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C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED RESULTS

The board of directors (the “Board”) of C.P. Pokphand Co. Ltd. (the “Company” or “CPP”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2015	2014
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
			(Restated)
CONTINUING OPERATIONS			
REVENUE	4	5,129,818	5,508,559
Cost of sales		<u>(4,225,347)</u>	<u>(4,652,765)</u>
Gross profit		904,471	855,794
Net changes in fair value of biological assets	5	<u>6,954</u>	<u>9,287</u>
		911,425	865,081
Other income, net	6	32,600	19,124
Selling and distribution costs		(272,933)	(281,894)
General and administrative expenses		(246,251)	(224,840)
Finance costs		(39,121)	(49,180)
Share of profits and losses of:			
Joint ventures		3,679	4,063
Associate		<u>11,352</u>	<u>10,895</u>
PROFIT BEFORE TAX	7	400,751	343,249
Income tax	8	<u>(91,976)</u>	<u>(82,707)</u>
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		<u>308,775</u>	<u>260,542</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

		Year ended 31 December	
	<i>Note</i>	2015	2014
		US\$'000	<i>US\$'000</i>
			(Restated)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	14	<u>30,402</u>	<u>35,294</u>
PROFIT FOR THE YEAR		<u>339,177</u>	<u>295,836</u>
OTHER COMPREHENSIVE INCOME			
Continuing operations			
Items that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of office premises, net		3,600	3,844
Income tax effect		<u>(478)</u>	<u>(836)</u>
		<u>3,122</u>	<u>3,008</u>
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(69,761)	(15,324)
Share of other comprehensive income of:			
Joint ventures		(873)	(316)
Associate		<u>(2,127)</u>	<u>(666)</u>
		<u>(72,761)</u>	<u>(16,306)</u>
Other comprehensive income from continuing operations, net of income tax		<u>(69,639)</u>	<u>(13,298)</u>
Discontinued operations			
Items that are or will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		121	(9,010)
Share of other comprehensive income of:			
Joint ventures		(1,057)	(248)
Associate		21	(260)
Deregistration of subsidiary		-	(225)
Disposal of subsidiaries and joint venture		-	(7,954)
Release of exchange fluctuation reserve upon distribution in specie of CTEI		<u>(23,751)</u>	<u>-</u>
Other comprehensive income from discontinued operations, net of income tax		<u>(24,666)</u>	<u>(17,697)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(94,305)</u>	<u>30,995</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>244,872</u>	<u>264,841</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

	Year ended 31 December	
<i>Note</i>	2015	2014
	<i>US\$'000</i>	<i>US\$'000</i> (Restated)
Profit attributable to:		
Shareholders of the Company		
Continuing operations	242,497	218,992
Discontinued operations	25,078	32,433
	267,575	251,425
Non-controlling interest		
Continuing operations	66,278	41,550
Discontinued operations	5,324	2,861
	71,602	44,411
	339,177	295,836
Total comprehensive income attributable to:		
Shareholders of the Company		
Continuing operations	182,645	198,292
Discontinued operations	3,706	15,118
	186,351	213,410
Non-controlling interest		
Continuing operations	56,491	48,952
Discontinued operations	2,030	2,479
	58,521	51,431
	244,872	264,841
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY 10		
	<i>US cents</i>	<i>US cents</i>
– Basic		
Continuing operations	0.957	0.868
Discontinued operations	0.099	0.128
	1.056	0.996
	1.056	0.996
– Diluted		
Continuing operations	0.957	0.866
Discontinued operations	0.099	0.128
	1.056	0.994
	1.056	0.994

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2015	2014
<i>Note</i>		<i>US\$'000</i>	<i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,182,138	1,071,181
Investment properties		16,365	18,927
Land lease prepayments		105,748	62,493
Non-current biological assets		49,481	47,598
Intangible assets		34,169	38,532
Investments in joint ventures		19,669	90,903
Investments in associates		48,200	57,988
Available-for-sale investments		8,435	8,826
Goodwill		37,563	39,303
Other non-current assets		18,712	34,035
Deferred tax assets		4,411	741
		<hr/>	<hr/>
Total non-current assets		1,524,891	1,470,527
CURRENT ASSETS			
Inventories		494,676	588,332
Current biological assets		299,210	295,507
Trade and bills receivables	11	148,352	160,056
Prepayments, deposits and other receivables		116,727	143,123
Pledged deposits		48,900	40,870
Time deposits with maturity over three months		206,869	168,462
Cash and cash equivalents		288,238	287,141
		<hr/>	<hr/>
Total current assets		1,602,972	1,683,491
CURRENT LIABILITIES			
Trade and bills payables	12	280,802	245,702
Other payables and accruals		320,309	305,552
Bank borrowings		482,963	515,902
Income tax payables		26,924	22,512
		<hr/>	<hr/>
Total current liabilities		1,110,998	1,089,668
		<hr/>	<hr/>
NET CURRENT ASSETS		491,974	593,823
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,016,865	2,064,350
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

		At 31 December	
		2015	2014
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
NON-CURRENT LIABILITIES			
Bank borrowings		620,107	609,333
Other non-current liabilities		25,543	21,803
Deferred tax liabilities		55,333	46,806
		<hr/>	<hr/>
Total non-current liabilities		700,983	677,942
		<hr/>	<hr/>
NET ASSETS		1,315,882	1,386,408
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	13	253,329	253,329
Reserves		763,939	853,386
Proposed final dividend	9	68,644	71,913
		<hr/>	<hr/>
		1,085,912	1,178,628
		<hr/>	<hr/>
Non-controlling interest		229,970	207,780
		<hr/>	<hr/>
TOTAL EQUITY		1,315,882	1,386,408
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NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board. These financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest thousand (“US\$’000”) except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following amendments to IFRSs for the first time for the current year’s financial statements:

Amendments to IAS19	Amendments to IAS19 <i>Employee benefits – Defined benefit plans: Employee contributions</i>
Annual Improvements to IFRSs 2010-2012 cycle	Amendments to a number of IFRSs
Annual Improvements to IFRSs 2011-2013 cycle	Amendments to a number of IFRSs

The adoption of these amendments to IFRSs has had no significant financial effect on these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current year.

3. OPERATING SEGMENT INFORMATION

On 29 June 2015, the Group spun-off its biochemical and industrial segments under Chia Tai Enterprises International Limited (“CTEI”) (the “Discontinued Operations”) via a distribution in specie. The Group, after the spin-off, continues to operate three operating segments, namely the China agri-food segment, the Vietnam agri-food segment and the investment and property holding segment (collectively referred to as the “Continuing Operations”). Prior year comparative segment information has been restated to conform with the current year presentation accordingly.

For management purposes, the Group is organised into business units based on their products and services:

Continuing operations

- the China agri-food segment is engaged in the manufacture and sale of animal feed and value-added processed food products in the People’s Republic of China (the “PRC”);
- the Vietnam agri-food segment is engaged in the manufacture and sale of animal feed products, breeding, farming and sale of livestock and aquatic animals, and the manufacture and sale of value-added processed food products in the Socialist Republic of Vietnam (“Vietnam”); and
- the investment and property holding segment is engaged in leasing properties owned by the Group and investments in group companies.

3. OPERATING SEGMENT INFORMATION *(Continued)*

Discontinued operations

- the biochemical segment is engaged in the manufacture and sale of chlortetracycline products; and
- the industrial segment is engaged in trading of machinery, and the manufacture and sale of motorcycles (the motorcycle business was disposed of in 2014) and automotive parts.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that bank interest income and finance costs are excluded from such measurement.

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

Segment liabilities exclude bank borrowings, income tax payables and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Reportable operating segments

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group's reportable operating segments from the continuing operations for the years ended 31 December 2015 and 2014.

Year ended 31 December 2015

	China agri-food operations US\$'000	Vietnam agri-food operations US\$'000	Investment and property holding operations US\$'000	Total US\$'000
Segment revenue				
Sales to external customers	<u>3,033,242</u>	<u>2,096,451</u>	<u>125</u>	<u>5,129,818</u>
Segment results				
The Group	203,627	225,758	(8,972)	420,413
Share of profits and losses of:				
Joint ventures	3,679	–	–	3,679
Associate	<u>11,352</u>	<u>–</u>	<u>–</u>	<u>11,352</u>
	<u>218,658</u>	<u>225,758</u>	<u>(8,972)</u>	<u>435,444</u>
Reconciliation:				
Bank interest income				4,428
Finance costs				<u>(39,121)</u>
Profit before tax				<u>400,751</u>
Other segment information				
Depreciation and amortisation	37,543	70,179	631	108,353
Capital expenditure*	295,636	51,141	332	347,109
Additions of other non-current assets**	<u>–</u>	<u>73,709</u>	<u>–</u>	<u>73,709</u>

* Including additions to property, plant and equipment and land lease prepayments.

** Including additions to non-current biological assets and other non-current assets.

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments *(Continued)*

At 31 December 2015

	China agri-food operations <i>US\$'000</i>	Vietnam agri-food operations <i>US\$'000</i>	Investment and property holding operations <i>US\$'000</i>	Total <i>US\$'000</i>
Segment assets	1,487,861	1,057,581	401,620	2,947,062
Reconciliation:				
Elimination of intersegment receivables				(367,617)
Unallocated assets				548,418
Total assets				3,127,863
Segment liabilities	791,878	193,530	8,863	994,271
Reconciliation:				
Elimination of intersegment payables				(367,617)
Unallocated liabilities				1,185,327
Total liabilities				1,811,981
Other segment information				
Investments in joint ventures	19,669	-	-	19,669
Investments in associate	48,200	-	-	48,200

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Reportable operating segments (Continued)

Year ended 31 December 2014

	China agri-food operations US\$'000 (Restated)	Vietnam agri-food operations US\$'000 (Restated)	Investment and property holding operations US\$'000 (Restated)	Total US\$'000 (Restated)
Segment revenue				
Sales to external customers	3,435,406	2,073,140	13	5,508,559
Segment results				
The Group	211,591	169,337	(9,074)	371,854
Share of profits and losses of:				
Joint ventures	4,063	–	–	4,063
Associate	10,895	–	–	10,895
	226,549	169,337	(9,074)	386,812
Reconciliation:				
Bank interest income				5,617
Finance costs				(49,180)
Profit before tax				343,249
Other segment information				
Depreciation and amortisation	31,635	69,225	537	101,397
Capital expenditure*	251,335	80,250	42	331,627
Additions of other non-current assets**	112,259	37,892	–	150,151

* Including additions to property, plant and equipment and land lease prepayments, but excludes assets from acquisition of subsidiaries.

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

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Reportable operating segments (Continued)

At 31 December 2014

	Continuing operations			Discontinued operations		Total US\$'000
	China agri-food operations US\$'000	Vietnam agri-food operations US\$'000	Investment and property holding operations US\$'000	Biochemical operations US\$'000	Industrial operations US\$'000	
Segment assets	<u>1,353,580</u>	<u>1,081,017</u>	<u>497,781</u>	<u>95,512</u>	<u>95,065</u>	3,122,955
Reconciliation:						
Elimination of intersegment receivables						(468,758)
Unallocated assets						<u>499,821</u>
Total assets						<u>3,154,018</u>
Segment liabilities	<u>819,037</u>	<u>191,877</u>	<u>9,022</u>	<u>17,303</u>	<u>4,576</u>	1,041,815
Reconciliation:						
Elimination of intersegment payables						(468,758)
Unallocated liabilities						<u>1,194,553</u>
Total liabilities						<u>1,767,610</u>
Other segment information						
Investments in joint ventures	20,458	–	–	–	70,445	90,903
Investments in associates	<u>38,975</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>19,013</u>	<u>57,988</u>

3. OPERATING SEGMENT INFORMATION *(Continued)*

(b) Geographical information

(i) Revenue from external customers from continuing operations

	Year ended 31 December	
	2015 US\$'000	2014 US\$'000 (Restated)
Mainland China	3,037,771	3,454,657
Vietnam	2,012,673	1,967,350
Elsewhere	79,374	86,552
	<u>5,129,818</u>	<u>5,508,559</u>

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

(ii) Non-current assets

	At 31 December	
	2015 US\$'000	2014 US\$'000
Mainland China	1,050,217	1,000,313
Vietnam	430,148	431,127
Elsewhere	31,680	29,520
	<u>1,512,045</u>	<u>1,460,960</u>

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

(c) Information about major customers

During the years ended 31 December 2015 and 2014, there was no single external customer that contributed 10% or more of the Group's total revenue from continuing operations.

4. REVENUE

Revenue, which is also the Group's turnover from continuing operations, represents: (i) the aggregate of the invoiced value of goods sold, net of value-added tax and government surcharges, and after allowances for goods returned and trade discounts; and (ii) rental income from investment and property holding operations.

An analysis of revenue is as follows:

	Year ended 31 December	
	2015	2014
	US\$'000	US\$'000
		(Restated)
Sales of goods from:		
China agri-food operations		
– Feed business	3,031,557	3,435,406
– Food business	1,685	–
Vietnam agri-food operations		
– Feed business	831,558	867,373
– Farm business	1,129,038	1,045,610
– Food business	135,855	160,157
	<u>5,129,693</u>	<u>5,508,546</u>
Rental income from investment and property holding operations	<u>125</u>	<u>13</u>
	<u><u>5,129,818</u></u>	<u><u>5,508,559</u></u>

5. NET CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

The Group's net changes in fair value of biological assets represent the difference in fair value less costs of disposal from 1 January 2015 to 31 December 2015. Net fair value changes consist of (i) realised fair value changes of US\$82,351,000 (2014: US\$74,623,000) in respect of biological assets held as at 1 January 2015 and (ii) unrealised fair value changes in biological assets stated at fair value less costs of disposal as at 31 December 2015 of US\$89,305,000 (2014: US\$83,910,000).

6. OTHER INCOME, NET

An analysis of other income from continuing operations, net is as follows:

	Year ended 31 December	
	2015 US\$'000	2014 US\$'000 (Restated)
Bank interest income	4,428	5,617
Other interest income	6,010	6,481
Rental income	2,442	2,500
Government grants	3,808	5,779
Gain on relocation of factories	17,785	–
Income from sale of consumables and packaging materials	3,745	3,201
Net changes in fair value of derivative financial instruments	2,009	(709)
Net changes in fair value of investment properties	(1,675)	(618)
Gain on disposal of land lease prepayments	1,025	–
Foreign exchange differences, net	(9,811)	(3,864)
Others	2,834	737
	<u>32,600</u>	<u>19,124</u>

Government grants included above are subsidies or incentives from the government in respect of certain investments of the Group in the agricultural industry and areas promoted by the government in mainland China. There are no unfulfilled conditions or contingencies relating to these grants. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position.

7. PROFIT BEFORE TAX

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

	Year ended 31 December	
	2015 US\$'000	2014 US\$'000 (Restated)
Cost of inventories sold	4,225,347	4,652,765
Depreciation of property, plant and equipment	75,868	67,305
Amortisation of land lease prepayments	3,117	2,587
Depreciation of biological assets stated at cost less accumulated depreciation and impairment	26,623	29,779
Amortisation of intangible assets	2,745	1,726
Impairment/(written back of impairment) of trade receivables, net	5,335	(71)
(Gain)/loss on disposal of property, plant and equipment, net	(486)	489
Rental income	(2,567)	(2,513)
Foreign exchange differences, net	9,811	3,864
	<u>9,811</u>	<u>3,864</u>

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Group did not generate any assessable profits in Hong Kong during the year (2014: nil).

The subsidiaries operating in mainland China and Vietnam are subject to income tax at the rate of 25% (2014: 25%) and 22% (2014: 22%) respectively on their taxable income according to the PRC and Vietnam corporate income tax laws. In accordance with the relevant tax rules and regulations in the PRC and Vietnam, certain subsidiaries of the Group in the PRC and Vietnam enjoy various income tax exemptions or reductions.

	Year ended 31 December	
	2015	2014
	US\$'000	US\$'000
		(Restated)
Current – mainland China		
Charge for the year	61,238	57,248
Over-provision in prior years	(7,099)	(5,594)
Current – Vietnam		
Charge for the year	30,065	11,819
Under-provision in prior years	–	201
Deferred	7,772	19,033
	<hr/>	<hr/>
Total tax expense from continuing operations for the year	91,976	82,707
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9. DIVIDENDS

	Year ended 31 December	
	2015	2014
	US\$'000	US\$'000
Interim – HK\$0.017 (equivalent to approximately US 0.219 cents) (2014: HK\$0.017 (equivalent to approximately US 0.219 cents)) per ordinary share and convertible preference share	55,569	55,569
Special interim dividend by way of distribution in specie ⁽¹⁾	151,272	–
Proposed final – HK\$0.021 (equivalent to approximately US 0.271 cents) (2014: HK\$0.022 (equivalent to approximately US 0.284 cents)) per ordinary share and convertible preference share ⁽²⁾	68,644	71,913
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	275,485	127,482
	<hr/> <hr/>	<hr/> <hr/>

9. DIVIDENDS *(Continued)*

- ⁽¹⁾ On 17 April 2015, the Board declared conditional special interim dividends of 1 CTEI ordinary share for every 100 CPP ordinary shares held in the Company and 1 CTEI preference share for every 100 CPP preference shares held in the Company to CPP shareholders on the register of members as at the close of business on 29 June 2015. Fractional entitlements were disregarded. The entire issued share capital of CTEI was spun-off via a distribution in specie and CTEI was separately listed on 3 July 2015.

Distribution of non-cash assets (which constitute a business) that is ultimately controlled by the same parties before and after the distribution is measured at book value of the non-cash assets.

The net assets attributable to the distribution in specie of an aggregate of 240,718,310 CTEI ordinary shares and 12,610,777 CTEI preference shares were US\$151,272,000.

- ⁽²⁾ The proposed final dividend in respect of the year ended 31 December 2015 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The total amount of the proposed final dividend was calculated based on the number of shares in issue on the date of this announcement.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

	Year ended 31 December	
	2015	2014
	US\$'000	US\$'000
		(Restated)
Earnings		
Profit for the year attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation, arising from:		
– Continuing operations	242,497	218,992
– Discontinued operations	25,078	32,433
	<u>267,575</u>	<u>251,425</u>

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(Continued)

	Year ended 31 December	
	2015	2014
Number of ordinary shares and convertible preference shares		
Weighted average number of ordinary shares and convertible preference shares in issue during the year, used in the basic earnings per share calculation	25,332,914,980	25,232,151,792
Effect of dilution – weighted average number of ordinary shares:		
– Share options	–	54,789,854
Weighted average number of ordinary shares and convertible preference shares, used in the diluted earnings per share calculation	<u>25,332,914,980</u>	<u>25,286,941,646</u>

11. TRADE AND BILLS RECEIVABLES

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

	At 31 December	
	2015	2014
	US\$'000	US\$'000
60 days or below	124,630	127,322
61 to 180 days	22,610	29,573
181 to 360 days	4,829	2,295
Over 360 days	4,814	4,071
	<u>156,883</u>	<u>163,261</u>
Impairment	(8,531)	(3,205)
	<u>148,352</u>	<u>160,056</u>

12. TRADE AND BILLS PAYABLES

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

	At 31 December	
	2015 US\$'000	2014 US\$'000
60 days or below	237,276	235,826
61 to 180 days	10,341	8,822
181 to 360 days	1,503	489
Over 360 days	883	565
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	250,003	245,702
Bills payable	30,799	–
	<hr/>	<hr/>
	280,802	245,702
	<hr/> <hr/>	<hr/> <hr/>

13. SHARE CAPITAL

	At 31 December	
	2015 US\$'000	2014 US\$'000
Authorised		
<i>Ordinary shares:</i>		
36,000,000,000 shares (2014: 36,000,000,000 shares) of US\$0.01 each	360,000	360,000
<i>Convertible preference shares:</i>		
Series A – 20,000,000,000 shares (2014: 20,000,000,000 shares) of US\$0.01 each	200,000	200,000
Series B – 4,000,000,000 shares (2014: 4,000,000,000 shares) of US\$0.01 each	40,000	40,000
	<hr/>	<hr/>
	240,000	240,000
	<hr/>	<hr/>
	600,000	600,000
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid		
<i>Ordinary shares:</i>		
24,071,837,232 shares (2014: 24,071,837,232 shares) of US\$0.01 each	240,718	240,718
<i>Convertible preference shares:</i>		
Series B – 1,261,077,748 shares (2014: 1,261,077,748 shares) of US\$0.01 each	12,611	12,611
	<hr/>	<hr/>
	253,329	253,329
	<hr/> <hr/>	<hr/> <hr/>

13. SHARE CAPITAL (Continued)

A summary of the movements in the Company's issued ordinary shares and convertible preference shares during the years ended 31 December 2015 and 2014 is as follows:

	Number of shares in issue		Issued		Share premium account US\$'000	Total US\$'000
	Ordinary shares	Series B convertible preference shares	ordinary shares US\$'000	convertible preference shares US\$'000		
At 1 January 2014	21,792,741,076	3,261,077,748	217,927	32,611	1,519,153	1,769,691
Issue of shares upon exercise of share options (note (b))	279,096,156	-	2,791	-	15,951	18,742
Reduction of share premium account (note (c))	-	-	-	-	(1,524,364)	(1,524,364)
Conversion of convertible preference shares (note (a), (d))	2,000,000,000	(2,000,000,000)	20,000	(20,000)	-	-
At 31 December 2014 and 31 December 2015	24,071,837,232	1,261,077,748	240,718	12,611	10,740	264,069

Notes:

- (a) The convertible preference shares are convertible into ordinary shares of the Company and are entitled to the same dividends that are declared for the ordinary shares. Convertible preference shares do not carry the right to vote in shareholders' meeting. Upon winding up, the Company's residual assets and funds are distributed to the members of the Company in the following priority:
- (i) in paying to the holders of the convertible preference shares, pari passu as between themselves by reference to the aggregate nominal amounts of the convertible preference shares held by them respectively, an amount equal to the aggregate of the issue price of all the convertible preference shares held by them respectively;
 - (ii) the balance of such assets shall be distributed on a pari passu basis among the holders of any class of shares in the capital of the Company other than the convertible preference shares and other than any shares which are not entitled to participate in such assets, by reference to the aggregate nominal amounts paid up on the shares held by them respectively; and
 - (iii) the remaining balance of such assets shall belong to and be distributed on a pari passu basis among the holders of any class of shares including the convertible preference shares, other than any shares not entitled to participate in such assets, by reference to the aggregate nominal amount of shares held by them respectively.

The convertible preference shares shall be non-redeemable by the Company or the holders thereof.

13. SHARE CAPITAL (Continued)

- (b) On 25 February 2014 and 18 July 2014, 129,248,078 and 149,848,078 ordinary shares were issued pursuant to the exercise of share options granted by the Company respectively.
- (c) Pursuant to a special resolution passed by the Company's shareholders at the annual general meeting held on 6 June 2014, the share premium account of the Company was reduced by the amount of US\$1,524,364,000 with the credit arising therefrom being credited to the contributed surplus account of the Company.
- (d) On 10 July 2014, 2,000,000,000 Series B convertible preference shares were converted into 2,000,000,000 ordinary shares of the Company.

14. DISCONTINUED OPERATIONS

On 29 June 2015, upon the completion of the payment of a special interim dividend to be satisfied by way of a distribution in specie of CTEI shares by the Group (note 9) and the spin-off of CTEI by way of a separate listing of CTEI's ordinary shares on the Main Board of Hong Kong Stock Exchange, the Group ceased to hold any interests in CTEI. The consolidated results of CTEI and its subsidiaries, joint venture and associate (collectively the "CTEI Group") for the period from 1 January 2015 to 29 June 2015 (immediately before spin-off) have been presented as discontinued operations in the consolidated financial statements in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and the comparative figures of the consolidated statement of comprehensive income and corresponding notes have been restated to show the discontinued operations separated from the continuing operations.

- (a) Results from the discontinued operations have been included in the consolidated statement of comprehensive income as follows:

	Period from 1 January 2015 to 29 June 2015 US\$'000	Year ended 31 December 2014 US\$'000
REVENUE⁽¹⁾	46,281	110,885
Cost of sales, other income and expenses, net	<u>(36,948)</u>	<u>(69,854)</u>
Results from operating activities	9,333	41,031
Income tax	<u>(2,682)</u>	<u>(5,737)</u>
Results from operating activities, net of tax⁽²⁾	6,651	35,294
Gain on distribution in specie of CTEI – Exchange fluctuation reserve attributable to CTEI recycled to profit or loss	<u>23,751</u>	<u>–</u>
PROFIT FOR THE PERIOD/YEAR	<u>30,402</u>	<u>35,294</u>

14. DISCONTINUED OPERATIONS (Continued)

(a) (Continued)

- (1) Revenue excluded intersegment sales from discontinued operations to continuing operations.
- (2) Results from operating activities, net of tax included unrealised profit adjustment arising from intersegment sales from discontinued operations to continuing operations.

- (b) Effect of distribution in specie on the financial position of the Group on the date of spin-off is as follows:

	<i>US\$'000</i>
Property, plant and equipment	(50,971)
Land lease prepayments	(1,021)
Investments in joint venture	(72,088)
Investments in associate	(18,969)
Other non-current assets	(6,106)
Inventories	(24,243)
Trade and other receivables	(25,225)
Cash and cash equivalents	(18,063)
Trade and other payables	18,747
Bank borrowings	21,264
Deferred tax liabilities	2,526
Other non-current liabilities	2,734
	<hr/>
Net assets and liabilities	(171,415)
	<hr/> <hr/>
Cash and cash equivalents disposed of	(18,063)
	<hr/>
Net cash outflow	(18,063)
	<hr/> <hr/>

14. DISCONTINUED OPERATIONS *(Continued)*

(c) Operating segment information

Period from 1 January 2015 to 29 June 2015

	Biochemical operations <i>US\$'000</i>	Industrial operations <i>US\$'000</i>	Total <i>US\$'000</i>
Segment revenue			
Sales to external customers	46,281	–	46,281
Intersegment sales	4,667	–	4,667
	<u>50,948</u>	<u>–</u>	<u>50,948</u>
Reconciliation:			
Elimination of intersegment sales			<u>(4,667)</u>
Consolidated revenue			<u><u>46,281</u></u>
Segment results			
The Group	8,568	(2,816)	5,752
Share of profits and losses of:			
Joint venture	–	1,581	1,581
Associate	–	1,877	1,877
	<u>8,568</u>	<u>642</u>	<u>9,210</u>
Reconciliation:			
Bank interest income			9
Finance costs			<u>114</u>
Results from operating activities			<u><u>9,333</u></u>
Other segment information			
Depreciation and amortisation	2,988	9	2,997
Capital expenditure	2,690	–	<u>2,690</u>

14. DISCONTINUED OPERATIONS (Continued)

(c) Operating segment information (Continued)

Year ended 31 December 2014

	Biochemical operations US\$'000	Industrial operations US\$'000	Total US\$'000
Segment revenue			
Sales to external customers	110,823	62	110,885
Intersegment sales	6,377	–	6,377
	<u>117,200</u>	<u>62</u>	<u>117,262</u>
Reconciliation:			
Elimination of intersegment sales			(6,377)
Consolidated revenue			<u>110,885</u>
Segment results			
The Group	17,157	(2,128)	15,029
Share of profits and losses of:			
Joint ventures	–	17,607	17,607
Associate	–	9,682	9,682
	<u>17,157</u>	<u>25,161</u>	<u>42,318</u>
Reconciliation:			
Bank interest income			55
Finance costs			(1,342)
Results from operating activities			<u>41,031</u>
Other segment information			
Depreciation and amortisation	5,543	21	5,564
Capital expenditure	4,940	1	4,941
Additions of other non-current assets	567	–	567
	<u>5,543</u>	<u>21</u>	<u>5,564</u>

14. DISCONTINUED OPERATIONS *(Continued)*

(c) Operating segment information *(Continued)*

Geographical information

Revenue from external customers

	Period from 1 January 2015 to 29 June 2015 US\$'000	Year ended 31 December 2014 US\$'000
Mainland China	8,614	35,304
Vietnam	316	2,938
Elsewhere	37,351	72,643
	<hr/> 46,281 <hr/>	<hr/> 110,885 <hr/>

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

15. EVENTS AFTER THE REPORTING PERIOD

On 6 January 2016, the Group received approval from the China Securities Regulatory Commission for the application of Chia Tai (China) Investment Co., Ltd., a wholly-owned subsidiary of the Company incorporated in the PRC, for the proposed issuance of domestic corporate bonds of up to RMB2,000,000,000 (the “Domestic Bonds”).

Further details regarding the Domestic Bonds are set out in the Company’s announcement dated 6 January 2016.

16. COMPARATIVE AMOUNTS

The comparative consolidated statement of comprehensive income has been presented as if the operations discontinued during the year had been discontinued at the beginning of the comparative year (note 14).

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP RESULTS

For the year ended 31 December 2015, the Group's revenue excluding discontinued operations (please refer to "Discontinued Operations" section) declined 6.9% to US\$5,130 million (2014: US\$5,509 million). Agri-food business in China accounted for 59.1% of the Group's revenue while agri-food business in Vietnam contributed 40.9% of the Group's revenue. Overall gross margin reached 17.6% in 2015 (2014: 15.5%).

Due to better performance of Vietnam's agri-food business, profit attributable to shareholders excluding discontinued operations increased 10.7% to US\$242 million (2014: US\$219 million). The Group's profit attributable to shareholders including discontinued operations was US\$268 million (2014: US\$251 million), a 6.4% increase compared to 2014.

Basic and diluted earnings per share excluding discontinued operations were US 0.957 cents (2014: US 0.868 cents) and US 0.957 cents (2014: US 0.866 cents), respectively. Basic and diluted earnings per share including discontinued operations were US 1.056 cents (2014: US 0.996 cents) and US 1.056 cents (2014: US 0.994 cents), respectively. The board has proposed a final dividend per share ("DPS") of HK\$0.021. Including the interim DPS of HK\$0.017, total DPS in 2015 was HK\$0.038 (2014: HK\$0.039).

BUSINESS REVIEW

Agri-food Business in China

In pursuing its integration strategy, the Group took an important step in 2012 in embarking on its foray into the food business in China, when it announced the construction of food processing plants in Qinhuangdao and Qingdao. Qinhuangdao comprised of two phases and the construction of the first phase was completed towards the end of 2014; equipment installation, followed by trial production, began in early 2015. The construction of the Qingdao food processing plant was completed in mid-2015; equipment installation, followed by trial production, began towards the end of the year. In 2015, feed business represented nearly the entirety of China's agri-food business, as food business was not yet in full operation.

According to the National Bureau of Statistics of the PRC, the country's gross domestic product growth decelerated from 7.3% in 2014 to 6.9% in 2015. Also, swine prices in China remained low in the first half of 2015. Although swine prices improved in the third quarter of 2015, swine and sow inventories in the country remained at low levels. Consequently, the Group's China feed sales volume decreased 3.4% to 5.50 million tons. Feed revenue declined by 11.8% to US\$3,032 million, which also reflected lower average selling prices as a result of lower raw material costs. Gross profit margin for the Group's China agri-food business reached 18.7% in 2015 compared to 17.0% in 2014.

Swine feed continued to be the largest component in the Group's China feed business segment, accounting for 47.2% of revenue from this segment in 2015. Poultry feed, aqua feed, and other feed products and premix contributed 30.4%, 9.5%, 7.3% and 5.6%, respectively. The Group's swine feed sales volume in 2015 decreased by 7.5% to 2.54 million tons, reflecting slower market conditions. In addition, lower raw material prices brought down average selling prices, leading to a 16.7% decline in swine feed revenue to US\$1,431 million. Due to increased sales to large-scale farms, poultry sales volume increased by 5.2% to 1.96 million tons, whilst revenue dropped by 4.6% to US\$920 million. Revenue of aqua feed declined by 15.1% to US\$287 million and sales volume dropped by 12.8% to 0.40 million tons, mainly due to unfavourable weather conditions.

Agri-food Business in Vietnam

According to the General Statistics Office of Vietnam, gross domestic product grew by 6.7% in 2015, compared to 6.0% in 2014. Improved economy and favourable swine prices provided a solid backdrop for our agri-food business in Vietnam. However, similar to China, raw material costs were generally lower than 2014, leading to reduced average selling prices for our feed products. Overall, revenue of the Group's agri-food business in Vietnam increased by 1.1% to US\$2,096 million. Feed business accounted for 39.7% of the Group's Vietnam revenue, while farm and food businesses combined accounted for the remaining 60.3%. Overall gross profit margin of the Group's agri-food business in Vietnam increased from 13.4% in 2014 to 16.1% in 2015 as a result of stronger feed and farming business performance during the year.

Feed

In 2015, the Group's feed sales volume growth remained solid in Vietnam. A new livestock feed mill in Binh Dinh commenced operations in 2015. Total feed sales volume in Vietnam was 1.62 million tons, an increase of 7.6% from 2014. As mentioned above, lower raw material costs resulted in lower average feed selling prices. Revenue of the Group's feed business in Vietnam reduced by 4.1% to US\$832 million, of which swine, poultry, aqua and other feed products accounted for 53.8%, 23.9%, 20.9% and 1.5%, respectively.

Farm and Food

Combined revenue of the Group's farm and food businesses in Vietnam was US\$1,265 million, a 4.9% increase from the previous year. Swine farming continues to be the major revenue contributor of this business segment. While swine prices remained solid in 2015, average prices have eased by approximately 6% when compared to 2014. Despite such reduced price levels in 2015, the Group's farming business reported sound results.

DISCONTINUED OPERATIONS

In 2015, the Group announced the proposed spin-off and separate listing of its biochemical and industrial businesses under Chia Tai Enterprises International Limited (“CTEI”). The listing of CTEI on the Main Board of The Stock Exchange of Hong Kong Limited by way of introduction took place on 3 July 2015. The Company distributed its entire interest in CTEI to its then existing shareholders through a special interim dividend in specie. The results of the aforementioned businesses were grouped and presented as discontinued operations. As the spin-off was completed in the first half of 2015, there were no contributions from discontinued operations in the second half of 2015. In 2015, profit attributable to shareholders from discontinued operations was US\$25 million. Going forward, the Group will focus on the agri-food business.

OUTLOOK

Amidst headwinds under China’s economic “new norm” – a more moderate period of economic growth – softness in the animal feed industry is expected to linger into 2016. In Vietnam, with the gradual reduction in swine prices, market participants hope that there would not be major market disruptions, whether price-wise or volume-wise. Overall, the Group remains cautious about its performance in 2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had total assets of US\$3,127.9 million, representing a decrease of 0.8% as compared with US\$3,154.0 million as at 31 December 2014.

Net debt (31 December 2015: US\$559.1 million, 31 December 2014: US\$628.8 million) to equity ratio (defined as total borrowings minus cash and deposits divided by total equity) was 0.42 as compared to 0.45 as at 31 December 2014.

The borrowings of the Group are denominated in U.S. dollars (“US\$”) (31 December 2015: US\$587.5 million, 31 December 2014: US\$565.5 million), Vietnamese Dong (“VND”) (31 December 2015: US\$376.4 million, 31 December 2014: US\$472.4 million) and Renminbi (“RMB”) (31 December 2015: US\$139.2 million, 31 December 2014: US\$87.3 million).

As at 31 December 2015, the Group’s current portion of long-term bank borrowings amounted to US\$138.1 million (31 December 2014: US\$63.0 million) and fixed interest rate borrowings amounted to US\$43.1 million (31 December 2014: US\$7.7 million).

All domestic sales in mainland China and Vietnam are transacted in RMB and VND respectively and export sales are transacted in foreign currencies. Foreign currencies are required for purchase of certain raw materials, equipment etc. The Group monitors foreign exchange movements and determines appropriate hedging activities when necessary. During the year, the Group has entered into forward exchange contracts to manage its exchange rate exposures of US\$ denominated liabilities against RMB and VND. As at 31 December 2015, the aggregate notional principal amount of these outstanding derivative financial instruments for US\$ against RMB and VND were US\$102.5 million and US\$56.7 million, respectively.

CAPITAL STRUCTURE

The Group finances its working capital requirements through a combination of funds generated from operations and borrowings. The Group had time deposits and cash and cash equivalents of US\$495.1 million as at 31 December 2015, an increase of US\$39.5 million as compared to US\$455.6 million as at 31 December 2014.

CHARGES ON GROUP ASSETS

As at 31 December 2015, out of the total borrowings of US\$1,103.1 million (31 December 2014: US\$1,125.2 million) obtained by the Group, US\$54.3 million (31 December 2014: US\$39.0 million) was secured and accounted for 4.9% (31 December 2014: 3.5%) of the total borrowings. Certain of the Group's land lease prepayments with an aggregate net book value of US\$11.7 million (31 December 2014: property, plant and equipment and land lease prepayments with an aggregate net book value of US\$7.2 million) were pledged as security.

CONTINGENT LIABILITIES

Guarantees were given by certain subsidiaries in the Group to financial institutions in the PRC for certain indebtedness of independent third party customers of the Group. In the case of financial guarantees provided which exceed the net asset value of the relevant subsidiaries, our maximum contingent liabilities are limited to the net asset value of these subsidiaries. The net asset value of the relevant subsidiaries as at 31 December 2015 was approximately US\$91.0 million (31 December 2014: US\$82.2 million). The contingent liabilities of the Group in respect of such guarantees as at 31 December 2015 were US\$50.2 million (31 December 2014: US\$51.5 million).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed around 32,000 staff (including 30,000 staff from subsidiaries, 1,000 staff from joint ventures and 1,000 staff from associates) in the PRC, Vietnam and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market rates while performance bonuses are granted on a discretionary basis. Other employee benefits include, for example, medical insurance and training.

PROPOSED FINAL DIVIDEND

The Board has proposed the payment of a final dividend for 2015 of HK\$0.021 (equivalent to approximately US0.271 cents) (2014: HK\$0.022 (equivalent to approximately US 0.284 cents)) per share to the ordinary share holders and convertible preference share holders of the Company. Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 7 June 2016, the final dividend will be paid on or about 30 June 2016 to the ordinary share holders and convertible preference share holders, whose names appear on the registers of members of the Company on 17 June 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 June 2016 to 7 June 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to ascertain shareholders' eligibility to attend and vote at the forthcoming annual general meeting of the Company, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on 3 June 2016.

In addition, the register of members of the Company will be closed from 16 June 2016 to 17 June 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend for 2015, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on 15 June 2016.

CORPORATE GOVERNANCE CODE

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

In the opinion of the Board, the Company has applied the principles and complied with all the code provisions prescribed in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiries with all directors of the Company, all of them confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2015.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the consolidated results of the Group for the year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

By Order of the Board
Arunee Watcharananan
Director

Hong Kong, 29 February 2016

As at the date of this announcement, the Board comprises eight executive directors, namely, Mr. Dhanin Chearavanont, Mr. Adirek Sripratak, Mr. Soopakij Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mr. Anan Athigapanich, Mr. Suphachai Chearavanont and Mrs. Arunee Watcharananan; two non-executive directors, namely, Mr. Meth Jiaravanont and Mr. Yoichi Ikezoe; and five independent non-executive directors, namely, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres, Mr. Sakda Thanitcul, Mr. Vinai Vittavasgarnvej and Mrs. Vatchari Vimooktayon.