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COFCO MEAT ANNOUNCES 2017 ANNUAL RESULTS
REVENUE FROM CONTINUING OPERATIONS GROWS STEADILY
TO RMB6.96 BILLION

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RESULTS OF FRESH PORK BUSINESS HITS NEW HIGH
BOTH PRODUCTION VOLUME AND SALES VOLUME CLIMB
PROMOTION AND SALES STRATEGIES BEAR FRUIT
SALES VOLUME OF BRANDED PRODUCTS UP BY 65%

Key Operating Data	For the Year Ended 31 December		Change
	2017	2016	
Hog Production Volume (unit: 1,000 heads)	2,226	1,712	+30.0%
Fresh Pork Sales Volume (unit: 1,000 tons)	172	143	+20.5%
Ratio of Revenue from Branded Business (%)	15.58	13.16	+2.42 percentage points

Key Financial Data* (Audited) (RMB million)	For the Year Ended 31 December			
	2017		2016	
	Before Biological Assets Fair Value Adjustments	After Biological Assets Fair Value Adjustments	Before Biological Assets Fair Value Adjustments	After Biological Assets Fair Value Adjustments
Revenue from Continuing Operations	6,961	6,961	6,616	6,616
Profit for the Period	497	445	890	952
Profit Attributable to the Owners of the Company	N/A	452	N/A	952
Basic Earnings per Share (RMB)	N/A	0.1157	N/A	0.2767

* The biological assets fair value was adjusted based on the hog price at the end of December 2017.

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(28 March 2018 - Hong Kong) **COFCO Meat Holdings Limited** (“COFCO Meat” or “the Company”, together with its subsidiaries “the Group”; stock code: 01610), a renowned meat producer and operator in China covering the entire industry value chain, has announced its audited annual results for the year ended 31 December 2017.

In 2017, the domestic hog price dropped as compared with the same period of last year, and the profit margin of the industry narrowed accordingly. Although the price factor is unfavorable, the accelerating trend of transformation and upgrading of pork industry has not been changed. The upstream large-scale farming expansion has been accelerated and the downstream consumption has been upgraded, creating favorable conditions for the healthy and steady growth of the Group. During the year, revenue of the Group from continuing operations was RMB6,961 million, representing an increase of 5.2% as compared with 2016. The rapid growth of sales volume has driven the increase in revenue and completely offset the impact of hog price on the revenue. Profit attributable to the owners of the Company amounted to RMB452 million.

Profit for the period of continuing operations (before biological assets fair value adjustments) was approximately RMB497 million, a 44.2% drop when compared with the last corresponding period. The decrease was mainly attributable to the year-on-year reduction in hog price during the year which affected the profit of the hog production business. Despite that, the Group's core business continued to grow rapidly with production volume up by 30% when compared with the same period last year. By strengthening cost control, enhancing operations, rallying new customers and with the higher profit margin of its branded business to build on, the Group was able to overcome and substantially offset the adverse impact from the drop in hog price, a factor beyond its control. In the meantime, the segment result of fresh pork hit a record high, increasing by approximate RMB78 million year-on-year, and the sales volume of the segment increased by 20% year-on-year (the sales volume of branded fresh pork significantly increased by 65%), resulting in increase of both the scale and the profit.

Mr. Jiang Guojin, Chairman of the Board and Executive Director of COFCO Meat, said, “Although hog price decreased in 2017, we were able to elevate the quality of our business, carrying out production capacity, quality, marketing and brand upgrade, which saw the scale of our core business swell quickly giving our overall revenue a boost. Except for the slight revenue decrease of the meat import segment, which was due to the active control of import volume given the downward price, incomes of other segments have been all improved to different extent.”

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Enhanced production management, reduced costs and improved efficiency

The Group's hog production segment includes hog breeding and farming. hog production division includes feed production, hog breeding and farming operations. In 2017, COFCO Meat's hog production volume increased significantly by 30% to 2,226 thousand heads as compared with last year. Segment revenue was RMB3,293 million, largely in line with last year. During the year, the Group accelerated the construction of in-house feed mills and centralized purchasing feed ingredients, thus reducing procurement costs. Meanwhile, the Group increased investment in breeding to improve the performance of commodity pigs from the source and implement "batch production" to improve hog production efficiency. These measures have resulted in the continuous decline of production costs. In addition, COFCO Meat has conducted a pilot project of contract farming in the north since 2016. This project of contract farming has achieved ideal result in hog production. In the future, the Company will strive to form a "two-wheel drive" with integrated farming so as to jointly promote the rapid expansion of hog production capacity.

Recorded rise in both volume and profit

Results of fresh pork business surged over six times year-on-year

Fresh pork segment includes slaughtering and cutting, distribution and sale of fresh pork, and the main products are chilled pork. In 2017, the sales volume of fresh pork increased by 20% over the same period of last year (among which, sales volume of branded fresh pork greatly increased by 65%), leading to a 6 percentage points of increase year-on-year in ratio of revenue from branded fresh pork. The number of branded sales terminals increased to 1,629 with a year-on-year increase of 23%. Segment result amounted to RMB90 million, greatly increasing by 633% over the previous year. Driven by the branded business, segment gross profit margin increased by 3.6 percentage points over the previous year.

To enhance its brand premium and image, the Group's fresh pork segment is working closely with the hog production division to develop high-end products with higher nutritional value and better taste. Multiple high quality grains will also be used as feed during the rearing process. The new products are expected to be launched in April 2018.

Development of star single processed meat product started to bear fruit

The Group's processed meat products segment includes the production, distribution and sale of various types of processed meat products (mainly western low-temperature meat products). During the year, a total of 104 new stock keeping units were launched, achieving 1,335 tons of new product sales. The Company actively develops star single product. Following the success of "cheese-filled sausage", "chewy meat stick" and other best-selling single products, the Company will also do further innovation in product function and

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positioning. Great progress has been made in exploiting the channels of convenience stores. It has expanded a market of a total of 10,000 outlets, providing processed meat products of all-categories to 7-11, LAWSON, C&U, etc. The sales volume through convenience stores has increased by 4 times over the same period of last year.

The sales of beef increased sharply, and the “trading plus processing” model started to bear fruit

Meat import segment includes import of meat products (including pork, beef, poultry and mutton) and by-products, and distribution of them in China. In 2017, the domestic and international pork market faced price inversion. The meat import segment focused on high-value products on the basis of risk control, resulting in a decrease in volume but increase in value. After deducting non-operating profits and losses (mainly due to the insurance compensation of RMB37 million for the damaged inventory in Tianjin Port explosion in 2015 received and confirmed in the same period of last year), the segment result were basically in line with that of the same period of last year. During the year, COFCO Meat actively expanded the market scale of imported beef, promoted the “trading plus processing” model and provided customized products to food service clients and e-commerce channels. The revenue of beef business for the year substantially increased 45.6% over the same period of last year to RMB815 million. In the first half of the year, the Company also successfully imported the first batch of beef from USA to help the development and maintenance of high-value customers.

Mr. Xu Jianong, Managing Director and Executive Director of COFCO Meat, concluded, “At present, opportunities and challenges coexist in China’s pork industry. In 2018, the Company will continue to accelerate the strategic layout. Expand integrated farming capacity and promote contract farming; and implement the site selection and construction of fresh pork factories in North China and Central China, thus matching upstream and downstream production capacity. The Company will improve quality and efficiency, continue to improve production efficiency, reduce production costs and establish core strengths. The Company will also vigorously develop branded business, and transform high-quality hogs into high-premium pork products. We believe that the Company will achieve better performance and create greater value for shareholders with the implementation of the above measures.”

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About COFCO Meat Holdings Limited (1610.HK)

COFCO Meat is the key platform of COFCO, a Fortune Global 500 company to engage in the meat business and is one of China's leading meat companies operating across the entire value chain of the industry. The Company has grown rapidly in scale. Its two major brands, "Joycome" and "Maverick", are respected across China.

With a vertically-integrated pork product industry chain, its businesses include feed production, hog production, slaughtering, the production, distribution and sale of fresh pork and processed meat products, and the import and sale of frozen meat products comprising pork, beef, poultry, mutton and lamb. It is uniquely positioned to benefit from the current trend of the pork industry in China, including gradual industry consolidation toward large-scale hog farms, increasing consumer demand for safe and high-quality products and the need to comply with increasingly stringent environmental regulations. The Group implements strict quality control procedures and has obtained internationally-certified accreditations including ISO9001, ISO22000, HACCP, etc. It also focuses on technological advancement, and has worked with experts from Denmark, the US, Canada and Japan in technological research and development to increase production efficiency. Since the Group's establishment, it has gained widespread support and recognition in China and overseas. On top of being selected as the exclusive meat product supplier of Chinese Olympic Sports Delegation from 2012-2015, several international leading investors also support it, enabling the Group to consolidate its industry-leading position.

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