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**KOND 康大**  
**中國康大食品有限公司**  
**CHINA KANGDA FOOD COMPANY LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
(Hong Kong Stock Code: 834)  
(Singapore Stock Code: P74)

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

The board of directors (the “Board”) of China Kangda Food Company Limited (the “Company”) is pleased to announce its consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015 together with the comparative figures for the previous year as follows:

**Consolidated Statement of Comprehensive Income**

*for the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>RMB'000</b> <b>(Unaudited)</b>	2014 <b>RMB'000</b> <b>(Audited)</b>
<b>Revenue</b>	5	<b>1,226,448</b>	1,302,632
Cost of sales		<b>(1,103,612)</b>	(1,192,967)
<b>Gross profit</b>		<b>122,836</b>	109,665
Other income	5	<b>27,752</b>	29,221
Selling and distribution costs		<b>(28,787)</b>	(27,641)
Administrative expenses		<b>(49,645)</b>	(58,266)
Other operating expenses		<b>(11,711)</b>	(8,135)
Impairment loss on property, plant and equipment		<b>(41,486)</b>	-
<b>Profit from operations</b>	6	<b>18,959</b>	44,844
Finance costs	7	<b>(38,918)</b>	(38,618)
Share of loss of associates		<b>(784)</b>	(1,035)

	<i>Notes</i>	<b>2015</b> <b>RMB'000</b> <b>(Unaudited)</b>	2014 <b>RMB'000</b> <b>(Audited)</b>
<b>(Loss)/Profit before taxation</b>		<b>(20,743)</b>	5,191
Income tax expense	8	<b>(5,262)</b>	(12,292)
<b>Loss for the year</b>		<b>(26,005)</b>	(7,101)
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(26,005)</b>	(7,101)
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(28,060)</b>	(3,956)
Non-controlling interests		<b>2,055</b>	(3,145)
		<b>(26,005)</b>	(7,101)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>(28,060)</b>	(3,956)
Non-controlling interests		<b>2,055</b>	(3,145)
		<b>(26,005)</b>	(7,101)
<b>Loss per share for loss attributable to the owners of the Company during the year</b>	<i>10</i>		
<b>Basic (RMB cents)</b>		<b>(6.48)</b>	(0.91)
<b>Diluted (RMB cents)</b>		<b>(6.48)</b>	(0.91)

**Consolidated Statement of Financial Position**  
as at 31 December 2015

	<i>Notes</i>	<b>2015</b> <b>RMB'000</b> <b>(Unaudited)</b>	2014 <b>RMB'000</b> <b>(Audited)</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>819,364</b>	614,752
Prepaid premium for land leases		<b>120,878</b>	125,202
Interest in associates		-	784
Goodwill		<b>56,778</b>	56,778
Biological assets		<b>24,774</b>	27,781
Long-term receivables		-	2,523
Deferred tax assets		<b>1,679</b>	1,985
		<hr/> <b>1,023,473</b>	<hr/> 829,805
<b>Current assets</b>			
Biological assets		<b>36,274</b>	45,462
Inventories		<b>176,906</b>	163,973
Trade receivables	<i>11</i>	<b>64,933</b>	71,446
Prepayments, other receivables and deposits		<b>82,667</b>	50,467
Amount due from a related party		<b>5,924</b>	-
Current portion of long-term receivables		<b>2,546</b>	2,524
Pledged deposits		<b>185,735</b>	70,000
Cash and cash equivalents		<b>269,648</b>	481,445
		<hr/> <b>824,633</b>	<hr/> 885,317
<b>Current liabilities</b>			
Trade and bills payables	<i>12</i>	<b>347,836</b>	179,781
Accrued liabilities and other payables		<b>104,264</b>	83,888
Interest-bearing bank borrowings		<b>649,000</b>	651,667
Amount due to a related party		-	23,955
Deferred government grants		<b>2,637</b>	1,807
Tax payables		<b>3,296</b>	2,500
		<hr/> <b>1,107,033</b>	<hr/> 943,598
Net current liabilities		<b>(282,400)</b>	(58,281)
		<hr/> <b>741,073</b>	<hr/> 771,524
<b>Total assets less current liabilities</b>		<b>741,073</b>	771,524

	<b>2015</b> <i>RMB'000</i> <b>(Unaudited)</b>	2014 <i>RMB'000</i> <b>(Audited)</b>
<b>Non-current liabilities</b>		
Deferred government grants	<b>22,120</b>	15,687
Interest-bearing bank borrowings	<b>40,000</b>	50,000
Deferred tax liabilities	<b>7,969</b>	8,848
	<hr/>	<hr/>
Total non-current liabilities	<b>70,089</b>	74,535
	<hr/>	<hr/>
<b>Net assets</b>	<b>670,984</b>	696,989
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to Company's owners</b>		
- Share capital	<b>112,176</b>	112,176
- Reserves	<b>531,962</b>	560,022
	<hr/>	<hr/>
	<b>644,138</b>	672,198
<b>Non-controlling interests</b>	<b>26,846</b>	24,791
	<hr/>	<hr/>
<b>Total equity</b>	<b>670,984</b>	696,989
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31 December 2015

### 1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries (together with the Company referred as the "Group") are production and trading of food products, breeding and sale of livestock, poultry and rabbits.

The Group's operations are principally conducted in the People's Republic of China, excluding Hong Kong and Macau (the "PRC"). The financial statements are presented in Renminbi ("RMB").

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

#### (a) Adoption of new/revised IFRSs – first effective on 1 January 2015

In the current year, the Group has applied for the first time the following new and revised standards issued by the International Accounting Standards Board ("IASB"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2015:

IFRSs (Amendments)	Annual Improvements 2010 – 2012 Cycle
IFRSs (Amendments)	Annual Improvements 2011 – 2013 Cycle

The adoption of these amendments has no material impact on the Group's financial statements.

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

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

IFRSs (Amendments)	Annual Improvements 2012 – 2014 Cycle <sup>1</sup>
Amendments to IAS 1	Disclosure Initiative <sup>1</sup>
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants <sup>1</sup>
Amendments to IAS 27	Equity Method in Separate Financial Statement <sup>1</sup>

IFRS 9 (2014)	Financial Instruments <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
IFRS 15	Revenue from Contracts with Customers <sup>2</sup>
IFRS 16	Lease <sup>3</sup>

<sup>1</sup>Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup>Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup>Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup>No mandatory effective date but is available for early adoption

#### Amendments to IAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of IAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

#### Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

#### Amendments to IAS 27 - Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

#### IFRS 9 (2014) - Financial Instruments

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

IFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 (2014) retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

#### *Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

#### *IFRS 15 - Revenue from Contracts with Customers*

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

#### *IFRS 16 – Leases*

IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets)

or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these pronouncements in the period of initial application and the Directors anticipate that more disclosures would be made but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

#### **New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements**

The provisions of the new Hong Kong Companies' Ordinance, Cap.622 in relation to the preparation of financial statements apply to the Company in this financial year.

The Directors consider that there is no impact on the Group's financial position or performance, however the new Hong Kong Companies Ordinance, Cap.622. impacts on the preparation and disclosures on the consolidated financial statements.

### **3 BASIS OF PREPARATION**

#### **(a) Statement of compliance**

The financial statements have been prepared in accordance with IFRSs which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the IASB, and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB.

#### **(b) Basis of measurement and going concern assumption**

The financial statements have been prepared under the historical cost basis except for biological assets which are stated at fair values.

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

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

- 1.The Group incurred a net loss of approximately RMB26 million during the year ended 31 December 2015, and as of that date, the Group's current liabilities exceeded its current assets by approximately RMB282 million as at 31 December 2015; and

2. Amongst the total bank borrowings of approximately RMB689 million as at 31 December 2015, bank borrowings of RMB649 million as at 31 December 2015 are due for repayment within one year from 31 December 2015.

These conditions indicate the existence of a material uncertainty which may cast significant doubts on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the financial statements were prepared based on the assumption that the Group can be operated as a going concern and the directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2015, after taking into consideration of the following:

1. The Group continues to expand its production volume by improving the utilisation rate of its facilities and implement measures to tighten cost controls over various operating expenses in order to improve its profitability and to generate positive cash inflow from its operations in the future;
2. The Group is actively negotiating with the banks to seek for renewal of the outstanding bank borrowings. Subsequent to reporting date, the Group successfully renewed bank borrowings of RMB50 million upon maturity of these bank borrowings. In addition, subsequent to reporting date, the Group obtained written confirmation from several Group's major bankers, which confirmed to renew certain bank borrowings, in aggregate of up to RMB389 million, to the Group for another year upon the maturity of the bank borrowings;
3. The Group is actively exploring the availability of alternative source of financing; and
4. Qingdao Kangda Foreign Trade Group Limited ("KD Group"), which is substantially beneficially owned by a substantial shareholder of the Company, has agreed to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations as a going concern notwithstanding any present or future financial difficulties experienced by the Group.

The Directors of the Company believe that the aforementioned financing/business plans and operational measures will be successful, based on the continuous efforts and commitment given by the management. Having regard to the cash flow projection of the Group, which are prepared assuming that these measures are successful, the Directors of the Company are of the opinion that, in the light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements.

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

#### 4. SEGMENT INFORMATION

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

	2015				Total RMB'000 (Unaudited)
	Processed foods RMB'000 (Unaudited)	Chilled and frozen rabbit meat RMB'000 (Unaudited)	Chilled and frozen chicken meat RMB'000 (Unaudited)	Other products RMB'000 (Unaudited)	
Revenue from external customers	696,207	158,460	240,023	131,758	1,226,448
Reportable segment revenue	696,207	158,460	240,023	131,758	1,226,448
Reportable segment profit/(loss)	84,162	(51,096)	190	15,174	48,430
Depreciation of property, plant and equipment	27,166	6,183	9,366	5,142	47,857
Amortisation of prepaid premium land leases	2,455	559	846	464	4,324
Impairment loss on property, plant and equipment	-	41,486	-	-	41,486
Loss on disposal of property, plant and equipment	-	4,133	-	-	4,133
Write down of inventories	-	2,474	-	-	2,474

	<b>2014</b>				<b>Total</b>
	<b>Processed foods</b>	<b>Chilled and frozen rabbit meat</b>	<b>Chilled and frozen chicken meat</b>	<b>Other Products</b>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Revenue from external customers	707,144	195,161	236,850	163,477	1,302,632
Reportable segment revenue	707,144	195,161	236,850	163,477	1,302,632
Reportable segment profit	63,894	7,179	870	7,431	79,374
Depreciation of property, plant and equipment	26,164	7,221	8,763	6,048	48,196
Amortisation of prepaid premium land leases	2,342	647	785	541	4,315
Impairment loss on goodwill	-	1,152	-	-	1,152
Amortisation of intangible assets	2,650	-	-	-	2,650
Write down of inventories	-	3,945	-	-	3,945

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

	<b>2015</b>	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Reportable segment profit	<b>48,430</b>	79,374
Other income	<b>27,752</b>	29,221
Administrative expenses	<b>(49,645)</b>	(58,266)
Other operating expenses	<b>(7,578)</b>	(5,485)
Finance costs	<b>(38,918)</b>	(38,618)
Share of loss of associates	<b>(784)</b>	(1,035)
(Loss)/Profit before taxation	<b>(20,743)</b>	5,191

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

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
<u>Local (Country of domicile)</u>		
PRC	<b>704,395</b>	713,249
Japan	<b>271,731</b>	298,697
Europe #	<b>222,594</b>	215,079
Others	<b>27,728</b>	75,607
	<b>1,226,448</b>	1,302,632
	<b>=====</b>	<b>=====</b>

# Principally include Germany, France, Spain and Russia

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

## 5. REVENUE AND OTHER INCOME

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

	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Audited)
<b>Revenue</b>		
Sale of goods	<b>1,226,448</b>	1,302,632
<b>Other income</b>		
Interest income on financial assets stated at amortised cost	<b>8,084</b>	6,780
Amortisation of deferred income on government grants	<b>2,637</b>	1,807
Government grants related to income*	<b>3,921</b>	7,575
Gains arising from changes in fair value less estimated point-of-sale costs of biological assets, net	<b>7,102</b>	6,813
Gain on disposal of land use right	-	322
Gain on disposal of subsidiaries	-	232
Insurance claims	<b>2,872</b>	3,964
Others	<b>3,136</b>	1,728
	<b>27,752</b>	29,221

\* Various government grants have been received mainly from the Finance Bureau of Qingdao City (青島市財政局) for the Group's business conducted in those areas. There are no unfulfilled conditions or contingencies related to these grants.

## 6. PROFIT FROM OPERATIONS

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

	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Audited)
Cost of inventories recognised as an expense	983,682	978,991
Depreciation of property, plant and equipment*	55,402	51,808
Amortisation of prepaid premium for land leases**	4,324	4,315
Amortisation of an intangible assets***	-	1,152
Write down of inventories#	2,474	3,945
Impairment loss on goodwill	-	2,650
Impairment loss on property, plant and equipment	41,486	-
Minimum lease payments under operating leases for production facilities	13,398	11,973
Loss on disposal of property, plant and equipment	9,231	2,754
Exchange (gain)/loss, net	(320)	5,686

\* Depreciation of approximately RMB47,765,000 (2014: RMB48,102,000), approximately RMB91,000 (2014: RMB94,000) and approximately RMB7,546,000 (2014: RMB3,612,000) has been charged to cost of sales, selling and distribution costs and administrative expenses, respectively, for the year ended 31 December 2015.

\*\* Amortisation of prepaid premium for land leases has been charged to cost of sales for the years ended 31 December 2014 and 2015.

\*\*\* Amortisation of intangible assets has been charged to cost of sales for the year ended 31 December 2014.

# Write down of inventories for the year was included in cost of sales for the years ended 31 December 2014 and 2015.

## 7. FINANCE COSTS

	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Audited)
Interest charges on:		
Bank borrowings wholly repayable within five years	42,798	40,659
Less: Amount capitalised (note)	(3,880)	(2,041)
	<b>38,918</b>	<b>38,618</b>

Note: Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.61% (2014: 5.54%) to expenditure on qualifying assets.

## 8. INCOME TAX EXPENSE

	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Audited)
PRC corporate income tax		
Current year provision	5,622	2,392
Under-provision in prior years	213	114
	<hr/> 5,835	<hr/> 2,506
Deferred tax (credit)/charge	(573)	9,786
	<hr/>	<hr/>
Total income tax expense	<b>5,262</b>	12,292
	<hr/> <hr/>	<hr/> <hr/>

No Hong Kong profits tax has been provided for the year ended 31 December 2015 as the Group did not derive any assessable profit arising in Hong Kong during the year (2014: Nil).

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

Tax has not been provided by the Company as the Company did not derive any assessable profits during the year (2014: Nil).

## 9. DIVIDENDS

The board of Directors did not recommend any payment of dividends during the year (2014: Nil).

## 10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB28,060,000 (2014: RMB3,956,000) and on 432,948,000 (2014: 432,948,000) ordinary shares in issue during the year.

In relation to the years ended 31 December 2015 and 2014, no diluted earnings per share are presented as there was no potential ordinary share.

## 11. TRADE RECEIVABLES

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

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

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Within 30 days	<b>50,775</b>	53,513
31 – 60 days	<b>6,759</b>	8,693
61 – 90 days	<b>3,232</b>	2,520
91 – 120 days	<b>1,525</b>	1,131
Over 120 days	<b>2,642</b>	5,589
	<b>64,933</b>	71,446

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

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly or the trade receivables are written-off against the allowance account if impairment losses on that trade receivables have been recorded in the allowance account previously. No allowance was made for the year ended 31 December 2015 and 2014.

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

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Neither past due nor impaired	<b>57,852</b>	65,110
Not more than 3 months past due	<b>4,892</b>	5,167
3 to 6 months past due	<b>139</b>	470
6 to 12 months past due	<b>2,050</b>	699
	<b>64,933</b>	71,446

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

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

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

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
PRC	<b>29,215</b>	26,299
Japan	<b>1,198</b>	11,421
Europe	<b>8,151</b>	21,888
Others	<b>26,369</b>	11,838
	<b>64,933</b>	71,446
	<b>=====</b>	<b>=====</b>

## 12. TRADE AND BILLS PAYABLES

Trade payables are non-interest bearing and are normally settled on terms of 60 days (2014: 60 days). Bills payables are non-interest bearing, secured by the pledged deposits and are normally settled on terms of 180 days (2014: 180 days).

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade payables	<b>156,436</b>	101,781
Bills payables	<b>191,400</b>	78,000
	<hr/> <b>347,836</b> <hr/> <hr/>	<hr/> 179,781 <hr/> <hr/>

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

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Within 60 days	<b>167,550</b>	78,294
61 – 90 days	<b>84,145</b>	6,663
91 – 120 days	<b>35,073</b>	4,424
Over 120 days	<b>61,068</b>	90,400
	<hr/> <b>347,836</b> <hr/> <hr/>	<hr/> 179,781 <hr/> <hr/>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the fiscal year 2015 (“FY2015”), the Group recorded a loss attributable to owners of the Group amounted to RMB28.1 million as a result of the inclusion of impairment loss on property, plant and equipment amounted to RMB41.5 million in consideration of the weak market demand for rabbit meat. Excluding this impairment loss, the Group recorded a profit attributable to owners of the Group amounted to RMB13.0 million for FY2015 as compared to a loss of approximately RMB4.0 million recorded in the fiscal year 2014 (“FY2014”).

In FY2015, the decrease in demand for processed food products from overseas and the oversupply of rabbit related products in the PRC market had negative impacts on the overall performance of the Group. However, the effective cost reduction measures implemented by the Group and the allocation of resources to high value-added sales have significantly improved the Group’s profitability.

Based on the understanding from management, the Group is one of 8 enterprises in the PRC which have successfully obtained the approval to export rabbit meat to overseas market. The Management observed that there is a growing preference for “free rearing” rabbits from its customers and that it expects the demand and selling price of “free rearing” rabbits will be higher than that of the current “cage rearing” rabbits, especially in the overseas market, which will improve the overseas sales and restore the market demand for rabbit meat to normal level. Therefore, in FY2015, the Group invested in rearing “free roaming” rabbits including improving the related production and breeding facilities to comply with the European animal protection rights' requirement aimed at increasing the competitiveness of the Group and improving the profitability in chilled and frozen rabbit meat segment.

The Group also invested its production and sales of pet food products in order to further broaden the products range of the Group. Through the continuous enhancements to the Group’s facilities and with its vertically integrated operation, the Group believes that the profitability of the Group will improve with the recovery of the industry.

### **SAFETY**

The Group currently has its own production facilities in Jiaonan, Gaomi and Jilin. With the growing awareness on food safety, effective food control systems are essential to protect the health and safety of the consumers. The Group’s quality management system has obtained HACCP, ISO9001 and ISO14001 certification. The Group views its ability in surveillance, monitoring and enforcement in compliance with PRC and international standards as its strength.

The Group has been continuously optimizing its biological safety, hygienic and disease prevention system. By comprehensively implementing tracing system to monitor food safety and strictly controlling each procedure in the farm-to-table continuum, the Group ensures the consumers with the provision of safe food. The Group is constantly monitoring our processing facilities by on-site inspection at breeding factories and farms to reduce the risks of disease and increase our product quality. With the commitment to healthier, safer and quality meat products, the Group has firmly strengthened our quality management and risks over every operation process ranging from purchases, breeding, production, logistics and storage to sales to ensure that the Group consistently offers quality and safe food to consumers.

## PROSPECT

Going forward, the Group will continue to apply various pro-active and prudent measures such as exercising a better pricing strategy that taking into account of the market condition, acceleration of the development of sales channels and strengthening the Group's brand building.

To mitigate the increasing operating costs, the Group will continue to increase its efforts in the research and development of new products that command higher profit margins. The Group will also look for opportunities that may bring steady long term growth that fit with its strategy, such as, continue to increase its existing production capacity and control its products quality to increase market penetration. At the same time, to diversify the Group's businesses, the Group will also look for opportunities to commence new business segments and develop any potential business opportunities.

The Group will also explore the reduction of its costs by disposing non-performing business operations to enable the Group to have sufficient cash resources to meet its present and future cash flow requirement. The Group remains positive that the financial position is stable and the above strategies and measures will bring the Group steady and sustainable long term growth.

## OPERATING AND FINANCIAL REVIEW

### REVENUE BY PRODUCTS

	<b>FY2015</b> <i>RMB'000</i> <b>(Unaudited)</b>	<b>FY2014</b> <i>RMB'000</i> <b>(Audited)</b>	<b>% Change</b> + / (-)
Processed food	<b>696,207</b>	707,144	(1.5)
Chilled and frozen rabbit meat	<b>158,460</b>	195,161	(18.8)
Chilled and frozen chicken meat	<b>240,023</b>	236,850	1.3
Other products	<b>131,758</b>	163,477	(19.4)
<b>Total</b>	<b>1,226,448</b>	1,302,632	(5.8)

### Processed Food Products

Revenue derived from the production and sales of processed food products decreased by 1.5% to RMB696.2 million for FY2015.

### Chilled and Frozen Meat Products

The rabbit and chicken meat segments contributed 32.5% to the Group's total revenue for FY2015.

#### - Chilled and Frozen Rabbit Meat

Due to the sprouting of numerous smaller plants in the PRC in the past, there was an oversupply of rabbit meat in the PRC market. This had resulted in a decrease of demand and price of chilled and frozen rabbit meat.

- Chilled and Frozen Chicken Meat  
Revenue derived from the production and sales of chilled and frozen chicken meat products increased slightly by 1.3% to RMB240.0 million for FY2015.

### Other Products

Revenue derived from the production and sale of other products decreased by 19.4% to RMB131.8 million in FY2015. Pet food sales contributed over 50% to this segment with revenue generated from the Beijing and Shanghai markets in the PRC and overseas markets in Japan and Korea.

### REVENUE BY GEOGRAPHICAL MARKETS

	<b>FY2015</b> <i>RMB'000</i> (Unaudited)	FY2014 <i>RMB'000</i> (Audited)	% Change + / (-)
Export	<b>522,053</b>	589,383	(11.4)
PRC	<b>704,395</b>	713,249	(1.2)
<b>Total</b>	<b>1,226,448</b>	1,302,632	(5.8)

On a geographical basis, revenue from export sales decreased by 11.4% to RMB522.1 million in FY2015. The decrease in export sales was attributable mainly to the decrease in demand for processed food products from Europe and Japan.

The decrease of PRC sales was attributable mainly to the decrease of sales of chilled and frozen rabbit meat in the PRC market as explained above under the “Chilled and Frozen Meat Products”.

### PROFITABILITY

#### Gross Profit and Margin

	<b>FY2015</b> <i>RMB'000</i> (Unaudited)	<b>FY2015</b> <i>Margin %</i>	FY2014 <i>RMB'000</i> (Audited)	FY2014 <i>Margin %</i>	Change <i>RMB'000</i>	% Change + / (-)
Processed food	<b>105,273</b>	<b>15.1</b>	81,549	11.5	23,724	29.1
Rabbit meat	<b>(1,758)</b>	<b>(1.1)</b>	10,982	5.6	(12,740)	(116.0)
Chicken meat	<b>1,054</b>	<b>0.4</b>	6,233	2.6	(5,179)	(83.1)
Other products	<b>18,267</b>	<b>13.9</b>	10,901	6.7	7,366	67.6
<b>Total</b>	<b>122,836</b>	<b>10.0</b>	109,665	8.4	13,171	12.0

Due to the improvement of the gross profit margin of processed food products, the overall gross profit margin increased from 8.4% to 10.0% in FY2015. The increase in gross profit margin was attributable to the effectiveness of costs management and the positive effects of new measures, including increasing level of automation, reducing manual processes and increasing sales contribution from high value-added chicken related processed food.

#### *Processed Food Products*

Processed food products were the main profit contributor in FY2015. The increase in gross profit margin from 11.5% to 15.1% in FY2015 was due mainly to the increase in selling prices of the processed food products as a result of value add initiatives undertaken, such as products design and enhancement in flavor and recipe.

#### *Chilled and Frozen Rabbit Meat*

The gross profit margin of chilled and frozen rabbit meat declined from 5.6% to -1.1% in FY2015 mainly due to the decrease of rabbit meat price as explained above under the “Chilled and Frozen Meat Products - Chilled and Frozen Rabbit Meat”.

#### *Chilled and Frozen Chicken Meat*

As a result of the decrease in selling prices, the gross profit of chilled and frozen chicken meat segment decreased from 2.6% to 0.4% in FY2015.

#### *Other Products*

Other products are mainly pet food products and chicken and rabbit meat by-products, which are not the core profit drivers of the Group. Due to the increase in prices of pet food products, gross profit margin increased from 6.7% to 13.9% in FY2015 and gross profit increased from RMB10.9 million to RMB18.3 million.

#### *Other Income*

Other income comprised mainly government grants, gain on change in fair value of biological assets, insurance claim and interest income from financial assets amounting to RMB3.9 million, RMB7.1 million, RMB2.9 million and RMB8.1 million respectively. The rest were mainly sales of rabbit excrement as fertilizer. The decrease in other income was due to the decrease of government grants by the Chinese government in relation to the decrease of agricultural operations and business in FY2015.

#### *Selling and Distribution Expenses*

Selling and distribution expenses comprised mainly transportation costs, sales promotion expenses, salary and welfare which increased slightly by 4.1% to approximately RMB28.8 million.

#### *Administrative Expenses*

Administrative expenses comprised mainly staff costs, professional fees, depreciation charge, travelling expenses and other miscellaneous administrative expenses. The decrease in administrative expenses by 14.8% was due mainly to the implementation of cost controls measures.

#### *Other Operating Expenses*

Other operating expenses represented miscellaneous expenses in the daily operation, comprising mainly loss on disposal and write off of property, plant and equipment amounting to RMB9.2 million in FY2015.

#### *Impairment loss on property, plant and equipment*

The business related to the sale of rabbit products showed a decline in the year under review and has yet to recover. The Group performed an impairment assessment on certain property, plant and equipment of this segment in accordance with the accounting policy on impairment on non-financial assets. Based on the assessment, an impairment loss of approximately RMB41.5 million was recognised in the consolidated statement of comprehensive income for FY2015.

#### *Finance costs*

Finance costs increased slightly by 0.8% to approximately RMB38.9 million in FY2015. The borrowing is for the purpose of enhancing the production facilities and future working capital.

#### *Taxation*

Taxation decreased by 57.2% to approximately RMB5.3 million in FY2015.

There was a release of deferred tax assets relating to the prior years' tax losses arose in the course of the business combination and this was fully released in FY2014. In FY2014, approximately RMB10.4 million of the income tax expense arose from utilisation of prior years' recognised tax loss and expiry of prior years' recognised tax losses from certain subsidiaries.

#### ***Review of the Group's Financial Position as at 31 December 2015***

The Group's property, plant and equipment increased by 33.3% to approximately RMB819.4 million as at 31 December 2015 due mainly to purchases of property, plant and equipment of approximately RMB295.3 million and this was offset by the impairment loss and a depreciation charge of approximately RMB41.5 million and approximately RMB55.4 million respectively.

The prepaid premium for land leases decreased by 3.5% to approximately RMB120.9 million as at 31 December 2015 due mainly to an amortisation charge of land use right amounted to approximately RMB4.3 million.

Goodwill arose from the acquisitions of subsidiaries in the past.

Biological assets refer to progeny rabbits and progeny chickens for sale and breeder rabbits and chickens for breeding purpose. These biological assets were valued by an independent professional valuer as at 31 December 2015 with reference to market-determined prices.

Inventories increased by 7.9% to approximately RMB176.9 million in anticipation of an increase in demand in the first quarter of 2016. The inventory turnover days for FY2015 were 56 days compared to 45 days for FY2014. The increase in turnover days was due to the increase of inventory level of unsold rabbit skin related products. The rabbit skin related products are durable products and the Group believes that they will be sold with the recovery of the market.

Trade receivables decreased by 9.1% to approximately RMB64.9 million as at 31 December 2015 due mainly to the decrease of sales during the year. The trade receivables turnover days was 20 days in FY2015 compared to 21 days for FY2014.

Prepayments, other receivables and deposits increased by 63.8% to approximately RMB82.6 million as at 31 December 2015. The increase was due mainly to the trade deposit paid to suppliers.

Cash and cash equivalents, including pledged deposits, decreased by approximately RMB96.1 million to approximately RMB455.4 million. Approximately RMB185.7 million of the bank deposit was secured against the bills payables of the Group.

Trade and bills payables increased by 93.5% to approximately RMB347.8 million as at 31 December 2015. The increase in the trade and bills payables was due mainly to the increase of bill payables secured by the pledged deposits from approximately RMB78.0 million to approximately RMB191.4 million as at 31 December 2015 for the financing of facilities enhancements in FY2015.

Accrued liabilities and other payables represented payables for construction and facilities, salary and welfare payables, accrued expenses and deposit received. It increased by 24.3% to approximately RMB104.3 million as at 31 December 2015 and the increase was due to the increase of deposits placed by customers and the increase of payables of construction costs compared to 31 December 2014.

The interest-bearing bank borrowings balance as at 31 December 2015 decreased by RMB12.7 million to approximately RMB689.0 million after taking into account the additional bank borrowings of approximately RMB639.0 million and repayment of the bank borrowings of approximately RMB651.7 million during the year. Approximately RMB40.0 million of the bank borrowing was classified as non-current liabilities.

Change in balance with a related party represented the outstanding balance due to Qingdao Kangda Foreign Trade Group Limited (“KD Group”) as a result of the trading transactions.

Tax payables increased from RMB2.5 million to RMB3.3 million as at 31 December 2015. This was due to the increase of income tax accrued during the year.

## **CAPITAL STRUCTURE**

During the year under review, the Group had net assets of approximately RMB671.0 million (31 December 2014: RMB697.0 million), comprising non-current assets of approximately RMB1,023.5 million (31 December 2014: RMB829.8 million), and current assets of approximately RMB824.6 million (31 December 2014: RMB885.3 million). The Group recorded a net current liability position of approximately RMB282.4 million (31 December 2014: RMB58.3 million) as at 31 December 2015, which primarily consist of cash and cash equivalents balances amounted to approximately RMB269.6 million (31 December 2014: RMB481.4 million). Moreover, inventories amounted to approximately RMB176.9 million (31 December 2014: RMB164.0 million) and trade receivables amounted to approximately RMB64.9 million (31 December 2014: RMB71.4 million) are also major current assets. Major current liabilities are trade and bills payables and interest-bearing bank borrowings amounted to approximately RMB347.8 million (31 December 2014: RMB179.8 million) and approximately RMB649.0 million (31 December 2014: RMB651.7 million) respectively.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group has cash and cash equivalent of approximately RMB269.6 million (31 December 2014: RMB481.4 million) and had total interest-bearing bank borrowings of approximately RMB689.0 million (31 December 2014: RMB701.7 million). The Group's interest-bearing bank borrowings was debts with interest rate ranging from 4.83% to 6.95% (31 December 2014: 4.36% to 7.80%) per annum.

The gearing ratio for the Group was 107% as at 31 December 2015 (31 December 2014: 104.4%), based on net debt of approximately RMB689.0 million (31 December 2014: RMB701.7 million) and equity attributable to Company's owners of approximately RMB644.1 million (31 December 2014: RMB672.2 million). The Group would serve its debts primarily with cash flow generated from its operation, seeking renewal of the outstanding bank borrowings and new banking facilities and exploring the availability of alternative source of financing. The Board is confident that the Group has adequate financial resources to meet its future debt repayment and support its working capital requirement and future expansion.

## FOREIGN CURRENCY EXPOSURE

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

	USD	EURO	JPY	SGD	HK\$
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<u>Financial assets</u>					
Trade receivables	26,369	8,151	1,198	-	-
Cash and bank balances	10,010	3,614	-	5	104
	<u>36,379</u>	<u>11,765</u>	<u>1,198</u>	<u>5</u>	<u>104</u>
<u>Financial liabilities</u>					
Trade payables	<u>17,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

## **CAPITAL COMMITMENTS**

As at 31 December 2015, there is capital commitment of the Group which had been contracted for but not provided in the financial statements amounted to approximately RMB21.4 million (2014: Nil).

## **CHARGE ON ASSETS**

Total secured interest-bearing bank borrowings were approximately RMB205,000,000 as at 31 December 2015 (2014: RMB334,667,000).

As at 31 December 2014 and 2015, the Group's interest-bearing bank borrowings were guaranteed by certain related parties of the Group and secured against pledge of certain of the Group's property, plant and equipment, land use rights, certain properties of the related parties and pledged deposits.

## **CONTINGENT LIABILITIES**

As at 31 December 2015, the Group did not have any material contingent liabilities (31 December 2014: Nil).

## **EMPLOYEES AND EMOLUMENT POLICY**

As at 31 December 2015, the Group employed a total of 4,109 employees (2014: 4,456 employees) in the PRC. The Group's emolument policy is formulated based on the industry practices and performance of individual employee. During the year under review, the total staff costs (including Directors' emoluments) were in the amount of approximately RMB203.3 million (2014: RMB202.5 million). The Company does not have share option scheme for its employees.

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

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

## **AUDIT COMMITTEE**

The audit committee of the Company consists of the independent non-executive directors, namely Mr. Chong Soo Hoon, Sean, Mr. Lau Choon Hoong and Mr. Yu Chung Leung and the non-executive director of the Company, Mr. Zhang Qi and Mr. Naoki Yamada. The audit committee has reviewed with management the accounting principles and standards adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the annual results for the year ended 31 December 2015.

## **CODE ON CORPORATE GOVERNANCE PRACTICE**

In the opinion of the Directors, the Company has adopted and complied with the code provisions of the Code on Corporate Governance Practice, as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2015 except code provision A.2.7 that the chairman unable to hold meetings with the non-executive directors without the executive directors present due to other commitment.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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

## **PUBLICATION OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015 ANNOUNCEMENT AND ANNUAL REPORT**

This final results announcement is published on the websites of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company at [www.kangdafood.com](http://www.kangdafood.com). The Company’s Annual Report 2015 will also be published on the aforesaid websites in due course.

## **STATUTORY INFORMATION**

An annual general meeting of the Company will be held on 29 April 2016. The register of members of the Company will be closed from 22 April 2016 to 29 April 2016, both days inclusive, during which no transfer of shares will be registered.

In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on 21 April 2016.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements, and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to thank the Group's management and staff for their dedication and commitment throughout the year. Besides, I would like to thank all shareholders, business partners, customers, and vendors for their support and encouragement given to the Group in the past years. My thanks are also extended to the lawyers, auditors, consultants and relevant enterprises who always give us help and support. We will do all our best and we wish you all the best for the upcoming year.

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

Hong Kong, 26 February 2016

As at the date of this announcement, the executive directors of the Company are Mr. An Fengjun (Chief Executive Officer) and Mr. Gao Yanxu; the non-executive directors of the Company are Mr. Gao Sishi (Chairman), Mr. Zhang Qi and Mr. Naoki Yamada; and the independent non-executive directors of the Company are Mr. Chong Soo Hoon, Sean, Mr. Lau Choon Hoong and Mr. Yu Chung Leung.

The following announcement is a reproduction of the announcement made by China Kangda Food Company Limited (the “Company”) regarding the annual results of the Company and its subsidiaries for the year ended 31 December 2015 pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited. In compliance with Rule 13.10(B) of the Listing Rules (which requires a listed issuer to ensure that if securities of the listed issuer are also listed on other stock exchanges, the Stock Exchange of Hong Kong Limited is simultaneously informed of any information released to any of such other stock exchanges and that such information is released to the market in Hong Kong at the same time as it is released on the other markets), the following announcement is announced by the Company simultaneously in Hong Kong and in Singapore on 26 February 2016.

## FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

	<b>FY2015</b>	<b>FY2014</b>	<b>% Change</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>+ / (-)</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	
<b>Revenue</b>	<b>1,226,448</b>	1,302,632	(5.8)
Cost of sales	<u><b>(1,103,612)</b></u>	<u>(1,192,967)</u>	(7.5)
<b>Gross profit</b>	<b>122,836</b>	109,665	12.0
Other income	<b>27,752</b>	29,221	(5.0)
Selling and distribution costs	<b>(28,787)</b>	(27,641)	4.1
Administrative expenses	<b>(49,645)</b>	(58,266)	(14.8)
Other operating expenses	<b>(11,711)</b>	(8,135)	44.0
Impairment loss on property, plant and equipment	<u><b>(41,486)</b></u>	<u>-</u>	N.M.*
<b>Profit from operations</b>	<b>18,959</b>	44,844	(57.7)
Finance costs	<b>(38,918)</b>	(38,618)	0.8
Share of loss of associates	<u><b>(784)</b></u>	<u>(1,035)</u>	(24.3)

\* Not meaningful

	<b>FY2015</b> <i>RMB'000</i> <b>(Unaudited)</b>	FY2014 <i>RMB'000</i> <b>(Audited)</b>	% Change + / (-)
<b>(Loss)/Profit before taxation</b>	<b>(20,743)</b>	5,191	(499.6)
Income tax expense	<b>(5,262)</b>	(12,292)	(57.2)
<b>Loss for the year</b>	<b>(26,005)</b>	(7,101)	(266.2)
Other comprehensive income	-	-	NA
<b>Total comprehensive income for the year</b>	<b>(26,005)</b>	(7,101)	(266.2)
<b>Loss for the year attributable to:</b>			
Owners of the Company	<b>(28,060)</b>	(3,956)	609.3
Non-controlling interests	<b>2,055</b>	(3,145)	165.3
	<b>(26,005)</b>	(7,101)	(266.2)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	<b>(28,060)</b>	(3,956)	609.3
Non-controlling interests	<b>2,055</b>	(3,145)	165.3
	<b>(26,005)</b>	(7,101)	(266.2)

	<b>FY2015</b> <b>RMB'000</b> <b>(Unaudited)</b>	FY2014 <i>RMB'000</i> (Audited)	% Change + / (-)
The Group's (loss)/profit before taxation is arrived at after charging/(crediting) :			
Depreciation of property, plant and equipment	<b>55,402</b>	51,808	6.9
Amortisation of intangible assets	-	1,152	(100)
Amortisation of prepaid premium for land leases	<b>4,324</b>	4,315	0.2
Amortisation of deferred income on government grants	<b>(2,637)</b>	(1,807)	(45.9)
Government grants related to income	<b>(3,921)</b>	(7,575)	48.2
Loss on disposal of property, plant and equipment	<b>9,231</b>	2,754	235.2
Exchange (gain)/loss, net	<b>(320)</b>	5,686	105.6
Write down of inventories	<b>2,474</b>	3,945	(37.3)
Impairment loss on goodwill	-	2,650	(100)
Impairment loss on property, plant and equipment	<b>41,486</b>	-	N.M.*
Interest expenses on interest-bearing bank borrowings	<b>38,918</b>	38,618	0.8
Interest income on bank deposits	<b>(8,084)</b>	(6,780)	(19.2)

\* Not meaningful

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

	Group		Company	
	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Audited)	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Audited)
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Property, plant and equipment	819,364	614,752	-	-
Prepaid premium for land leases	120,878	125,202	-	-
Investments in subsidiaries	-	-	84,144	84,144
Interest in associates	-	784	-	-
Goodwill	56,778	56,778	-	-
Biological assets	24,774	27,781	-	-
Long-term receivables	-	2,523	-	-
Deferred tax assets	1,679	1,985	-	-
	<b>1,023,473</b>	<b>829,805</b>	<b>84,144</b>	<b>84,144</b>
<b>Current assets</b>				
Biological assets	36,274	45,462	-	-
Inventories	176,906	163,973	-	-
Trade receivables	64,933	71,446	-	-
Prepayments, other receivables and deposits	82,667	50,467	89	89
Amounts due from subsidiaries	-	-	230,542	234,850
Amounts due from a related party	5,924	-	-	-
Current portion of long-term receivables	2,546	2,524	-	-
Pledged deposits	185,735	70,000	-	-
Cash and cash equivalents	269,648	481,445	46	46
	<b>824,633</b>	<b>885,317</b>	<b>230,677</b>	<b>234,985</b>
<b>Current liabilities</b>				
Trade and bills payables	347,836	179,781	-	-
Accrued liabilities and other payables	104,264	83,888	250	454
Interest-bearing bank borrowings	649,000	651,667	-	-
Amount due to a related party	-	23,955	-	-
Deferred government grants	2,637	1,807	-	-
Tax payables	3,296	2,500	-	-
	<b>1,107,033</b>	<b>943,598</b>	<b>250</b>	<b>454</b>
Net current (liabilities)/assets	<b>(282,400)</b>	<b>(58,281)</b>	<b>230,427</b>	<b>234,531</b>
<b>Total assets less current liabilities</b>	<b>741,073</b>	<b>771,524</b>	<b>314,571</b>	<b>318,675</b>

	Group		Company	
	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Audited)	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Audited)
<b>Non-current liabilities</b>				
Deferred government grants	22,120	15,687	-	-
Interest-bearing bank borrowings	40,000	50,000	-	-
Deferred tax liabilities	7,969	8,848	-	-
Total non-current liabilities	70,089	74,535	-	-
<b>Net assets</b>	<b>670,984</b>	696,989	<b>314,571</b>	318,675
<b>EQUITY</b>				
<b>Equity attributable to Company's owners</b>				
- Share capital	112,176	112,176	112,176	112,176
- Reserves	531,962	560,022	202,395	206,499
	644,138	672,198	314,571	318,675
<b>Non-controlling interests</b>	26,846	24,791	-	-
<b>Total equity</b>	<b>670,984</b>	696,989	<b>314,571</b>	318,675

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

*Amount repayable in one year or less, or on demand*

<b>FY2015</b>		<b>FY2014</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Audited)</b>
<b>205,000</b>	<b>444,000</b>	334,667	317,000

*Amount repayable after one year*

<b>FY2015</b>		<b>FY2014</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Audited)</b>
-	<b>40,000</b>	-	50,000

*Details of any collateral*

Total secured interest-bearing bank borrowings are approximately RMB205,000,000 as at 31 December 2015 (2014: RMB334,667,000).

As at 31 December 2014 and 2015, the Group's interest-bearing bank borrowings are guaranteed by certain related parties of the Group and secured against pledge of certain of the Group's property, plant and equipment, land use rights, certain properties of the related parties and pledged deposits.

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

	<b>2015</b> <i>RMB'000</i> <b>(Unaudited)</b>	2014 <i>RMB'000</i> <b>(Audited)</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	<b>(20,743)</b>	5,191
Adjustments for :		
Interest income	<b>(8,084)</b>	(6,780)
Interest expenses	<b>38,918</b>	38,618
Gains arising from changes in fair value less estimated point-of-sale costs of biological assets, net	<b>(7,102)</b>	(6,813)
Depreciation of property, plant and equipment	<b>55,402</b>	51,808
Gain on disposal of land use right	-	(322)
Loss on disposal of property, plant and equipment	<b>9,231</b>	2,754
Amortisation of prepaid premium for land leases	<b>4,324</b>	4,315
Amortisation of deferred income on government grants	<b>(2,637)</b>	(1,807)
Amortisation of intangible assets	-	1,152
Write down of inventories	<b>2,474</b>	3,945
Impairment loss of goodwill	-	2,650
Impairment loss of property, plant and equipment	<b>41,486</b>	-
Gain on disposal of subsidiaries	-	(232)
Loss on deregistration of an associate	-	21
Share of loss of associates	<b>784</b>	1,035
	<hr/>	<hr/>
Operating profit before working capital changes	<b>114,053</b>	95,535
Increase in inventories	<b>(15,407)</b>	(37,461)
Decrease in trade receivables	<b>6,513</b>	8,318
Increase in prepayments, other receivables and deposits	<b>(30,611)</b>	(11,273)
Decrease in biological assets	<b>19,297</b>	7,361
Increase in trade and bills payables	<b>168,055</b>	37,588
Increase in accrued liabilities and other payables	<b>7,001</b>	1,120
Change in balance with a related party	<b>(5,924)</b>	150
	<hr/>	<hr/>
Cash generated from operations	<b>262,977</b>	101,338
Interest paid	<b>(42,798)</b>	(40,659)
Income taxes paid	<b>(5,039)</b>	(869)
	<hr/>	<hr/>
<i>Net cash generated from operating activities</i>	<b>215,140</b>	59,810
	<hr/>	<hr/>

	<b>2015</b> <i>RMB'000</i> <b>(Unaudited)</b>	2014 <i>RMB'000</i> <b>(Audited)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	<b>(294,370)</b>	(55,519)
Payments to acquire property, plant and equipment	<b>(1,589)</b>	-
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed of	-	6,348
Proceeds from disposal of land use rights	-	503
Proceeds from disposal of property, plant and equipment	<b>894</b>	7,286
Receipt of deferred government grants	<b>9,900</b>	6,300
Receipt from deregistration of an investment in an associate	-	360
Decrease in long-term receivables	<b>2,501</b>	3,523
Interest received	<b>8,084</b>	6,780
Increase in pledged deposits	<b>(115,735)</b>	-
	<hr/>	<hr/>
<i>Net cash used in investing activities</i>	<b>(390,315)</b>	(24,419)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Decrease in amount due to a related party	<b>(23,955)</b>	-
New bank borrowings	<b>639,000</b>	863,667
Repayment of bank borrowings	<b>(651,667)</b>	(787,000)
	<hr/>	<hr/>
<i>Net cash (used in)/generated from financing activities</i>	<b>(36,622)</b>	76,667
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(211,797)</b>	112,058
<b>Cash and cash equivalents as at 1 January</b>	<b>481,445</b>	369,387
	<hr/>	<hr/>
<b>Cash and cash equivalents as at 31 December</b>	<b>269,648</b>	481,445
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
<b>Cash and cash equivalents</b>	<b>269,648</b>	481,445
	<hr/> <hr/>	<hr/> <hr/>

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

Group	Equity attributable to owners of the Company								
	Share capital RMB'000	Share premium* RMB'000	Merger reserve* RMB'000	Capital redemption reserve* RMB'000	Other reserves* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014 (Audited)	112,176	257,073	(41,374)	2,374	43,812	302,093	676,154	27,936	704,090
Loss for the year (Audited)	-	-	-	-	-	(3,956)	(3,956)	(3,145)	(7,101)
Other comprehensive income (Audited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year (Audited)	-	-	-	-	-	(3,956)	(3,956)	(3,145)	(7,101)
Transfer to other reserves (Audited)	-	-	-	-	-	-	-	-	-
At 31 December 2014 and 1 January 2015 (Audited)	112,176	257,073	(41,374)	2,374	43,812	298,137	672,198	24,791	696,989
Loss for the year (Unaudited)	-	-	-	-	-	(28,060)	(28,060)	2,055	(26,005)
Other comprehensive income (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year (Unaudited)	-	-	-	-	-	(28,060)	(28,060)	2,055	(26,005)
Transfer to other reserves (Unaudited)	-	-	-	-	2,985	(2,985)	-	-	-
At 31 December 2015 (Unaudited)	112,176	257,073	(41,374)	2,374	46,797	267,092	644,138	26,846	670,984

\* The consolidated reserves of the Group as at 31 December 2015 of approximately RMB531,962,000 (2014: RMB560,022,000) as presented in the Group's statement of financial position comprised these reserve accounts.

Company	Share Capital <i>RMB'000</i>	Share premium** <i>RMB'000</i>	Merger reserve** <i>RMB'000</i>	Capital redemption reserve** <i>RMB'000</i>	Accumulated losses** <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 1 January 2014 (Audited)	112,176	257,073	6,143	2,374	(55,100)	322,666
Loss for the year (Audited)	-	-	-	-	(3,991)	(3,991)
Other comprehensive income (Audited)	-	-	-	-	-	-
Total comprehensive income for the year (Audited)	-	-	-	-	(3,991)	(3,991)
At 31 December 2014 and 1 January 2015 (Audited)	112,176	257,073	6,143	2,374	(59,091)	318,675
Loss for the year (Unaudited)	-	-	-	-	(4,104)	(4,104)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the year (Unaudited)	-	-	-	-	(4,104)	(4,104)
<b>At 31 December 2015 (Unaudited)</b>	<b>112,176</b>	<b>257,073</b>	<b>6,143</b>	<b>2,374</b>	<b>(63,195)</b>	<b>314,571</b>

\*\* *The reserves of the Company as at 31 December 2015 of approximately RMB202,395,000 (2014: RMB206,499,000) as presented in the Company's statement of financial position comprised these reserve accounts.*

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

	Number of shares '000	Amount HK\$'000
<b>Ordinary shares of HK\$0.25 each</b>		
<b>Authorised:</b>		
At 31 December 2014 and 2015	2,000,000	500,000
	<hr/>	<hr/>
<b>Issued and fully paid:</b>		
At 31 December 2014 and 2015	432,948	108,237
	<hr/>	<hr/>

*Note:*

The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 December 2014 and 2015.

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

	FY2015 '000 Unaudited	FY2014 '000 Audited
Total number of ordinary shares excluding treasury shares	432,948	432,948
	<hr/> <hr/>	<hr/> <hr/>

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

Not applicable.

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

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

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

Not applicable.

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

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

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

In the current year, the Group has applied for the first time the following new and revised standards issued by the International Accounting Standards Board ("IASB"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2015:

IFRSs (Amendments)	Annual Improvements 2010 – 2012 Cycle
IFRSs (Amendments)	Annual Improvements 2011 – 2013 Cycle

The adoption of these amendments has no material impact on the Group's financial statements.

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

	<b>FY2015</b>	FY2014
	<b>Unaudited</b>	Audited
Loss per share		
- Basic ( <i>RMB cents</i> )	<b>(6.48)</b>	(0.91)
- Diluted ( <i>RMB cents</i> )	<b>(6.48)</b>	(0.91)

*Note:*

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB28,060,000 (2014: RMB3,956,000) and on 432,948,000 (2014: 432,948,000) ordinary shares in issue during the year. No diluted earnings per share are presented as there was no potential issuance of ordinary shares.

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

(a) **current financial period reported on; and**

(b) **immediately preceding financial year.**

<b>In RMB cents</b>	<b>Group</b>		<b>Company</b>	
	<b>FY2015</b>	FY2014	<b>FY2015</b>	FY2014
	<b>Unaudited</b>	Audited	<b>Unaudited</b>	Audited
Net asset value per ordinary share based on issued share capital at the end of:	<b>148.78</b>	155.26	<b>72.66</b>	73.61
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

*Note:*

The number of ordinary shares of the Company as at 31 December 2015 was 432,948,000 (2014: 432,948,000).

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

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

#### REVENUE BY PRODUCTS

	FY2015 <i>RMB'000</i> (Unaudited)	FY2014 <i>RMB'000</i> (Audited)	% Change + / (-)
Processed food	696,207	707,144	(1.5)
Chilled and frozen rabbit meat	158,460	195,161	(18.8)
Chilled and frozen chicken meat	240,023	236,850	1.3
Other products	131,758	163,477	(19.4)
<b>Total</b>	<b>1,226,448</b>	<b>1,302,632</b>	<b>(5.8)</b>

#### Processed Food Products

Revenue derived from the production and sales of processed food products decreased slightly by 1.5% to RMB696.2 million for FY2015.

#### Chilled and Frozen Meat Products

The rabbit and chicken meat segments contributed 32.5% to the Group's total revenue for FY2015.

- Chilled and Frozen Rabbit Meat  
Due to the sprouting of numerous smaller plants in the PRC in the past, there was an oversupply of rabbit meat in the PRC market. This had resulted in a decrease of demand and price of chilled and frozen rabbit meat.
- Chilled and Frozen Chicken Meat  
Revenue derived from the production and sales of chilled and frozen chicken meat products increased slightly by 1.3% to RMB240.0 million for FY2015.

#### Other Products

Revenue derived from the production and sale of other products decreased by 19.4% to RMB131.8 million in FY2015. Pet food sales contributed over 50% to this segment with revenue generated from the Beijing and Shanghai markets in the PRC and overseas markets in Japan and Korea.

## REVENUE BY GEOGRAPHICAL MARKETS

	<b>FY2015</b> <i>RMB'000</i> <b>(Unaudited)</b>	FY2014 <i>RMB'000</i> (Audited)	<b>% Change</b> +/(-)
Export	<b>522,053</b>	589,383	(11.4)
PRC	<b>704,395</b>	713,249	(1.2)
<b>Total</b>	<b>1,226,448</b>	1,302,632	(5.8)

On a geographical basis, revenue from export sales decreased by 11.4% to RMB522.1 million in FY2015. The decrease in export sales was attributable mainly to the decrease in demand for processed food products from Europe and Japan.

The decrease of PRC sales was attributable mainly to the decrease of sales of chilled and frozen rabbit meat in the PRC market as explained above under the “Chilled and Frozen Meat Products”.

## PROFITABILITY

### *Gross Profit and Margin*

	<b>FY2015</b> <i>RMB'000</i> <b>(Unaudited)</b>	<b>FY2015</b> <i>Margin%</i>	FY2014 <i>RMB'000</i> (Audited)	FY2014 <i>Margin %</i>	Change <i>RMB'000</i>	%Change +/(-)
Processed food	<b>105,273</b>	<b>15.1</b>	81,549	11.5	23,724	29.1
Chilled and frozen rabbit meat	<b>(1,758)</b>	<b>(1.1)</b>	10,982	5.6	(12,740)	(116.0)
Chilled and frozen chicken meat	<b>1,054</b>	<b>0.4</b>	6,233	2.6	(5,179)	(83.1)
Other products	<b>18,267</b>	<b>13.9</b>	10,901	6.7	7,366	67.6
<b>Total</b>	<b>122,836</b>	<b>10.0</b>	109,665	8.4	13,171	12.0

Due to the improvement of the gross profit margin of processed food products, the overall gross profit margin increased from 8.4% to 10.0% in FY2015. The increase in gross profit margin was attributable to the effectiveness of costs management and the positive effects of new measures, including increasing level of automation, reducing manual processes and increasing sales contribution from high value-added chicken related processed food.

#### *Processed Food Products*

Processed food products were the main profit contributor in FY2015. The increase in gross profit margin from 11.5% to 15.1% in FY2015 was due mainly to the increase in selling prices of the processed food products as a result of value add initiatives undertaken, such as products design and enhancement in flavor and recipe.

#### *Chilled and Frozen Rabbit Meat*

The gross profit margin of chilled and frozen rabbit meat declined from 5.6% to -1.1% in FY2015 was mainly due to the decrease of rabbit meat price as explained above under the “Chilled and Frozen Meat Products - Chilled and Frozen Rabbit Meat”.

#### *Chilled and Frozen Chicken Meat*

As a result of the decrease in selling prices, the gross profit of chilled and frozen chicken meat segment decreased from 2.6% to 0.4% in FY2015.

#### *Other Products*

Other products are mainly pet food products and chicken and rabbit meat by-products, which are not the core profit drivers of the Group. Due to the increase in prices of pet food products, gross profit margin increased from 6.7% to 13.9% in FY2015 and gross profit increased from RMB10.9 million to RMB18.3 million.

#### *Other Income*

Other income comprised mainly government grants, gain on change in fair value of biological assets, insurance claim and interest income from financial assets amounting to RMB3.9 million, RMB7.1 million, RMB2.9 million and RMB8.1 million respectively. The rest were mainly sales of rabbit excrement as fertilizer. The decrease in other income was due to the decrease of income related government grants by the Chinese government.

#### *Selling and Distribution Expenses*

Selling and distribution expenses comprised mainly transportation costs, sales promotion expenses, salary and welfare which increased slightly by 4.1% to approximately RMB28.8 million.

#### *Administrative Expenses*

Administrative expenses comprised mainly staff costs, professional fees, depreciation charge, travelling expenses and other miscellaneous administrative expenses. The decrease in administrative expenses by 14.8% was due mainly to the implementation of cost controls measures.

#### *Other Operating Expenses*

Other operating expenses represented miscellaneous expenses in the daily operation, comprising mainly loss on disposal and write off of on property, plant and equipment amounting to RMB9.2 million in FY2015.

#### *Impairment loss on property, plant and equipment*

The business related to the sale of rabbit products showed a decline in the year under review and has yet to recover. The Group performed an impairment assessment on certain property, plant and equipment of this segment in accordance with the accounting policy on impairment on non-financial assets. Based on the assessment, an impairment loss of approximately RMB41.5 million was recognised in the consolidated statement of comprehensive income for FY2015.

#### *Finance costs*

Finance costs increased slightly by 0.8% to approximately RMB38.9 million in FY2015. The borrowing is for the purpose of enhancing the production facilities and future working capital.

#### *Taxation*

Taxation decreased by 57.2% to approximately RMB5.3 million in FY2015.

There was a release of deferred tax assets relating to the prior years' tax losses arose in the course of the business combination and this was fully released in FY2014. In FY2014, approximately RMB10.4 million of the income tax expense arose from utilisation of prior years' recognised tax loss and expiry of prior years' recognised tax losses from certain subsidiaries.

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

#### *Review of the Group's Financial Position as at 31 December 2015*

The Group's property, plant and equipment increased by 33.3% to approximately RMB819.4 million as at 31 December 2015 due mainly to purchases of property, plant and equipment of approximately RMB295.3 million and this was offset by the impairment loss and a depreciation charge of approximately RMB41.5 million and approximately RMB55.4 million respectively.

The prepaid premium for land leases decreased by 3.5% to approximately RMB120.9 million as at 31 December 2015 due mainly to an amortisation charge of land use right

amounted to approximately RMB4.3 million.

Goodwill arose from the acquisitions of subsidiaries in the past.

Biological assets refer to progeny rabbits and progeny chickens for sale and breeder rabbits and chickens for breeding purpose. These biological assets were valued by an independent professional valuer as at 31 December 2015 with reference to market-determined prices.

Inventories increased by 7.9% to approximately RMB176.9 million in anticipation of an increase in demand in the first quarter of 2016. The inventory turnover days for FY2015 were 56 days compared to 45 days for FY2014. The increase in turnover days was due to the increase of inventory level of unsold rabbit skin related products. The rabbit skin related products are durable products and the Group believes that they will be sold with the recovery of the market.

Trade receivables decreased by 9.1% to approximately RMB64.9 million as at 31 December 2015 due mainly to the decrease of sales during the year. The trade receivables turnover days was 20 days in FY2015 compared to 21 days for FY2014.

Prepayments, other receivables and deposits increased by 63.8% to approximately RMB82.6 million as at 31 December 2015. The increase was due mainly to the trade deposit paid to suppliers.

Cash and cash equivalents, including pledged deposits, decreased by approximately RMB96.1 million to approximately RMB455.4 million. Approximately RMB185.7 million of the bank deposit was secured against the bills payables of the Group.

Trade and bills payables increased by 93.5% to approximately RMB347.8 million as at 31 December 2015. The increase in the trade and bills payables was due mainly to the increase of bill payables secured by the pledged deposits from approximately RMB78.0 million to approximately RMB191.4 million as at 31 December 2015 for the financing of facilities enhancements in FY2015.

Accrued liabilities and other payables represented payables for construction and facilities, salary and welfare payables, accrued expenses and deposit received. It increased by 24.3% to approximately RMB104.3 million as at 31 December 2015 and the increase was due to the increase of deposits placed by customers and the increase of payables of construction costs compared to 31 December 2014.

The interest-bearing bank borrowings balance as at 31 December 2015 decreased by RMB12.7 million to approximately RMB689.0 million after taking into account the additional bank borrowings of approximately RMB639.0 million and repayment of the bank borrowings of approximately RMB651.7 million during the year. Approximately RMB40.0 million of the bank borrowing was classified as non-current liabilities.

Change in balance with a related party represented the outstanding balance due to Qingdao Kangda Foreign Trade Group Limited (“KD Group”) as a result of the trading transactions.

Tax payables increased from RMB2.5 million to RMB3.3 million as at 31 December 2015. This was due to the increase of income tax accrued during the year.

### *Statement of Cash Flows*

#### Operating activities

Cash generated from operating activities increased from approximately RMB59.8 million in FY2014 to approximately RMB190.5 million in FY2015. The increase in operating cash flow was due mainly to the increase of the trade and bills payables.

#### Investing activities

Net cash used in investing activities amounted to approximately RMB389.6 million due mainly to the purchase of property, plant and equipment amounted to approximately RMB295.3 million and the increase in pledged deposits amounted to approximately RMB115.7 million.

#### Financing activities

Net cash generated mainly represented the additional bank borrowings of approximately RMB639.0 million and repayment of the bank borrowings of approximately RMB651.7 million.

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

The announcement is in line with the profit warning announcement released by the Company on 19 February 2016.

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

**Significant trends and competitive conditions of the industry**

During the fiscal year 2015 (“FY2015”), the Group recorded a loss attributable to owners of the Group amounted to RMB28.1 million as a result of the inclusion of impairment loss on property, plant and equipment amounted to RMB41.5 million in consideration of the weak market demand for rabbit meat. Excluding this impairment loss, the Group recorded a profit attributable to owners of the Group amounted to RMB13.0 million for FY2015 as compared to a loss of approximately RMB4.0 million recorded in the fiscal year 2014 (“FY2014”).

Based on the understanding from management, the Group is one of 8 enterprises in the PRC which have successfully obtained the approval to export rabbit meat to overseas market. The Management observed that there is a growing preference for “free rearing” rabbits from its customers and that it expects the demand and selling price of “free rearing” rabbits will be higher than that of the current “cage rearing” rabbits, especially in the overseas market, which will improve the overseas sales and restore the market demand for rabbit meat to normal level. Therefore, in FY2015, the Group invested in rearing “free roaming” rabbits including improving the related production and breeding facilities to comply with the European animal protection rights' requirement aimed at increasing competitiveness of the Group and improving the profitability in chilled and frozen rabbit meat segment.

The Group also invested its production and sales of pet food products in order to further broaden the products range of the Group. Through the continuous enhancements to the Group’s facilities and with its vertically integrated operation, the Group believes that the profitability of the Group will improve with the recovery of the industry.

Going forward, the Group will continue to apply various pro-active and prudent measures such as exercising a better pricing strategy taking into account of the market condition, acceleration of the development of sales channels and strengthening the Group’s brand building.

To mitigate the increasing operating costs, the Group will continue to increase its efforts in the research and development of new products that command higher profit margins. The Group will also look for opportunities that may bring steady long term growth and fit with its strategy, such as, continue to increase its existing production capacity and control its products quality to increase market penetration. At the same time, to diversify the Group’s businesses, the Group will also look for opportunities to commence new business segments and develop any potential business opportunities.

The Group will also explore the reduction of its costs by disposing non-performing business operations to enable the Group to have sufficient cash resources to meet its present and future cash flow requirement. The Group remains positive that the Group’s financial position is stable and the above strategies and measures will bring the Group steady and sustainable long term growth.

**11. Dividend**

**(a) *Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

No dividend declared.

**(b) *Corresponding Period of the Immediately Preceding Financial Year***

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

No dividend declared.

**(c) *Date payable***

Not applicable.

**(d) *Books closure date***

Not applicable.

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

No dividend has been declared/recommendeded for FY2015.

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

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

**SEGMENT INFORMATION**

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

	2015				
	Processed food <i>RMB'000</i> (Unaudited)	Chilled and frozen rabbit meat <i>RMB'000</i> (Unaudited)	Chilled and frozen chicken meat <i>RMB'000</i> (Unaudited)	Other products <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue					
- Revenue from external customers	696,207	158,460	240,023	131,758	1,226,448
Reportable segment revenue	<u>696,207</u>	<u>158,460</u>	<u>240,023</u>	<u>131,758</u>	<u>1,226,448</u>
Reportable segment profit/(loss)	<u>84,162</u>	<u>(51,096)</u>	<u>190</u>	<u>15,174</u>	<u>48,430</u>
Depreciation of property, plant and equipment	27,166	6,183	9,366	5,142	47,857
Amortisation of prepaid premium for land leases	2,455	559	846	464	4,324
Impairment loss on property, plant and equipment	-	41,486	-	-	41,486
Loss on disposal of property, plant and equipment	-	4,133	-	-	4,133
Write down of inventories	-	2,474	-	-	2,474

	<b>2014</b>				<b>Total</b>
	<b>Processed food</b>	<b>Chilled and frozen rabbit meat</b>	<b>Chilled and frozen chicken meat</b>	<b>Other products</b>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Revenue					
- Revenue from external customers	707,144	195,161	236,850	163,477	1,302,632
Reportable segment revenue	707,144	195,161	236,850	163,477	1,302,632
Reportable segment profit	63,894	7,179	870	7,431	79,374
Depreciation of property, plant and equipment	26,164	7,221	8,763	6,048	48,196
Amortisation of prepaid premium for land leases	2,342	647	785	541	4,315
Amortisation of intangible assets	-	1,152	-	-	1,152
Impairment loss on goodwill	2,650	-	-	-	2,650
Write down of inventories	-	3,945	-	-	3,945

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

	<b>2015</b>	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Reportable segment profit	<b>48,430</b>	79,374
Other income	<b>27,752</b>	29,221
Administrative expenses	<b>(49,645)</b>	(58,266)
Other operating expenses	<b>(7,578)</b>	(5,485)
Finance costs	<b>(38,918)</b>	(38,618)
Share of loss of associates	<b>(784)</b>	(1,035)
(Loss)/Profit before taxation	<b>(20,743)</b>	5,191

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

	<b>2015</b>	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
<u>Local (Country of domicile)</u>		
PRC	<b>704,395</b>	713,249
<u>Export (Foreign countries)</u>		
Japan	<b>271,731</b>	298,697
Europe	<b>222,594</b>	215,079
Others	<b>27,728</b>	75,607
	<b>1,226,448</b>	1,302,632

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

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

On a geographical basis, revenue from export sales decreased by 11.4% to RMB522.1 million in FY2015. The decrease in export sales was attributable mainly to the decrease in demand for processed food products from Europe and Japan.

The decrease of PRC sales was attributable mainly to the decrease of sales of chilled and frozen rabbit meat in the PRC market as explained above under the "Chilled and Frozen Meat Products".

**15. A breakdown of sales**

	<b>FY2015</b> <i><b>RMB'000</b></i> <b>(Unaudited)</b>	FY2014 <i>RMB'000</i> (Audited)	<b>% Change</b> + / (-)
(a) Sales reported for the 1 <sup>st</sup> half year	<b>563,263</b>	628,832	(10.4)
(b) Operating profit after tax before deducting minority interests reported for the 1 <sup>st</sup> half year	<b>5,658</b>	7,394	(23.5)
(c) Sales reported for the 2 <sup>nd</sup> half year	<b>663,185</b>	673,800	(1.6)
(d) Operating loss after tax before deducting minority interests reported for the 2 <sup>nd</sup> half year	<b>(33,718)</b>	(11,350)	(197.1)

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

	<b>FY2015</b> <i><b>RMB'000</b></i> <b>(unaudited)</b>	FY2014 <i>RMB'000</i> (Audited)
Ordinary share	-	-
Preference share	-	-
Total	-	-

**17. Interested Person Transactions**

The Group is not required to have any IPT mandate.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current Position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Gao Yanxu	50	Nephew of Gao Sishi, Chairman & Executive Director/Substantial Shareholder	Executive Director since 2006	NA
Gao Sishi	58	Uncle of Gao Yanxu, Executive Director	Chairman & Non-Executive Director since 2006	NA

BY ORDER OF THE BOARD

**Gao Sishi**

*Chairman*

26 February 2016