



**CHINA DAIRY GROUP LTD**  
**Registration No. 199703080Z**

**RESULTS FOR THE 4TH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2015**

**PART1- INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3),  
 HALF AND FULL YEAR RESULTS**

**1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediate preceding financial year**

**1(a)(i) GROUP INCOME STATEMENT**

	4th Quarter to 31/12/2015	4th Quarter to 31/12/2014	Change	12 months to 31/12/2015	12 months to 31/12/2014	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	374,486	412,203	-9.2%	1,640,165	1,809,382	-9.4%
Cost of Sales	(236,012)	(268,113)	-12.0%	(1,073,339)	(1,229,541)	-12.7%
<b>Gross Profit</b>	<b>138,474</b>	<b>144,090</b>	<b>-3.9%</b>	<b>566,826</b>	<b>579,841</b>	<b>-2.2%</b>
<b>Other Items of Income</b>						
Interest Income	234	327	-28.4%	757	880	-14.0%
Other Credit	3,381	3,432	-1.5%	7,417	7,139	3.9%
<b>Other Items of Expenses</b>						
Marketing and Distribution Costs	(113,694)	(125,700)	-9.6%	(461,557)	(457,223)	0.9%
Administrative Expenses	(22,692)	(24,637)	-7.9%	(92,068)	(88,271)	4.3%
Finance Costs	(2,783)	(1,882)	47.9%	(9,242)	(9,313)	-0.8%
Other Charges	(1,645)	(1,665)	-1.2%	(5,274)	(7,430)	-29.0%
Share of Profit/(Loss) from Associate	664	(14)	NM	(106)	817	NM
<b>Profit/(Loss) Before Tax</b>	<b>1,939</b>	<b>(6,049)</b>	<b>NM</b>	<b>6,753</b>	<b>26,440</b>	<b>-74.5%</b>
Income Tax Expenses	158	2,613	-94.0%	(1,494)	(4,541)	-67.1%
<b>Profit/(Loss) FOR THE PERIOD</b>	<b>2,097</b>	<b>(3,436)</b>	<b>NM</b>	<b>5,259</b>	<b>21,899</b>	<b>-76.0%</b>
Profit / (Loss) Attributable to:						
Owners of the Parent	2,097	(3,446)	NM	5,530	22,149	-75.0%
Non-Controlling Interests	-	10	NM	(271)	(250)	8.4%
	<b>2,097</b>	<b>(3,436)</b>	<b>NM</b>	<b>5,259</b>	<b>21,899</b>	<b>-76.0%</b>
Earnings Per Share (in currency units):						
Basic and Diluted (cents)	0.48	(0.78)	NM	1.26	5.04	-75.0%

NM-Not meaningful

**1(a)(ii) BREAKDOWN AND EXPLANATORY NOTES TO GROUP INCOME STATEMENT****(A) Revenue**

	4th Quarter to 31/12/2015	4th Quarter to 31/12/2014	Change	12 months to 31/12/2015	12 months to 31/12/2014	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sale of Finished Goods	372,660	412,203	-9.6%	1,636,186	1,782,594	-8.2%
Sale of Materials	1,826	-	NM	3,979	26,788	-85.1%
	<u>374,486</u>	<u>412,203</u>	<u>-9.2%</u>	<u>1,640,165</u>	<u>1,809,382</u>	<u>-9.4%</u>

**(B) Other Credits**

	4th Quarter to 31/12/2015	4th Quarter to 31/12/2014	Change	12 months to 31/12/2015	12 months to 31/12/2014	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Other Income	319	476	-33.0%	2,471	1,041	137.4%
Foreign Exchange Adjustments Gain	-	2,935	NM	1,593	2,556	-37.7%
Rental Income	1,030	-	NM	1,321	292	352.4%
Claim from Insurance	1,102	-	NM	1,102	-	NM
Government Grant & Tax Rebate	848	21	3938.1%	848	1,880	-54.9%
Allowance for Impairment on Other Assets-Reversal	82	-		82	-	NM
Allowance for Impairment on Other Receivables-Reversal	-	-	NM	-	12	-100.0%
	<u>3,381</u>	<u>3,432</u>	<u>-1.5%</u>	<u>7,417</u>	<u>7,139</u>	<u>3.9%</u>

**(C) Other Charges**

	4th Quarter to 31/12/2015	4th Quarter to 31/12/2014	Change	12 months to 31/12/2015	12 months to 31/12/2014	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Loss on Disposal of PPE and Land Use Right	185	82	125.6%	1,542	554	178.3%
Inventories Written Off	169	1,265	-86.6%	1,324	5,383	-75.4%
Depreciation and Direct Operating Expenses of Investment Property	360	315	14.3%	1,308	1,224	6.9%
Fines and Penalties	805	-	NM	805	-	NM
Foreign Exchange Adjustments Loss	38	-	NM	-	-	-
Other Expenses	6	3	100.0%	213	269	-20.8%
Allowance for Impairment on Trade Receivables	82	-	NM	82	-	NM
	<u>1,645</u>	<u>1,665</u>	<u>-1.2%</u>	<u>5,274</u>	<u>7,430</u>	<u>-29.0%</u>

NM-Not meaningful

PPE-property, plant and equipment

**(D) Finance Costs**

	4th Quarter to 31/12/2015	4th Quarter to 31/12/2014	Change	12 months to 31/12/2015	12 months to 31/12/2014	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest Expense	2,783	1,882	47.9%	9,242	9,313	-0.8%

**(E) Depreciation and Amortisation**

	4th Quarter to 31/12/2015	4th Quarter to 31/12/2014	Change	12 months to 31/12/2015	12 months to 31/12/2014	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation of Investment Property and PPE	7,018	10,557	-33.5%	39,888	41,517	-3.9%
Amortisation of Other Assets, Non current	(18)	350	NM	1,033	1,401	-26.3%
	7,000	10,907	-35.8%	40,921	42,918	-4.7%

**(F) Income Tax**

	4th Quarter to 31/12/2015	4th Quarter to 31/12/2014	Change	12 months to 31/12/2015	12 months to 31/12/2014	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Deferred Tax Expenses/(Income)	411	2,699	-84.8%	411	2,699	-84.8%
Current Tax Expense	(569)	(5,312)	-89.3%	1,083	1,842	-41.2%
	(158)	(2,613)	-94.0%	1,494	4,541	-67.1%

NM-Not meaningful

PPE-property, plant and equipment

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

**STATEMENTS OF FINANCIAL POSITION**

	Group		Company		Group	Company
	As at 31/12/2015	As at 31/12/2014	As at 31/12/2015	As at 31/12/2014	Change	Change
	RMB'000	RMB'000	RMB'000	RMB'000	%	%
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property, Plant and Equipment	370,929	360,595	5	12	2.9%	-58.3%
Investment Property	2,900	3,257	-	-	-11.0%	-
Investments in Subsidiaries	-	-	377,630	385,565	-	-2.1%
Investment in Associate	31,733	31,839	-	-	-0.3%	-
Deferred Tax Assets	11,137	11,548	-	-	-3.6%	-
Other Assets, Non-Current	43,341	44,374	-	-	-2.3%	-
<b>Total Non-Current Assets</b>	<b>460,040</b>	<b>451,613</b>	<b>377,635</b>	<b>385,577</b>	1.9%	-2.1%
<b>Current Assets</b>						
Inventories	185,909	201,081	-	-	-7.5%	-
Trade and Other Receivables, Current	141,852	120,213	9,473	14,340	18.0%	-33.9%
Other Financial Assets, Current	-	3,000	-	-	NM	-
Other Assets, Current	50,162	63,217	55	49	-20.7%	12.2%
Cash and Cash Equivalents	94,853	98,272	6,567	2,619	-3.5%	150.7%
<b>Total Current Assets</b>	<b>472,776</b>	<b>485,783</b>	<b>16,095</b>	<b>17,008</b>	-2.7%	-5.4%
<b>Total Assets</b>	<b>932,816</b>	<b>937,396</b>	<b>393,730</b>	<b>402,585</b>	-0.5%	-2.2%
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to owners of the parent</b>						
Share Capital	401,392	401,392	401,392	401,392	0.0%	0.0%
Retained Earnings/(Accumulated Losses)	(93,721)	(99,251)	(3,659)	1,058	-5.6%	-445.8%
Other Reserves	40,272	41,907	(12,654)	(4,433)	-3.9%	185.5%
<b>Equity, Attributable to Equity Holders of the Parent</b>	<b>347,943</b>	<b>344,048</b>	<b>385,079</b>	<b>398,017</b>	1.1%	-3.3%
Non-Controlling Interests	(954)	(683)	-	-	39.7%	-
<b>Total Equity</b>	<b>346,989</b>	<b>343,365</b>	<b>385,079</b>	<b>398,017</b>	1.1%	-3.3%
<b>Non-Current Liabilities</b>						
Finance Lease, Non-Current	11,579	5,051	-	-	129.2%	-
<b>Total Non-Current Liabilities</b>	<b>11,579</b>	<b>5,051</b>	<b>-</b>	<b>-</b>	129.2%	-
<b>Current Liabilities</b>						
Trade and Other Payables, Current	406,963	428,916	8,651	4,568	-5.1%	89.4%
Finance Lease, Current	5,657	2,597	-	-	117.8%	-
Other Financial Liabilities, Current	150,000	150,000	-	-	0.0%	-
Other Liabilities, Current	11,628	7,467	-	-	55.7%	-
<b>Total Current Liabilities</b>	<b>574,248</b>	<b>588,980</b>	<b>8,651</b>	<b>4,568</b>	-2.5%	89.4%
<b>Total Liabilities</b>	<b>585,827</b>	<b>594,031</b>	<b>8,651</b>	<b>4,568</b>	-1.4%	89.4%
<b>Total Equity and Liabilities</b>	<b>932,816</b>	<b>937,396</b>	<b>393,730</b>	<b>402,585</b>	-0.5%	-2.2%
<b>Detail of Other Components of Equity (for reference only)</b>						
Statutory Reserve	26,833	26,833	-	-	-	-
Capital Reserve	19,689	19,689	-	-	-	-
Translation Reserve	(6,250)	(4,615)	-	-	-	-
	<b>40,272</b>	<b>41,907</b>	-	-	-	-

NM-Not meaningful

## 1(b)(ii) Aggregate amount of borrowings and debts securities for the Group.

Amount repayable in one year or less, or on demand

	As at 31/12/2015		As at 31/12/2014	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	150,000	-	150,000	-
Financial Lease, Current	5,657	-	2,597	-

Amount repayable after one year,

	As at 31/12/2015		As at 31/12/2014	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Financial Lease, Non-Current	11,579	-	5,051	-

### Details of any collateral

As at 31 December 2015, the above bank borrowings of RMB 150 million, financial lease current of 5.657 million and financial lease non-current of 11.579 million were secured by pledges on the group's PPE and land use rights and cash in bank.

## 1(b)(iii) STATEMENT OF COMPREHENSIVE INCOME

	4th Quarter to 31/12/2015	4th Quarter to 31/12/2014	Change	12 months to 31/12/2015	12 months to 31/12/2014	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<b>Profit for the Period</b>	2,097	(3,436)	NM	5,259	21,899	-76.0%
<b>Other Comprehensive Income:</b>						
<b>Items That May Be Reclassified Subsequently to Profit or Loss</b>						
Exchange Differences on Translating Foreign Operations	21	(3,946)	NM	(1,635)	(2,533)	-35.5%
<b>Other Comprehensive Income for the Period, Net of Tax</b>	<b>21</b>	<b>(3,946)</b>	NM	<b>(1,635)</b>	<b>(2,533)</b>	-35.5%
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,118</b>	<b>(7,382)</b>	NM	<b>3,624</b>	<b>19,366</b>	-81.3%
Total Comprehensive Income/(Loss) Attributable to:						
Owners of the Parent	2,118	(7,392)	NM	3,895	19,616	-80.1%
Non-Controlling Interests	-	10	NM	(271)	(250)	8.4%
	<b>2,118</b>	<b>(7,382)</b>	NM	<b>3,624</b>	<b>19,366</b>	-81.3%

NM-Not meaningful



**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.**

**GROUP STATEMENT OF CASH FLOWS**

	4th Quarter to 31/12/2015	4th Quarter to 31/12/2014	12 months to 31/12/2015	12 months to 31/12/2014
	RMB'000	RMB'000	RMB'000	RMB'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Profit Before Tax	1,939	(6,049)	6,753	26,440
Adjustment for:				
Interest Income	(234)	(327)	(757)	(880)
Interest Expense	2,783	1,882	9,242	9,313
Share of (Gain)/Loss from Associate	(664)	14	106	(817)
Depreciation of Investment Property, Leasehold property, Plant and Equipment	7,018	10,557	39,888	41,517
Amortisation of Other Assets, Non Current	(18)	350	1,033	1,401
Loss on Disposal of Plant and Equipment and Land Use Rights	185	82	1,542	554
Foreign Exchange Adjustment (Gain)/Loss	38	(2,935)	(1,593)	(2,556)
Gain on Disposal of investment in subsidiary	-	-	-	(1,358)
Net Effect of Exchange Rate Changes in Consolidating Foreign Subsidiaries	(95)	108	15	78
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>10,952</b>	<b>3,682</b>	<b>56,229</b>	<b>73,692</b>
Inventories	(17,026)	7,773	15,172	(6,673)
Trade and Other Receivables, Current	(10,649)	13,341	(19,541)	462
Other Assets, Current	(2,128)	2,811	13,055	(593)
Trade and Other Payables, Current	(29,132)	(20,741)	(21,953)	9,946
Other Liabilities, Current	(2,903)	(3,808)	4,161	(4,389)
Net Cash Flows From Operations Before Tax	(50,886)	3,058	47,123	72,445
Income Tax Paid	(415)	(1,071)	(3,181)	(1,634)
<b>Net Cash Flows From/(Used in) Operating Activities</b>	<b>(51,301)</b>	<b>1,987</b>	<b>43,942</b>	<b>70,811</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Disposal of Plant and Equipment and Land Use Right	(144)	184	744	211
Purchase of Property, Plant and Equipment and Land Use Right	(19,315)	(20,880)	(35,642)	(68,219)
Disposal of Subsidiaries (Net of Cash Disposed)	-	-	3,000	1,500
Increase in Investment in Associate	-	-	-	(8,100)
Interest Received	234	327	757	880
<b>Net Cash Flows Used In Investing Activities</b>	<b>(19,225)</b>	<b>(20,369)</b>	<b>(31,141)</b>	<b>(73,728)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>				
Increase in Short-Term Borrowing	-	-	-	19,600
Decrease in Finance Lease, Non-current	(3,885)	(621)	(6,920)	(2,386)
Cash Restricted in Use Over 3 Months	(35,550)	8,430	(35,130)	1,290
Interest Paid	(2,783)	(1,882)	(9,242)	(9,313)
<b>Net Cash Flows From/(Used in) Financing Activities</b>	<b>(42,218)</b>	<b>5,927</b>	<b>(51,292)</b>	<b>9,191</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(112,744)</b>	<b>(12,455)</b>	<b>(38,491)</b>	<b>6,274</b>
Cash and Cash Equivalents, Cash Flow Statement, Beginning Balance	169,210	107,643	95,092	88,873
Effects of Foreign Exchange Rate Adjustments	77	(96)	(58)	(55)
<b>Cash and Cash Equivalents, Cash Flow Statement, Ending Balance</b>	<b>56,543</b>	<b>95,092</b>	<b>56,543</b>	<b>95,092</b>
Restricted	38,310	3,180	38,310	3,180
Non-restricted	56,543	95,092	56,543	95,092

- 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.**

### STATEMENT OF CHANGES IN EQUITY

	Group					
	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained Earnings/ (Accumulated Losses)	Other Reserves	Non Controlling Interest
<b>4th Quarter ended 31 December 2015</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Opening Balance at 1 October 2015	344,871	345,825	401,392	(95,818)	40,251	(954)
<b>Movement in Equity:</b>						
Total Comprehensive Income for the Period	2,118	2,118	-	2,097	21	-
Disposal of Subsidiary	-	-	-	-	-	-
Effect of Shareholding Change in Associate	-	-	-	-	-	-
<b>Closing Balance at 31 December 2015</b>	<b>346,989</b>	<b>347,943</b>	<b>401,392</b>	<b>(93,721)</b>	<b>40,272</b>	<b>(954)</b>

	Group					
	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained Earnings/ (Accumulated Losses)	Other Reserves	Non Controlling Interest
<b>4th Quarter ended 31 December 2014</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Opening Balance at 1 October 2014	350,033	350,726	401,392	(95,495)	44,829	(693)
<b>Movement in Equity:</b>						
Total Comprehensive Income for the Period	(7,382)	(7,392)	-	(3,446)	(3,946)	10
Disposal of Subsidiary with Change in Control	1,024	1,024	-	-	1,024	-
Effect of change in shareholding in investment in associate	(310)	(310)	-	(310)	-	-
<b>Closing Balance at 31 December 2014</b>	<b>343,365</b>	<b>344,048</b>	<b>401,392</b>	<b>(99,251)</b>	<b>41,907</b>	<b>(683)</b>

	Company			
	Total Equity	Share Capital	Retained Earnings/ (Accumulated Losses)	Other Reserves
<b>4th Quarter ended 31 December 2015</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Opening Balance at 1 October 2015	376,100	401,392	(1,751)	(23,541)
<b>Movement in Equity:</b>				
Total Comprehensive Income for the Period	8,979	-	(1,908)	10,887
<b>Closing Balance at 31 December 2015</b>	<b>385,079</b>	<b>401,392</b>	<b>(3,659)</b>	<b>(12,654)</b>

	Company			
	Total Equity	Share Capital	Retained Earnings/ (Accumulated Losses)	Other Reserves
<b>4th Quarter ended 31 December 2014</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Opening Balance at 1 October 2014	407,550	401,392	2,762	3,396
<b>Movement in Equity:</b>				
Total Comprehensive Income for the Period	(9,533)	-	(1,704)	(7,829)
<b>Closing Balance at 31 December 2014</b>	<b>398,017</b>	<b>401,392</b>	<b>1,058</b>	<b>(4,433)</b>



	Group					
	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained Earnings/ (Accumulated Losses)	Other Reserves	Non Controlling Interest
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>12 Months ended 31 December 2015</b>						
Opening Balance at 1 January 2015	343,365	344,048	401,392	(99,251)	41,907	(683)
<b>Movement in Equity:</b>						
Total Comprehensive Income for the Period	3,624	3,895	-	5,530	(1,635)	(271)
Disposal of Subsidiary	-	-	-	-	-	-
Effect of Shareholding Change in Associate	-	-	-	-	-	-
<b>Closing Balance at 31 December 2015</b>	<b>346,989</b>	<b>347,943</b>	<b>401,392</b>	<b>(93,721)</b>	<b>40,272</b>	<b>(954)</b>

	Group					
	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained Earnings/ (Accumulated Losses)	Other Reserves	Non Controlling Interest
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>12 Months ended 31 December 2014</b>						
Opening Balance at 1 January 2014	323,285	323,718	401,392	(121,090)	43,416	(433)
<b>Movement in Equity:</b>						
Total Comprehensive Income for the Period	19,366	19,616	-	22,149	(2,533)	(250)
Disposal of Subsidiary	1,024	1,024	-	-	1,024	-
Effect of change in shareholding in investment in associate	(310)	(310)	-	(310)	-	-
<b>Closing Balance at 31 December 2015</b>	<b>343,365</b>	<b>344,048</b>	<b>401,392</b>	<b>(99,251)</b>	<b>41,907</b>	<b>(683)</b>

	Company			
	Total Equity	Share Capital	Retained Earnings/ (Accumulated Losses)	Other Reserves
	RMB'000	RMB'000	RMB'000	RMB'000
<b>12 Months ended 31 December 2015</b>				
Opening Balance at 1 January 2015	398,017	401,392	1,058	(4,433)
<b>Movement in Equity:</b>				
Total Comprehensive Income for the Period	(12,938)	-	(4,717)	(8,221)
<b>Closing Balance at 31 December 2015</b>	<b>385,079</b>	<b>401,392</b>	<b>(3,659)</b>	<b>(12,654)</b>

	Company			
	Total Equity	Share Capital	Retained Earnings/ (Accumulated Losses)	Other Reserves
	RMB'000	RMB'000	RMB'000	RMB'000
<b>12 Months ended 31 December 2014</b>				
Opening Balance at 1 January 2014	407,315	401,392	5,968	(45)
<b>Movement in Equity:</b>				
Total Comprehensive Income for the Period	(9,298)	-	(4,910)	(4,388)
<b>Closing Balance at 31 December 2015</b>	<b>398,017</b>	<b>401,392</b>	<b>1,058</b>	<b>(4,433)</b>



**1(d)(ii) SHARE CAPITAL**

Details of any changes in 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 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.

There were no changes in the Company's share capital for the year ended 31 December 2015.

The Company did not have any outstanding convertibles and treasury shares 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.

**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.**

	<u>As at 31/12/2015</u>	<u>As at 31/12/2014</u>
Total Number of Issued Shares	439,627,300	439,627,300
Less: Treasury Shares	<u>-</u>	<u>-</u>
Total Number of Issued Shares Excluding Treasury Shares	<u>439,627,300</u>	<u>439,627,300</u>

**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 in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard.**

The figures have not been audited or reviewed by our auditors.

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

Not applicable.

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

The above financial information has been prepared using the same accounting policies and methods of computation as presented in the financial statements for the year ended 31 December 2015, except for the new and revised Financial Reporting Standards (FRS) adopted which came into effect for the accounting periods beginning on or after 1 January 2015. The adoption of the new FRS has no material impact on the financial statements of the Group.

**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 form and the effect of, the change.**

Please refer to note 4 above.

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

- (a) based on the weighted average number of ordinary share on issue and  
(b) on a fully diluted basis (detailing any adjustments made to the earnings)

	Group			
	4th Quarter to 31/12/2015	4th Quarter to 31/12/2014	12 months to 31/12/2015	12 months to 31/12/2014
<b>Earning/(Losses) Per Share Based on Group's Net Profit Attributable to Shareholders:</b>				
(i) Based on the Weighted Average Number of Ordinary Shares on Issue (RMBcents)	0.48	(0.78)	1.26	5.04
(ii) Based on Fully Diluted Basis (RMBcents)	0.48	(0.78)	1.26	5.04
Number of Existing Issued Ordinary Shares (weighted average)	439,627,300	439,627,300	439,627,300	439,627,300
Number of Existing Issued Ordinary Shares (fully diluted)	439,627,300	439,627,300	439,627,300	439,627,300

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) current period reported on; and  
(b) immediately preceding financial year.

	Group		Company	
	As at 31/12/2015	As at 31/12/2014	As at 31/12/2015	As at 31/12/2014
Net Asset Value Per Share (RMBcents)	79.14	78.26	87.59	90.54
Number of Existing Issued Ordinary Shares (period end)	439,627,300	439,627,300	439,627,300	439,627,300

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earning of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.

## **PERFORMANCE REVIEW**

### **(a) GROUP INCOME STATEMENT**

#### **Revenue**

The Group's revenues decreased by 9.2% from RMB 412.2 million for the 4th quarter ended 31 December 2014 ("Q4 2014") to RMB 374.5 million for the 4th quarter ended 31 December 2015 ("Q4 2015"). Sales of finished goods for Q4 2015 were RMB 372.7 million, posting a decrease of RMB 39.5 million or 9.6% from the corresponding period last year. There were no sales of materials for Q4 2014, while that of Q4 2015 was RMB 1.8 million.

Due to competition, the sales of liquid milk decreased by 7.6% from RMB 292.5million for Q4 2014 to RMB 270.2 million for Q4 2015 and the sales of milk powder decreased by 14.4% from RMB 119.7 million for Q4 2014 to RMB 102.5 million for Q4 2015.

#### **Gross Profit**

Gross profit of the Group decreased by 3.9%, or RMB 5.6 million from RMB 144.1 million for Q4 2014 to RMB 138.5 million for Q4 2015. Gross profit margin in Q4 2015 increased by 2% compared to Q4 2014.

The gross profit margin of liquid milk segment increased by 6.8 percentage point from 32.6% for Q4 2014 to 39.4% for Q4 2015 due to decrease in unit cost and better products mix. However, the milk powder segment decreased by 6.4 percentage point from 40.5% for Q4 2014 to 34.1% for Q4 2015 due to increase in unit cost.

#### **Interest Income**

Interest income decreased by 28.4% in Q4 2015 due to decrease in average cash balance during Q4 2015 compared to the corresponding period.

#### **Finance Costs**

Finance costs increased by 47.9% in Q4 2015 compared to the same period last year. This was

mainly due to increase in finance lease.

#### **Share of Profit/Loss from Associate**

The share of profit from an associate in Q4 2015 was a result of profit incurred by Shaanxi Aomeihui Dairy Technology Co., Ltd (陕西澳美慧乳业科技有限公司(“Aomeihui”)) in period.

#### **Profit/Loss Before Tax**

Profit before tax was RMB 1.9 million in Q4 2015, as compared to loss before tax RMB 6 million in Q4 2014.

#### **Profit/Loss, Net of Tax**

Profit after income tax was RMB 2.1 million for Q4 2015, as compared to loss after tax RMB 3.4 million for Q4 2014.

#### **(b) STATEMENTS OF FINANCIAL POSITION**

The increase in trade and other receivables of 18%, or RMB 21.6 million, was due to increase in rebate receivable from supplier and increase in advance to suppliers.

Other assets-current decreased by 20.7%, or RMB 13 million as prepayments to suppliers decreased.

Finance lease, current and Non-current, increased by 129.2% and 117.8% respectively, or RMB 6.5million and or RMB 3 million, due to addition in fixed assets through finance lease in current period.

Other liabilities-current increased by 55.7%, or RMB 4.2 million to RMB 11.6 million as advances from customers increased.

Negative working capital is mainly due to the presence of other financial liabilities which were short term in nature. However, these are revolving financing facilities which can be rolled-forward as and when due.

#### **(c) GROUP STATEMENT OF CASH FLOWS**

Net cash used in operating activities was RMB 51.3 million for Q4 2015 mainly because the group employed more working capital.

Net cash used in investing activities was RMB 19.2 million for Q4 2015 mainly because of purchasing PPE.

Net cash used in financing activities was RMB 40.6 million for Q4 2015 mainly because increase in cash restricted in use over 3 months and of payment of finance lease.

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

The Group's performance for 12 months ended 31 December 2015 is consistent with its prospect statement as announced on 13 November 2015.

**10. A commentary at the date of the announcement of the 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.**

The dairy industry environment is challenging and under intense competition, the Group will continue retaining its liquid milk leading position in its home market of Shaanxi Province through stringent quality management, increasing sales contribution from higher end products and effective sales and marketing programs.

With an aim of strengthening its long term competitiveness, the Group will continue to invest in product quality, product innovation, branding and its distribution network.

**11. Dividend**

**(a) Current Financial Period Reported On Any dividend declared for the current financial period reported on?**

No dividend has been declared for the current financial period.

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

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

Not Applicable.

**(c) Date payable**

Not Applicable.

**(d) Books closure date**

Not Applicable.

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

Not Applicable.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.,**



Not Applicable.

**14. NEGATIVE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5)**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 31 December 2015 to be false or misleading.

## PART II -ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

**15. 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.**

### SEGMENTAL RESULTS

(i) Business segments	2015			
	<u>Milk Powder</u>	<u>Liquid Milk</u>	<u>Unallocated</u>	<u>Consolidated</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Continuing Operations 2015</b>				
<b>Revenue by Segment</b>				
Total revenue by segment	608,387	1,238,623	3,979	1,850,989
Inter-segment revenue	(210,824)	-	-	(210,824)
Total external revenue	397,563	1,238,623	3,979	1,640,165
<b>Recurring EBITDA</b>				
Depreciation and amortisation	(8,538)	(13,319)	(19,064)	(40,921)
ORBIT	(4,016)	19,930	187	16,101
Finance cost	(1,459)	-	(7,783)	(9,242)
Share loss of joint venture	-	-	(106)	(106)
Profit before income tax from continuing operations	(5,475)	19,930	(7,702)	6,753
Income tax expenses				(1,494)
Profit from continuing operations				5,259

(i) Business segments	2014			
	<u>Milk Powder</u>	<u>Liquid Milk</u>	<u>Unallocated</u>	<u>Consolidated</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Continuing Operations 2014</b>				
<b>Revenue by Segment</b>				
Total revenue by segment	720,252	1,334,181	26,788	2,081,221
Inter-segment revenue	(271,839)	-	-	(271,839)
Total external revenue	448,413	1,334,181	26,788	1,809,382
<b>Recurring EBITDA</b>				
Depreciation and amortisation	(8,039)	(18,885)	(15,994)	(42,918)
ORBIT	4,193	30,799	(56)	34,936
Finance cost	(17)	-	(9,296)	(9,313)
Share loss of joint venture	-	-	817	817
Profit before income tax from continuing operations	4,176	30,799	(8,535)	26,440
Income tax expenses				(4,541)
Profit from continuing operations				21,899

## (ii) Geographical segments

The Group only operates in one geographical segment which is the People's Republic of China.

### 16. In the review of performance, the factors leading to any material changes in contributions to turnover and earning by the business of geographical segments.

Please refer to note 8 above.

### 17. A breakdown of sales is provided as follows:

A breakdown of sales

	Group		
	As at 31/12/2015 RMB'000	As at 31/12/2014 RMB'000	Change %
(i) Turnover reported for:			
First half year ended 30 June	821,801	929,944	-11.6%
Second half year ended 31 December	818,364	879,438	-6.9%
	<b>1,640,165</b>	<b>1,809,382</b>	-9.4%
(ii) Profit/(Losses) after tax reported for:			
First half year ended 30 June	1,842	14,384	-87.2%
Second half year ended 31 December	3,417	7,515	NM
	<b>5,259</b>	<b>21,899</b>	-76.0%

NM-Not meaningful





**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year is provided as follows:-**

Not Applicable.

**19. Disclosure of person occupying 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(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Li Jia	38	Son-in-law of Liu Huaguo	General Manager of Xi'An Yinqiao Biological Science and Technology Co. Ltd. 2012	NA

BY ORDER OF THE BOARD

Liu Huaguo  
Director  
Date: 29/02/2016

Kong Jing  
Director  
Date: 29/02/2016