

[For Immediate Release]**COFCO Meat announces record high performance in 1H 2020****Profit attributable to owners of the Company before biological assets fair value adjustments amounts to RMB1,385 million****Declares an interim dividend of HKD0.118 per share***** * * * ***

(25 August 2020 - Hong Kong) COFCO Meat Holdings Limited ("COFCO Meat" or "the Company", together with its subsidiaries, "the Group"; stock code: 01610), a renowned full industrial chain meat producer and operator in China, has today announced its unaudited interim results for the six months ended 30 June 2020.

In the first half of 2020, amid double challenges of the COVID-19 epidemic and the African swine fever, the Group continued to focus on production management and brand building, actively responded to the changes in market conditions and consumption patterns as well as optimized its product and channel structure so that its hog production business and branded business are both capable of maintaining fast and steady growth.

The Group's revenue was RMB9,168 million in the first half of 2020, representing a year-on-year increase of 108.2%. During the period, profit attributable to owners of the Company before biological assets fair value adjustment amounted to RMB1,385 million, profit attributable to owners of the Company after biological assets fair value adjustment amounted to RMB 2,055 million. The Group continued to pay interim dividends in the first half of 2020 and declared a dividend of HKD0.118 per share, amounting to a total of approximately HKD460 million. Dividends paid will in aggregate amount to 30% of the profit attributable to owners of the Company before biological assets fair value adjustments.

Hog Production: New high in segment results and long-term expansion securing production volume

In the first half of 2020, the Company's hog production volume was 801 thousand head, representing a period-on-period increase of 50.0%. The average price of finishing hogs was RMB32.6/kg, and the average finishing weight was 121.6 kg/head. Driven by the Company's efficient cost control and flexible marketing strategies, the segment achieved a record performance of RMB1,761 million with an industry-leading profit per head in the first half of the year. The Company has a clear objective for long-term expansion and growth.

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Its hog production capacity reached 5,024 thousand head by the end of 2019, and new constructions for hog production in northern China with a capacity of 0.5 to 1 million head have been commenced. Meanwhile, the Company actively promoted plans for introducing the nucleus herds and newly imported over 1,500 heads of French nucleus herds to support capacity expansion and a promising growth in scale with high-quality breeding sources.

The Company was able to effectively prevent and control the African swine fever by its leading experiences and principles in the prevention and control of the epidemic, and this had accelerated the progress of resuming production. Benefitted from the effective prevention and control of the African swine fever, adequate employee incentives and refined production management, production volume of the Company recorded a quarter-on-quarter increase while the production cost continued to decrease.

Fresh Pork: Ratio of revenue from branded business of total fresh pork business constantly growing

In the first half of 2020, the Company's sales volume of fresh pork was 51 thousand tons. The Company seized the opportunities of growing household consumption during the COVID-19 pandemic, and put more efforts on developing its branded business. As a result, revenue from the branded business grew by 58.9% to RMB717 million, and the ratio of revenue from branded business of total fresh pork business increased by 9.4 percentage points year-on-year to 40.7%. At the same time, to adapt to changes in consumption patterns during the pandemic, the Company increased its efforts in developing e-commerce and new retail channels and vigorously promoted its branded small-packed products. By seizing market opportunities to tap into the defrosting product market, the Company was able to lower its frozen product inventory adequately. During the first half of the year, revenue from e-commerce channels increased 85.4% year-on-year, and sales of small-packed products amounted to 16 million boxes, representing a year-on-year increase of 18.6%, while the average daily sales exceeded 86 thousand boxes.

The Company has paid close attention to China's sports development and has provided safe and high-quality pork products for a number of national teams, provincial sports units and sports teams for many years. In June 2020, COFCO Joycome became the Exclusive Meat Products Supplier for the Chinese Weightlifting Team and provided safe meat products with champion quality for the weightlifting team in preparation for the Tokyo Olympics, upholding "China Strength". As "A Partner of China Space", the Company continued to carry out "Aerospace Science Campus Events". During the pandemic, the Company organized online activities such as the aerospace-themed live streaming event to further enhance brand awareness and reputation.

Meat Import: Proactively adapting to market changes, seizing growth opportunities from retail consumption

In the first half of the year, under the tightening supply of domestic meat, the Company's meat import sales volume reached 175 thousand tons, representing a year-on-year increase of 194.1%; revenue from the segment amounted to RMB4,850 million, representing a year-on-year increase of 186.3%.

In response to the changes in consumption environment due to the COVID-19 pandemic, the Company seized the growth opportunities from defrosting products and retail consumption to rapidly expand its number of retail customers to 126, including slaughtering and processing companies, e-commerce companies, convenience food brands, and regional catering brands, resulting in a revenue growth from retail customers of 417.7% year-on-year accordingly. The Company was continuously optimizing its channel structure, thereby achieving a year-on-year increase of 111.8% in terminal business revenue.

Outlook

Despite impacts and challenges from the African swine fever, the COVID-19 pandemic and the flooding problems in southern China, COFCO Meat will continue to strengthen its capabilities of disease prevention and control under biosecurity measures and consolidate its cost advantages through refined management. Besides, the Group will strengthen the matching between upstream and downstream businesses, tackle changes in consumption patterns due to the COVID-19 pandemic and enhance brand influence. Leveraging the advantage of interaction between domestic and foreign businesses, it is hoped that the Group can continue to further its penetration into channels and enhance the profit contribution from the import business.

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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 distribution of frozen meat products (including pork, beef, poultry and mutton). 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. The Company officially became a partner of China's aerospace industry in August 2018. In June 2020, it became the Exclusive Meat Products Supplier for the Chinese Weightlifting Team, gaining support from several international leading investors, illustrating its industry-leading position.

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