	163,652	(126,611)	37,041	528,760	(5,790)	522,970
Non-controlling interest						
Continuing operations	109,408	(33,911)	75,497	182,951	(2,386)	180,565
Discontinued operations	–	–	–	17,856	–	17,856
	109,408	(33,911)	75,497	200,807	(2,386)	198,421
	273,060	(160,522)	112,538	729,567	(8,176)	721,391
<i>Details of revenue:</i>						
<i>Vietnam feed business</i>			792,138			677,415
<i>Vietnam farm business</i>			1,709,618			1,793,880
<i>Vietnam food business</i>			133,168			111,992
<i>China farm business</i>			402,359			383,680
<i>China food business</i>			267,413			232,459
<i>Others</i>			164			174
			3,304,860			3,199,600
<i>Depreciation of other right-of-use assets</i>			38,938			27,874
<i>Other depreciation and amortisation</i>			134,078			109,939
<i>Interest expense on lease liabilities</i>			39,698			27,106

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(IN US\$'000)

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	1,683,821	1,588,640
Investment properties	–	859
Land use rights	89,089	89,129
Other right-of-use assets	437,988	418,173
Non-current biological assets	85,342	79,622
Investments in joint venture	33	35
Investments in a 35%-owned associate	2,173,021	2,284,310
Investments in other associates	12,465	46,692
Other non-current assets	59,094	65,014
Deferred tax assets	9,628	8,242
Total non-current assets	4,550,481	4,580,716
CURRENT ASSETS		
Inventories	585,201	409,167
Current biological assets	703,187	638,820
Trade receivables	193,791	123,285
Prepayments, deposits and other receivables	264,391	295,802
Pledged deposits	7,755	11,896
Time deposits with maturity over three months	8,543	1,605
Cash and cash equivalents	299,837	535,891
Total current assets	2,062,705	2,016,466
CURRENT LIABILITIES		
Trade and bills payables	528,988	391,224
Other payables and accruals	451,421	434,101
Dividend payable	81,195	–
Lease liabilities	39,651	38,076
Bank and other borrowings	548,443	306,307
Income tax payables	13,535	58,241
Total current liabilities	1,663,233	1,227,949
NET CURRENT ASSETS	399,472	788,517
TOTAL ASSETS LESS CURRENT LIABILITIES	4,949,953	5,369,233

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(IN US\$'000) *(Continued)*

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	468,946	442,471
Bank borrowings	835,508	829,620
Other non-current liabilities	26,960	24,882
Deferred tax liabilities	21,433	39,550
Total non-current liabilities	1,352,847	1,336,523
NET ASSETS	3,597,106	4,032,710
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	253,329	253,329
Reserves	2,994,473	3,048,219
Dividend	–	246,834
	3,247,802	3,548,382
Non-controlling interest	349,304	484,328
TOTAL EQUITY	3,597,106	4,032,710

The Group's unaudited consolidated results for the nine months ended 30 September 2021 have been prepared by the directors based on the unaudited management accounts of the Group for the nine months ended 30 September 2021, on a basis consistent in all material respects in accordance with the accounting policies adopted by the Group as disclosed in the audited financial statements for the financial year ended 31 December 2020, except for the new standards and amendments to International Financial Reporting Standards ("IFRS") that are first effective for the current period. These new standards and amendments do not have significant financial effect on this financial information.

Note:

On 1 December 2020, Chia Tai Investment Co., Ltd. ("CTI"), originally a wholly-owned subsidiary of the Company, completed the acquisition of 43 entities that are engaged in swine business from Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd. ("CTAI"), a related company, for an aggregate consideration of RMB28,140 million (equivalent to approximately US\$4,312 million). The consideration was settled by means of issuance of new shares in CTI to CTAI representing 65% of its share capital as enlarged by such issue. Upon completion of this transaction on 1 December 2020, CTI is owned as to 35% by the Company and 65% by CTAI.

Accordingly, the financial results of CTI for the nine months ended 30 September 2020 were de-consolidated and presented as “Discontinued operations” in the consolidated financial statements in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Therefore, prior period comparative has been restated to conform with the current period presentation. Financial results of CTI for the nine months ended of 30 September 2021 were accounted for under the equity method and shown under “Share of profits and losses of a 35%-owned associate” on the unaudited consolidated statement of comprehensive income.

TAKEOVERS CODE IMPLICATIONS

Reference is made to the announcement (the “Announcement”) jointly issued by the Company and CPF Investment Limited on 30 September 2021 in relation to, among other things, the proposed privatisation of the Company (the “Proposal”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement. This announcement is made after the commencement of the offer period (as defined under the Takeovers Code) in respect of the Proposal.

The unaudited profit figures, “profit for the period” and “loss attributable to Shareholders of the Company” for the nine months ended 30 September 2021 as set out in the unaudited consolidated statement of comprehensive income above constitute a profit forecast under Rule 10 of the Takeovers Code (the “Profit Estimate”), and should be reported on by both the relevant financial advisers and auditors or accountants of the Company (the “Rule 10 Reports”). The unaudited figures for the nine months ended 30 September 2021 have not been audited or reviewed by independent auditors nor reviewed by the audit committee of the Company.

According to Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code, reporting on a profit forecast involves the relevant financial advisers satisfying themselves that the forecast has been made with due care and consideration and the relevant auditors or accountants satisfying themselves that the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made. The Rule 10 Reports must be included in this announcement in accordance with Rule 10 of the Takeovers Code.

The Profit Estimate has been reported on by KPMG, as auditors of the Company, and Ballas Capital Limited, as independent financial adviser, in accordance with the requirements under Rule 10 of the Takeovers Code. The respective letters from KPMG and Ballas Capital Limited are set out in Appendices I and II below, respectively.

Each of KPMG and Ballas Capital Limited has given and has not withdrawn its consent to the issue of this announcement with the inclusion of its letter, report and/or opinion and the reference to its name in the form and context in which they appear in this announcement.

By Order of the Board
Arunee Watcharananan
Director

Hong Kong, 12 November 2021

As at the date of this announcement, the Board comprises Mr. Soopakij Chearavanont (Chairman and Executive Director), Mr. Adirek Sripratak, Mr. Suphachai Chearavanont, Mr. Narong Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mrs. Arunee Watcharananan and Mr. Yu Jianping (each an Executive Director), and Mr. Meth Jiaravanont and Mr. Yoichi Ikezoe (each a Non-executive Director), and Mr. Vinai Vittavasgarnvej, Mrs. Vatchari Vimooktayon, Mr. Cheng Yuk Wo, Professor Dr. Pongsak Angkasith and General Udomdej Sitabutr (each an Independent Non-executive Director).

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in the announcement misleading.

Appendix I — Report from KPMG

The following is the text of a report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

12 November 2021

The Board of Directors
C.P. POKPHAND CO. LTD.
21/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Dear Sirs,

C.P. POKPHAND CO. LTD. (the “Company”) and its subsidiaries (collectively referred to as the “Group”)

Profit Estimate for the nine months ended 30 September 2021

We refer to the estimate of the “profit for the period” and “loss attributable to Shareholders of the Company” for the nine months ended 30 September 2021 (the “Profit Estimate”) as set forth in the Company’s announcement dated 12 November 2021 with regards to the Company’s unaudited results for the nine months ended 30 September 2021.

We have been advised by the directors of the Company that the Profit Estimate was prepared based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2021, which had been prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2020 and the interim report of the Company for the six months ended 30 June 2021 which conform with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”).

The Profit Estimate is prepared by the directors of the Company and constitutes a profit forecast under Rule 10 of the Code on Takeovers and Mergers issued by The Securities and Futures Commission.

Directors' Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended 30 September 2021.

The Company's directors are solely responsible for the Profit Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures. We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in the Company's announcement dated 12 November 2021 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2020 and the interim report of the Company for the six months ended 30 June 2021.

Yours faithfully,

KPMG

Certified Public Accountants

Hong Kong

Appendix II — Letter from the Independent Financial Adviser

BALLAS
C A P I T A L

Unit 1802, 18/F,
1 Duddell Street, Central
Hong Kong

12 November 2021

The board of Directors
C.P. POKPHAND CO. LTD.
21st Floor, Far East Finance Centre
16 Harcourt Road, Hong Kong

Dear Sir or Madam,

C.P. POKPHAND CO. LTD. (the “Company”) and its subsidiaries (collectively, the “Group”)

We refer to the estimate of the “profit for the period” and “loss attributable to shareholders of the Company” for the nine months ended 30 September 2021 (the “**Profit Estimate**”) as set out in the Company’s announcement dated 12 November 2021 with regards to the Company’s unaudited results for the nine months ended 30 September 2021.

The Profit Estimate is regarded as a profit forecast pursuant to Rule 10 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) and is required to be reported on in accordance with Rule 10 of the Takeovers Code.

The Profit Estimate has been compiled by the directors of the Company (the “**Directors**”) based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2021 (the “**September Management Accounts**”) prepared by the Directors. The September Management Accounts forms the key bases upon which the Profit Estimate has been compiled.

We have reviewed the Profit Estimate and the September Management Accounts and discussed with the Directors and the management of the Company the bases and the adopted accounting policies upon which the September Management Accounts and the Profit Estimate were prepared respectively. We have also considered the report on the Profit Estimate dated 12 November 2021 issued by KPMG to you. KPMG is of the opinion that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in the Company’s announcement dated 12 November 2021 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2020 and the interim report of the Company for the six months ended 30 June 2021.

Based on our work done set out above, we are satisfied that the Profit Estimate for which the Directors are solely responsible has been compiled by the Directors with due care and consideration.

This letter is provided to the board of Directors solely for the purpose of complying with Rule 10 of the Takeovers Code. We do not accept any responsibility to any other person in respect of, arising out of, or in connection with this letter.

Yours faithfully,
For and on behalf of
Ballas Capital Limited

Heidi Cheng
Managing Director