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## **C.P. POKPHAND CO. LTD.**

*(Incorporated in Bermuda with limited liability)*

*(Stock Code: 43)*

### **ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **UNAUDITED CONSOLIDATED RESULTS**

For the reasons explained below under “Review of Unaudited Annual Results”, the auditing process for the annual results of C.P. Pokphand Co. Ltd. (the “Company” or “CPP”) and its subsidiaries (collectively, the “Group”) has not been completed. In the meantime, the board of directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019 as follows:

#### **UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

		<b>Year ended 31 December</b>	
		<b>2019</b>	<b>2018</b>
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
			<i>(Note (a))</i>
<b>REVENUE</b>	4	<b>6,960,836</b>	6,709,420
Cost of sales		<b>(5,734,782)</b>	(5,667,468)
Gross profit		<b>1,226,054</b>	1,041,952
Net change in fair value of biological assets	5	<b>105,554</b>	95,870
		<b>1,331,608</b>	1,137,822
Other income, net	6	<b>36,083</b>	48,796
Selling and distribution costs		<b>(299,529)</b>	(283,405)
General and administrative expenses		<b>(365,568)</b>	(312,892)
Finance costs	7	<b>(142,399)</b>	(80,238)
Share of profits and losses of:			
Joint ventures		<b>2,597</b>	3,226
Associates		<b>26,448</b>	19,069
<b>PROFIT BEFORE TAX</b>	8	<b>589,240</b>	532,378

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*(Continued)*

		<b>Year ended 31 December</b>	
		<b>2019</b>	2018
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
		<b>(Unaudited)</b>	(Audited)
			<i>(Note (a))</i>
<b>PROFIT BEFORE TAX</b>	8	<b>589,240</b>	532,378
Income tax	9	<b>(121,536)</b>	(139,361)
<b>PROFIT FOR THE YEAR</b>		<b>467,704</b>	393,017
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified subsequently to profit or loss:			
Equity investments at fair value through other comprehensive income (non-recycling)		<b>3,568</b>	(9,790)
Income tax effect		<b>(1,791)</b>	3,348
Disposal of other financial assets		<b>638</b>	–
Surplus on revaluation of office premises, net		<b>672</b>	8,238
Income tax effect		<b>(21)</b>	(1,239)
		<b>3,066</b>	557
Items that may be reclassified subsequently to profit or loss:			
Exchange differences related to translation of foreign operations		<b>(14,188)</b>	(87,392)
Release of reserves upon step acquisition of a subsidiary		–	(394)
Share of other comprehensive income of:			
Joint ventures		<b>(265)</b>	(856)
Associates		<b>(1,748)</b>	(7,314)
		<b>(16,201)</b>	(95,956)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<b>(13,135)</b>	(95,399)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>454,569</b>	297,618

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*(Continued)*

		<b>Year ended 31 December</b>	
		<b>2019</b>	<b>2018</b>
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
			<i>(Note (a))</i>
<b>Profit attributable to:</b>			
Shareholders of the Company		<b>345,803</b>	281,659
Non-controlling interest		<b>121,901</b>	111,358
		<b>467,704</b>	393,017
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		<b>334,188</b>	198,113
Non-controlling interest		<b>120,381</b>	99,505
		<b>454,569</b>	297,618
<b>EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>			
	11	<i>US cents</i>	<i>US cents</i>
Basic and diluted		<b>1.365</b>	1.112

Details of dividends for the year are disclosed in note 10 to this financial information.

*Note:*

- (a) The Group has initially applied IFRS 16 at 1 January 2019. Under the transition method chosen, comparative information in the consolidated statement of comprehensive income is not restated. Details of changes in accounting policy are disclosed in note 2 to this financial information.

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2019	2018
Note		US\$'000 (Unaudited)	US\$'000 (Audited) (Note (b))
<b>NON-CURRENT ASSETS</b>			
		1,988,328	1,781,312
		11,904	19,047
		207,105	174,168
		421,209	–
		66,350	71,460
		33,375	26,297
		16,915	17,114
		145,547	128,714
		17,206	15,042
		35,030	35,461
		69,918	29,494
		12,154	11,553
		<u>3,025,041</u>	<u>2,309,662</u>
<b>Total non-current assets</b>			
<b>CURRENT ASSETS</b>			
		753,403	629,057
		571,946	484,632
	12	258,011	353,515
		295,081	391,538
		17,699	34,835
		2,293	15,233
		422,364	392,890
		<u>2,320,797</u>	<u>2,301,700</u>
<b>Total current assets</b>			
<b>CURRENT LIABILITIES</b>			
	13	446,116	476,807
		559,094	463,896
		36,749	–
		1,174,796	842,230
		–	145,041
		21,390	25,324
		<u>2,238,145</u>	<u>1,953,298</u>
<b>Total current liabilities</b>			
<b>NET CURRENT ASSETS</b>		<u>82,652</u>	<u>348,402</u>

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*(Continued)*

		<b>At 31 December</b>	
		<b>2019</b>	2018
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
			<i>(Note (b))</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,107,693</b>	2,658,064
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>440,361</b>	–
Bank borrowings		<b>548,180</b>	824,096
Corporate bond		<b>11,833</b>	–
Other non-current liabilities		<b>57,908</b>	49,748
Deferred tax liabilities		<b>82,373</b>	81,996
<b>Total non-current liabilities</b>		<b>1,140,655</b>	955,840
<b>NET ASSETS</b>		<b>1,967,038</b>	1,702,224
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Issued capital	14	<b>253,329</b>	253,329
Reserves		<b>1,216,998</b>	1,017,731
Proposed final dividend	10	<b>77,947</b>	84,443
		<b>1,548,274</b>	1,355,503
Non-controlling interest		<b>418,764</b>	346,721
<b>TOTAL EQUITY</b>		<b>1,967,038</b>	1,702,224

*Note:*

- (b) The Group has initially applied IFRS 16 at 1 January 2019. Under the transition method chosen, comparative information in the consolidated statement of financial position is not restated. Details of changes in accounting policy are disclosed in note 2 to this financial information.

## NOTES

### 1. BASIS OF PREPARATION

This financial information has 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 (“IASB”). This financial information is 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 POLICIES AND DISCLOSURES

The IASB has issued a number of new standards, amendments to IFRSs and interpretations that are first effective for the current year. Of these, the following new standards, amendments and interpretations may be relevant to the Group:

IFRS 16	<i>Leases</i>
Amendments to IAS 28	Amendments to IAS 28 <i>Long-term Interest in Associates and Joint Ventures</i>
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3 <i>Business Combinations</i> , IFRS 11 <i>Joint arrangements</i> , IAS 12 <i>Income Taxes</i> and IAS 23 <i>Borrowing Costs</i>
IFRS Interpretations Committee - Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>

Except for IFRS 16 *Leases*, none of the amendments have had a significant financial effect on this financial information. The Group has not applied any new standard or interpretation that is not yet effective for the current year.

IFRS 16 replaces IAS 17 *Leases* and introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Group had non-cancellable operating leases commitments of US\$619,613,000 (audited) as at 31 December 2018 and some of these amounts have been recognised as lease liabilities, with corresponding right-of-use assets upon the adoption of IFRS 16.

Previously under IAS17, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Under IFRS16, the Group has recognised new assets and liabilities for its operating leases of assets. The nature of expenses related to those leases are now changed because the Group has recognised a depreciation charge for right-of-use assets and interest expenses on lease liabilities.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The Group has initially applied IFRS 16 on 1 January 2019, using the modified retrospective approach and does not restate comparative information. Right-of-use assets are measured on transition as if the new rules had always been applied. Lease liability are measured at the present value of the remaining lease payments, discounted using the related companies' incremental borrowing rate at the date of initial application. The cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019, resulting in a decrease of US\$38,513,000 (unaudited) in both net assets and total equity (US\$27,873,000 (unaudited) is included in retained profits attributable to shareholders of the Company) as at 1 January 2019.

There are recognition exemptions for short-term leases and leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less or assets with value of less than US\$5,000. The Group continues to recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Upon the adoption of IFRS 16 on 1 January 2019, prepayment, other receivables and deposits decreased and land use rights (previous name: land lease prepayments) increased, both by US\$4,231,000 (unaudited), on 1 January 2019 as a result of the reclassification of current portion of land use rights from current assets to non-current assets. The item name of "land lease prepayments" was renamed as "land use rights" on the unaudited consolidated statement of financial position and related disclosure notes, which consists of prepaid land costs with ownership, net of accumulated amortisation, for clearer presentation.

The following table summarises the estimated impact of the adoption of IFRS 16 on the unaudited consolidated financial statements for the year ended 31 December 2019, by comparing the amounts reported under IAS 17. The tables show only those line items impacted by the adoption of IFRS 16.

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

**Unaudited consolidated statement of comprehensive income (Extract)**

**Year ended 31 December 2019**

	<b>As reported</b> <i>US\$'000</i> <b>(Unaudited)</b>	<b>Adjustments</b> <i>US\$'000</i> <b>(Unaudited)</b>	<b>Hypothetical amounts without adoption of IFRS 16</b> <i>US\$'000</i> <b>(Unaudited)</b>
Cost of sales	(5,734,782)	(34,222)	(5,769,004)
Gross profit	1,226,054	(34,222)	1,191,832
Selling and distribution costs	(299,529)	(490)	(300,019)
General and administrative expenses	(365,568)	(875)	(366,443)
Finance costs	(142,399)	46,335	(96,064)
Share of profit of loss of associate	26,448	31	26,479
Profit before tax	589,240	10,779	600,019
Income tax	<u>(121,536)</u>	<u>(1,882)</u>	<u>(123,418)</u>
Profit for the year	<u><u>467,704</u></u>	<u><u>8,897</u></u>	<u><u>476,601</u></u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences related to translation of foreign operations	(14,188)	60	(14,128)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<b>(13,135)</b>	<b>60</b>	<b>(13,075)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>454,569</u></u>	<u><u>8,957</u></u>	<u><u>463,526</u></u>
Profit attributable to:			
Shareholders of the Company	345,803	6,163	351,966
Non-controlling interest	<u>121,901</u>	<u>2,734</u>	<u>124,635</u>
	<u><u>467,704</u></u>	<u><u>8,897</u></u>	<u><u>476,601</u></u>
Total comprehensive income attributable to:			
Shareholders of the Company	334,188	6,204	340,392
Non-controlling interest	<u>120,381</u>	<u>2,753</u>	<u>123,134</u>
	<u><u>454,569</u></u>	<u><u>8,957</u></u>	<u><u>463,526</u></u>



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

**Unaudited consolidated statement of financial position (Extract)**

**At 31 December 2019**

	<b>As reported</b>	<b>Adjustments</b>	<b>Hypothetical</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<b>amounts</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>without</b>
			<b>adoption of</b>
			<b>IFRS 16</b>
			<i>US\$'000</i>
			<b>(unaudited)</b>
Non-current assets			
Land use rights	207,105	(4,938)	202,167
Other right-of-use assets	421,209	(421,209)	–
Investment in associates	145,547	1,625	147,172
Deferred tax assets	12,154	(415)	11,739
Current assets			
Prepayments, deposits and other receivables	295,081	4,938	300,019
Current liabilities			
Lease liabilities	36,749	(36,749)	–
Non-current liabilities			
Lease liabilities	440,361	(440,361)	–
Deferred tax liabilities	82,373	9,641	92,014
Net assets	<u>1,967,038</u>	<u>47,470</u>	<u>2,014,508</u>
Equity			
Reserves	1,216,998	34,077	1,251,075
Non-controlling interest	418,764	13,393	432,157
Total equity	<u>1,967,038</u>	<u>47,470</u>	<u>2,014,508</u>

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

### Unaudited consolidated statement of cash flow (Extract)

Year ended 31 December 2019

	As reported <i>US\$'000</i> (Unaudited)	Adjustments <i>US\$'000</i> (Unaudited)	Hypothetical amounts without adoption of IFRS 16 <i>US\$'000</i> (Unaudited)
Cash flows from operating activities			
Cash generated from operations	881,443	(93,382)	788,061
Short-term lease payments	(12,951)	12,951	–
Interest element of lease rental paid	(46,335)	46,335	–
Net cash flows generated from operating activities	597,464	(34,096)	563,368
Cash flows from financing activities			
Capital element of lease rental paid	(34,096)	34,096	–
Net cash flows used in financing activities	<u>(213,620)</u>	<u>34,096</u>	<u>(179,524)</u>

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into the following three reportable operating segments based on their products and services:

- the China agri-food segment is engaged in (i) manufacture and sale of animal feed, (ii) breeding, farming and sale of livestock, and (iii) manufacture and sale of food products in the People's Republic of China (the "PRC");
- the Vietnam agri-food segment is engaged in (i) manufacture and sale of animal feed, (ii) breeding, farming and sale of livestock and aquatic animals, and (iii) manufacture and sale of 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)*

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 results, 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 on bank borrowings and corporate bond 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, corporate bond, income tax payables and deferred tax liabilities as these liabilities are managed on a group basis.

Revenue from contracts with customers is recognised at a point in time when our customer obtains control of promised goods, i.e. when the products are collected by the customers from our premises or when the products are delivered to the location designated by the customers. Disaggregation of revenue from major product lines is disclosed in note 3(a) and 4. Disaggregation of revenue by geographical location of customers is disclosed in note 3(b)(i).

The remaining performance obligation is part of a contract that has an original expected duration of one year or less, therefore such information is not disclosed as a practical expedient in paragraph 121 of IFRS 15.

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

#### (a) Reportable operating segments

The following tables present unaudited revenue, profit or loss and certain assets, liabilities and expenditure information for the Group's reportable operating segments for the years ended 31 December 2019 and 2018.

#### Year ended 31 December 2019

	China agri-food operations <i>US\$'000</i> (Unaudited)	Vietnam agri-food operations <i>US\$'000</i> (Unaudited)	Investment and property holding operations <i>US\$'000</i> (Unaudited)	Total <i>US\$'000</i> (Unaudited)
<b>Segment revenue</b>				
Sales to external customers	4,179,308	2,781,298	230	6,960,836
Intersegment sales	–	1,029	–	1,029
	<u>4,179,308</u>	<u>2,782,327</u>	<u>230</u>	<u>6,961,865</u>
Reconciliation:				
Elimination of intersegment sales				<u>(1,029)</u>
Consolidated revenue				<u>6,960,836</u>
<b>Segment results</b>				
The Group	231,579	429,558	(9,070)	652,067
Share of profits and losses of:				
Joint ventures	2,634	(37)	–	2,597
Associates	26,448	–	–	26,448
	<u>260,661</u>	<u>429,521</u>	<u>(9,070)</u>	<u>681,112</u>
Reconciliation:				
Bank interest income				4,211
Finance costs on bank borrowings and corporate bond				(96,064)
Elimination of intersegment results				<u>(19)</u>
Profit before tax				<u>589,240</u>
<b>Other segment information</b>				
Depreciation and amortisation	95,786	127,276	1,045	224,107
Capital expenditure*	203,296	181,548	159	385,003
Additions of other non-current assets**	77,153	163,061	–	240,214

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

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

Year ended 31 December 2019 *(Continued)*

\* Including additions to property, plant and equipment and land use rights, but excluding assets from acquisition of subsidiaries.

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

At 31 December 2019

	China agri-food operations <i>US\$'000</i> (Unaudited)	Vietnam agri-food operations <i>US\$'000</i> (Unaudited)	Investment and property holding operations <i>US\$'000</i> (Unaudited)	Total <i>US\$'000</i> (Unaudited)
Segment assets	2,789,062	2,035,781	436,643	5,261,486
Reconciliation:				
Elimination of intersegment receivables				(370,158)
Unallocated assets				454,510
Total assets				5,345,838
Segment liabilities	1,224,729	681,527	4,130	1,910,386
Reconciliation:				
Elimination of intersegment payables				(370,158)
Unallocated liabilities				1,838,572
Total liabilities				3,378,800
<b>Other segment information</b>				
Investments in joint ventures	16,713	202	-	16,915
Investments in associates	145,547	-	-	145,547

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

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

Year ended 31 December 2018

	China agri-food operations <i>US\$'000</i> (Audited)	Vietnam agri-food operations <i>US\$'000</i> (Audited)	Investment and property holding operations <i>US\$'000</i> (Audited)	Total <i>US\$'000</i> (Audited)
<b>Segment revenue</b>				
Sales to external customers	4,149,382	2,559,882	156	6,709,420
<b>Segment results</b>				
The Group	194,011	399,459	(8,865)	584,605
Share of profits and losses of:				
Joint ventures	3,228	(2)	–	3,226
Associates	19,069	–	–	19,069
	<u>216,308</u>	<u>399,457</u>	<u>(8,865)</u>	<u>606,900</u>
Reconciliation:				
Bank interest income				5,716
Finance costs				<u>(80,238)</u>
Profit before tax				<u><u>532,378</u></u>
<b>Other segment information</b>				
Depreciation and amortisation	87,711	80,235	942	168,888
Capital expenditure*	162,050	90,281	121	252,452
Additions of other non-current assets**	<u>12,485</u>	<u>71,030</u>	<u>–</u>	<u>83,515</u>

\* Including additions to property, plant and equipment and land use rights, but excluding assets from step acquisition of a subsidiary.

\*\* Including (i) non-current assets from step acquisition of a subsidiary, 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 2018

	China agri-food operations <i>US\$'000</i> (Audited)	Vietnam agri-food operations <i>US\$'000</i> (Audited)	Investment and property holding operations <i>US\$'000</i> (Audited)	Total <i>US\$'000</i> (Audited)
<b>Segment assets</b>	<u>2,721,918</u>	<u>1,349,727</u>	<u>517,011</u>	4,588,656
Reconciliation:				
Elimination of intersegment receivables				(450,457)
Unallocated assets				<u>473,163</u>
Total assets				<u>4,611,362</u>
<b>Segment liabilities</b>	<u>1,214,860</u>	<u>222,076</u>	<u>3,972</u>	1,440,908
Reconciliation:				
Elimination of intersegment payables				(450,457)
Unallocated liabilities				<u>1,918,687</u>
Total liabilities				<u>2,909,138</u>
<b>Other segment information</b>				
Investments in joint ventures	16,875	239	–	17,114
Investments in associates	<u>128,714</u>	<u>–</u>	<u>–</u>	<u>128,714</u>

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

#### (b) Geographical information

##### (i) Revenue from external customers

	Year ended 31 December	
	2019 <i>US\$'000</i> (Unaudited)	2018 <i>US\$'000</i> (Audited)
Mainland China	4,177,539	4,149,122
Vietnam	2,720,978	2,486,831
Elsewhere	62,319	73,467
	<u>6,960,836</u>	<u>6,709,420</u>

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

##### (ii) Non-current assets

	At 31 December	
	2019 <i>US\$'000</i> (Unaudited)	2018 <i>US\$'000</i> (Audited)
Mainland China	1,909,582	1,723,460
Vietnam	1,026,309	499,374
Elsewhere	59,790	60,233
	<u>2,995,681</u>	<u>2,283,067</u>

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



#### 4. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December	
	2019	2018
	US\$'000	US\$'000
	(Unaudited)	(Audited)
		(Note)
<i>Revenue from contracts with customers</i>		
<i>(within the scope of IFRS 15)</i>		
Sales of goods from:		
China agri-food operations		
– Feed business	3,158,897	3,406,255
– Farm business	715,174	505,231
– Food business	305,237	237,896
Vietnam agri-food operations		
– Feed business	887,113	838,314
– Farm business	1,783,777	1,638,078
– Food business	110,408	83,490
	<u>6,960,606</u>	<u>6,709,264</u>
<i>Revenue from other sources</i>		
Rental income from investment and property holding operations	<u>230</u>	<u>156</u>
	<u><u>6,960,836</u></u>	<u><u>6,709,420</u></u>

*Note:* Comparative figures have been reclassified to conform to the current year's presentation (certain sales of raw meat products were reclassified from food business to farm business.)

#### 5. NET CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS

Net change in fair value of biological assets represents the difference in fair value from 1 January 2019 to 31 December 2019. Net fair value change consists of (i) negative realised fair value changes of US\$152,772,000 (unaudited) (2018: US\$59,633,000 (audited)) in respect of biological assets held as at 1 January 2019 and (ii) positive unrealised fair value changes of US\$258,326,000 (unaudited) (2018: US\$155,503,000 (audited)) in respect of biological assets stated at fair value as at 31 December 2019.

## 6. OTHER INCOME, NET

An analysis of other income, net is as follows:

	Year ended 31 December	
	2019	2018
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Bank interest income	4,211	5,716
Other interest income	7,551	9,844
Rental income	3,273	4,360
Government grants	9,071	7,476
Gain on relocation of factories	–	20,473
Income from sale of consumables and packaging materials	7,246	5,564
Gain on step acquisition of a subsidiary	–	2,095
Net changes in fair value of derivative financial instruments	2,009	11,157
Net changes in fair value of investment properties	(2,615)	(1,918)
Foreign exchange differences, net	2,079	(18,422)
Others	3,258	2,451
	<u>36,083</u>	<u>48,796</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 the PRC. 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 unaudited consolidated statement of financial position.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	
	2019	2018
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Interest expense on bank borrowings	100,832	85,588
Interest expense on corporate bond	5,039	6,082
Interest expense on lease liabilities	46,335	–
Less: Interest expense capitalised*	(9,807)	(11,432)
	<u>142,399</u>	<u>80,238</u>

\* Interest expense was capitalised at a rate of 4.9%-5.2% (unaudited) per annum (2018: 4.9%-5.0% (audited)).

## 8. PROFIT BEFORE TAX

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

	Year ended 31 December	
	2019	2018
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Cost of inventories sold	5,734,782	5,667,468
Depreciation of property, plant and equipment	128,543	122,829
Amortisation of land use rights	4,688	4,396
Depreciation of other right-of-use assets	44,857	–
Depreciation of biological assets stated at cost less accumulated depreciation and impairment	43,557	39,018
Amortisation of intangible assets	2,462	2,645
Impairment of trade receivables, net	2,569	3,436
Impairment of prepayments, deposits and other receivables	2,589	–
Impairment of property, plant and equipment	15,567	–
Loss on disposal of property, plant and equipment, net	1,302	736
Rental income	(3,503)	(4,516)
	<u>5,965,144</u>	<u>5,944,008</u>

## 9. 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 (2018: nil).

The subsidiaries operating in the PRC and Vietnam are subject to income tax at the rate of 25% (2018: 25%) and 20% (2018: 20%) 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	
	2019	2018
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Current – the PRC		
Charge for the year	68,964	71,880
Over-provision in prior years	(5,617)	(5,604)
Current – Vietnam		
Charge for the year	55,184	31,204
Under-provision in prior years	–	14,659
Deferred	3,005	27,222
	<u>122,546</u>	<u>149,369</u>
Total tax expense for the year	<u>121,536</u>	<u>139,361</u>

## 10. DIVIDENDS

	Year ended 31 December	
	2019	2018
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Audited)
Interim – HK\$0.008 (equivalent to approximately US 0.103 cents) (2018: HK\$0.017 (equivalent to approximately US 0.218 cents)) per ordinary share and convertible preference share	25,982	55,213
(Subject to the condition set out below) Proposed final – HK\$0.024 (equivalent to approximately US 0.308 cents) (2018: HK\$0.026 (equivalent to approximately US 0.333 cents)) per ordinary share and convertible preference share	<u>77,947</u>	<u>84,443</u>
	<u><b>103,929</b></u>	<u>139,656</u>

Please note that the proposed final dividend for the year ended 31 December 2019 is subject to the condition that the audited annual results of the Company for the year to be issued upon completion of the auditing process will be consistent in all material respects with the unaudited annual results set out herein. In addition, the proposed final dividend is also 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 ordinary shares and convertible preference shares of the Company in issue on the date of this announcement.

## 11. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic and diluted earnings per share is based on the unaudited profit for the year attributable to shareholders of the Company and the weighted average number of ordinary shares and convertible preference shares in issue during the year.

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

	<b>Year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Earnings</b>		
Profit for the year attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	<b>345,803</b>	281,659
	<b>25,332,914,980</b>	25,332,914,980
	<b>25,332,914,980</b>	25,332,914,980
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Shares</b>		
Weighted average number of ordinary shares and convertible preference shares in issue during the year, used in the basic and diluted earnings per share calculation	<b>25,332,914,980</b>	25,332,914,980

## 12. TRADE AND BILLS RECEIVABLES

Depending on the requirements of the market and business, the Group may extend credit to its customers. 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 receivables 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:

	<b>At 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
60 days or below	<b>219,916</b>	240,375
61 to 180 days	<b>31,582</b>	108,117
Over 180 days	<b>6,513</b>	5,023
	<b>258,011</b>	353,515

### 13. 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	
	2019 US\$'000 (Unaudited)	2018 US\$'000 (Audited)
60 days or below	312,496	290,466
61 to 180 days	30,032	40,170
Over 180 days	8,517	9,098
	<u>351,045</u>	<u>339,734</u>
Bills payable	95,071	137,073
	<u>446,116</u>	<u>476,807</u>

### 14. SHARE CAPITAL

	At 31 December	
	2019 US\$'000 (Unaudited)	2018 US\$'000 (Audited)
<b>Authorised</b>		
<i>Ordinary shares:</i>		
36,000,000,000 shares (2018: 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 (2018: 20,000,000,000 shares) of US\$0.01 each	200,000	200,000
Series B – 4,000,000,000 shares (2018: 4,000,000,000 shares) of US\$0.01 each	40,000	40,000
	<u>240,000</u>	<u>240,000</u>
	<u>600,000</u>	<u>600,000</u>
<b>Issued and fully paid</b>		
<i>Ordinary shares:</i>		
24,071,837,232 shares (2018: 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 (2018: 1,261,077,748 shares) of US\$0.01 each	12,611	12,611
	<u>253,329</u>	<u>253,329</u>

#### 14. SHARE CAPITAL *(Continued)*

There is no movement in the Company's issued ordinary shares and convertible preference shares during the years ended 31 December 2019 and 2018.

*Note:*

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' meetings. 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **UNAUDITED GROUP RESULTS**

For the year ended 31 December 2019, based on unaudited financial information, the Group's revenue increased 3.7% to US\$6,961 million (unaudited) (2018: US\$6,709 million (audited)). Agri-food business in China contributed 60.0% of the Group's revenue while agri-food business in Vietnam contributed 40.0% of the Group's revenue. Overall gross profit margin for the year was 17.6% (unaudited) (2018: 15.5% (audited)). The Group's profit attributable to shareholders grew 22.8% from US\$282 million (audited) in 2018 to US\$346 million (unaudited) in 2019. Profit growth was mainly due to better performance of our farm and food businesses in China, increased in profit margins of our Vietnam farming business as a result of higher swine prices and a larger positive net change in fair value of biological assets.

Basic and diluted earnings per share were both US 1.365 cents (unaudited) (2018: US 1.112 cents (audited)). Subject to the condition stated under "Proposed Final Dividend", the board has proposed a final dividend per share ("DPS") of HK\$0.024. Assuming DPS, and including the interim DPS of HK\$0.008, total DPS in 2019 would be HK\$0.032 (2018: HK\$0.043).

### **BUSINESS REVIEW**

#### **Agri-food Business in China**

Changes in global economic dynamics and challenges in domestic economy have propelled China's agri-food industry into a new phase of development. Demand for higher-quality and safer food as well as sustainable development have also reached new heights. The government is encouraging large-scale production and higher product quality with an aim to eventually meeting international standards. Larger players in the industry, leveraging on their more abundant resources, are proactively adapting to the government's new regulations and requirements. Some have started to bear fruit during the industry consolidation process. But on the other hand, smaller players have been forced to exit.

Otherwise, in 2019, the spread of African swine fever has caused the overall swine population in China to reduce significantly. The resulting decline in demand for swine feed has negatively affected our feed business. However, swine prices surged amid supply shortages, benefitting our farm and food businesses.

In 2019, revenue of the Group's agri-food business in China was US\$4,179 million (unaudited) (2018: US\$4,149 million (audited)). Feed business accounted for 75.6% of agri-food business revenue in China while farm and food businesses combined contributed the remaining 24.4%. Overall gross profit margin for the Group's China agri-food business increased from 14.0% (audited) in 2018 to 15.9% (unaudited) in 2019. Feed business gross margin remained at a solid level; farm and food businesses' combined gross margin improved mainly due to better prices of our farm and food products.



The Group's China feed sales volume decreased 1.6% to 6.93 million tons. Feed revenue declined 7.3% to US\$3,159 million (unaudited), reflecting lower average selling price because of changes in product mix – from swine to poultry feed products – and the weakening of Renminbi. Swine feed was the largest component in the Group's China feed business segment, accounting for 48.2% of this segment's revenue in 2019. Poultry feed, aqua feed, other feed products and premix contributed 31.5%, 8.8%, 7.1% and 4.4%, respectively.

Swine feed sales volume in 2019 reduced by 12.3% to 3.29 million tons, mainly due to a substantial reduction in the country's swine population. Swine feed revenue declined 16.2% to US\$1,525 million (unaudited). With targeted effort under a more buoyant demand situation, poultry feed sales volume increased by 14.8% to 2.56 million tons while revenue grew by 10.1% to US\$995 million (unaudited). Sales volume of aqua feed decreased by 11.7% to 0.44 million tons and revenue declined by 15.3% to US\$277 million (unaudited), reflecting lower efficiency of aqua farming as a result of cooler water temperature during the year.

Combined farm and food revenue in China was US\$1,020 million (unaudited) compared to US\$743 million (audited) in 2018. The increase in revenue came mainly from food factories that commenced operations in late 2017 and late 2018. Higher swine and poultry prices compared to last year also boosted the top-line of our combined farm and food businesses segment.

### **Agri-food Business in Vietnam**

In 2019, despite global trade tensions as well as challenges brought about by diseases and natural disasters, Vietnam's economy maintained a positive momentum. African swine fever continued to spread in Asia and Europe during the year and also reached Vietnam. Swine prices started falling following the official announcement of the disease outbreak in February, but began to recover during the second quarter of 2019 and surged sharply towards the end of the year. As a result, average swine prices for the year were higher in 2019 than in 2018. However, the disease led to a sizable reduction of swine population in Vietnam, driving down the demand for swine feed in the market.

The Group's agri-food business in Vietnam generated revenue of US\$2,781 million (unaudited), representing an increase of 8.6% year-on-year. Feed business accounted for 31.9% of the Group's Vietnam revenue, while farm and food businesses combined accounted for the remaining 68.1%. Overall gross profit margin of the Group's agri-food business in Vietnam increased to 20.2% (unaudited) in 2019 (2018: 18.1% (audited)).

Reduced swine population in Vietnam has led to a decline in swine feed demand. Although other feed products, including poultry and aqua feed, recorded increases in sales volume, total feed sales volume dropped by 3.5% to 1.70 million tons. With increased contribution from higher priced aqua feed products, revenue of the Group's feed business in Vietnam increased by 5.8% to US\$887 million (unaudited). Swine, poultry, aqua and other feed products accounted for 30.3%, 24.9%, 43.3% and 1.5%, respectively.

Meanwhile, swine farming continued to be the major revenue contributor of the Group's farm and food businesses. Favourable average swine prices for the year lifted the performance of this segment. The average selling price of our fattening pigs in 2019 was approximately VND46,200 per kg while the average price was VND43,500 per kg in 2018 – an increase of 6.2% year-on-year. Combined revenue of the Group's farm and food businesses in Vietnam was US\$1,894 million (unaudited), a 10.0% increase from 2018.

Swine prices witnessed a sharp rise in the last quarter of 2019 with year-end prices reaching VND80,000 per kg. Consequently, a positive net change in fair value of biological assets of US\$105.6 million (unaudited) was recorded in 2019 versus US\$95.9 million (audited) in 2018.

## **OUTLOOK**

In 2020, the COVID-19 outbreak has brought about additional uncertainties in the Group's operating environment in China. As far as the Group's businesses are concerned, the outbreak has caused operational delays. The Group has put in place contingency measures to lower the impact from the outbreak. However, the situation remains fluid at this stage.

Swine prices in China and Vietnam reached record high levels in 2019. The effect of swine restocking efforts, which may affect both feed and farm businesses, has yet to be seen. Overall, we remain cautious for the year 2020.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2019, based on unaudited financial information, the Group had total assets of US\$5,345.8 million (unaudited), representing an increase of 15.9% as compared to US\$4,611.4 million (audited) as at 31 December 2018.

Net debt (31 December 2019: US\$1,292.5 million (unaudited), 31 December 2018: US\$1,368.4 million (audited)) to equity ratio (defined as total bank borrowings and corporate bond minus cash and deposits divided by total equity) was 0.66 as compared to 0.80 as at 31 December 2018.

Total bank borrowings and corporate bond of the Group are denominated in U.S. dollars (“US\$”) (31 December 2019: US\$672.1 million (unaudited), 31 December 2018: US\$792.9 million (audited)), Vietnamese Dong (“VND”) (31 December 2019: US\$343.5 million (unaudited), 31 December 2018: US\$348.8 million (audited)) and Renminbi (“RMB”) (31 December 2019: US\$719.2 million (unaudited), 31 December 2018: US\$669.7 million (audited)).

As at 31 December 2019, the Group’s current portion of long-term borrowings amounted to US\$330.0 million (unaudited) (31 December 2018: US\$190.4 million (audited)), and fixed interest rate borrowings amounted to US\$361.0 million (unaudited) (31 December 2018: US\$342.8 million (audited)). During the year, the Group has entered into interest rate swap contracts to manage its interest rate exposure for the floating interest rate borrowings. As at 31 December 2019, the aggregate notional principal amount of these outstanding derivative financial instruments was US\$155.4 million (unaudited).

All domestic sales in the PRC 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 2019, the aggregate notional principal amount of these outstanding derivative financial instruments for US\$ against RMB was US\$169.4 million (unaudited).

## **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\$424.7 million (unaudited) as at 31 December 2019, an increase of US\$16.6 million as compared to 31 December 2018.

## **CHARGES ON GROUP ASSETS**

Based on unaudited financial information, as at 31 December 2019, out of the total borrowings of US\$1,734.8 million (unaudited) (31 December 2018: US\$1,811.4 million (audited)) obtained by the Group, US\$186.7 million (unaudited) (31 December 2018: US\$169.8 million (audited)) was secured and accounted for 10.8% (31 December 2018: 9.4%) of the total borrowings. Certain of the Group’s property, plant and equipment and land use rights with an aggregate net book value of US\$207.7 million (unaudited) (31 December 2018: US\$225.5 million (audited)) 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 2019 was approximately US\$21.2 million (unaudited) (31 December 2018: US\$54.5 million (audited)). The contingent liabilities of the Group in respect of such guarantees as at 31 December 2019 were US\$10.5 million (unaudited) (31 December 2018: US\$14.9 million (audited)).

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 31 December 2019, the Group employed around 42,000 staff in the PRC, Vietnam and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market conditions while performance bonuses are granted on a discretionary basis. Other employee benefits include, for example, medical insurance and training.

## **PROPOSED FINAL DIVIDEND**

Basic and diluted earnings per share were both US 1.365 cents (unaudited) (2018: US 1.112 cents (audited)). Subject to the audited annual results for the year ended 31 December 2019 to be issued upon completion of the auditing process will be consistent in all material respects with the unaudited annual results set out herein, the board has recommended a final dividend per share (“DPS”) of HK\$0.024 (equivalent to US 0.308 cents). Assuming the condition mentioned above is satisfied, including the interim DPS of HK\$0.008, total DPS in 2019 would be HK\$0.032 (2018: HK\$0.043).

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining a high corporate governance standard, 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 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 2019.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

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”) as the code of conduct for dealings in the Company’s securities by its directors. In response to a specific enquiry by the Company, all directors of the Company (except Mr. Cheng Yuk Wo who was appointed as an independent non-executive director of the Company effective from 1 January 2020) have confirmed that they complied with the required standard set out in the Model Code during 2019.

## **REVIEW OF UNAUDITED ANNUAL RESULTS**

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in parts of China to combat the COVID-19 coronavirus outbreak. The unaudited annual results contained herein have not been agreed with the Company's auditors. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

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

During 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **FURTHER ANNOUNCEMENT(S)**

This announcement of the unaudited results of the Company for the year ended 31 December 2019 is being published on the same day as the announcement by Charoen Pokphand Foods Public Company Limited ("CPF"), the holding company of the Company, of its annual results for the same year. CPF is a company listed on the Stock Exchange of Thailand. This is consistent with past practice of the Company and CPF in relation to the publication of their respective results announcements.

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the confirmed proposed final dividend for the year ended 31 December 2019, (iii) the payment date of such proposed final dividend, (iv) the proposed date on which the forthcoming annual general meeting will be held, (v) the period during which the register of members holding ordinary shares will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting, and (vi) the period during which the registers of members holding ordinary shares and convertible preference shares of the Company respectively will be closed in order to determine entitlement to receive the proposed final dividend. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

**The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Arunee Watcharananan**  
*Director*

Hong Kong, 20 February 2020

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