

The following announcement is made by China Kangda Food Company Limited (the ‘‘Company’’) pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited. In compliance with Rule 13.09(2) of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 14 August 2015.

**SECOND QUARTER AND HALF YEARLY FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 30 JUNE 2015**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

1(a) A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Three months period ended 30/06/2015 Unaudited RMB'000 | Three months period ended 30/06/2014 Unaudited RMB'000 | Change +/(-) % | Six months period ended 30/06/2015 Unaudited RMB'000 | Six months period ended 30/06/2014 Unaudited RMB'000 | Change +/(-) % |
|--|--|--|-------------------|--|--|-------------------|
| Revenue | 287,694 | 320,180 | (10.1) | 563,263 | 628,832 | (10.4) |
| Cost of sales | (259,462) | (290,198) | (10.6) | (510,476) | (582,737) | (12.4) |
| Gross profit | 28,232 | 29,982 | (5.8) | 52,787 | 46,095 | 14.5 |
| Other income | 3,083 | 1,614 | 91.0 | 9,287 | 15,766 | (41.1) |
| Selling and distribution expenses | (6,598) | (7,104) | (7.1) | (12,618) | (13,370) | (5.6) |
| Administrative expenses | (11,228) | (10,757) | 4.4 | (18,856) | (18,881) | (0.1) |
| Other operating expenses | (1,030) | (616) | 67.2 | (1,776) | (782) | 127.1 |
| Profit from operations | 12,459 | 13,119 | (5.0) | 28,824 | 28,828 | 0.0 |
| Finance costs | (11,231) | (10,960) | 2.5 | (22,437) | (21,803) | 2.9 |
| Share of loss of associates | (376) | (168) | 123.8 | (709) | (459) | 54.5 |
| Profit before taxation | 852 | 1,991 | (57.2) | 5,678 | 6,566 | (13.5) |
| Income tax credit/(expense) | 1,679 | (413) | 506.5 | (255) | (193) | (32.1) |
| Profit for the period | 2,531 | 1,578 | 60.4 | 5,423 | 6,373 | (14.9) |
| Other comprehensive income | - | - | N/A | - | - | N/A |
| Total comprehensive income for the period | 2,531 | 1,578 | 60.4 | 5,423 | 6,373 | (14.9) |

Total comprehensive income**attributable to:**

| | | | | | | |
|---------------------------|-------|-------|-------|-------|---------|--------|
| Owners of the Company | 2,355 | 1,716 | 37.2 | 5,658 | 7,394 | (23.5) |
| Non-controlling interests | 176 | (138) | 227.5 | (235) | (1,021) | 77.0 |

| | | | | | | |
|---------------------|------|------|--|------|------|--|
| Earnings per share | | | | | | |
| - Basic (RMB cents) | 0.54 | 0.40 | | 1.31 | 1.70 | |

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

| | | | | | | |
|---|--------|--------|--|--------|---------|--|
| Amortisation of intangible assets | - | 105 | | - | 210 | |
| Amortisation of prepaid premium for land leases | 949 | 1,090 | | 1,898 | 2,193 | |
| Depreciation of property, plant and equipment | 12,844 | 13,471 | | 25,665 | 23,852 | |
| Exchange loss/(gain), net | 449 | (39) | | 1,059 | 730 | |
| Interest expenses on interest-bearing bank borrowings | 11,231 | 10,960 | | 22,437 | 21,803 | |
| Interest income on bank deposits | (352) | (559) | | (878) | (1,299) | |

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.

| | Group | | Company | |
|---|--------------------|-------------------|--------------------|-------------------|
| | 30/6/2015 | 31/12/2014 | 30/6/2015 | 31/12/2014 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| ASSETS AND LIABILITIES | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 606,972 | 614,752 | - | - |
| Prepaid premium for land leases | 123,304 | 125,202 | - | - |
| Intangible assets | - | - | - | - |
| Investments in subsidiaries | - | - | 84,144 | 84,144 |
| Interest in associates | 75 | 784 | - | - |
| Goodwill | 56,778 | 56,778 | - | - |
| Biological assets | 32,575 | 27,781 | - | - |
| Long-term receivables | 2,523 | 2,523 | - | - |
| Deferred tax assets | 2,332 | 1,985 | - | - |
| | 824,559 | 829,805 | 84,144 | 84,144 |
| Current assets | | | | |
| Biological assets | 26,225 | 45,462 | - | - |
| Inventories | 159,098 | 163,973 | - | - |
| Trade receivables | 88,574 | 71,446 | - | - |
| Prepayments, other receivables and deposits | 49,011 | 50,467 | 89 | 89 |
| Amounts due from subsidiaries | - | - | 232,891 | 234,850 |
| Current portion of long-term receivables | 2,524 | 2,524 | - | - |
| Pledged deposits | 70,000 | 70,000 | - | - |
| Cash and bank balances | 434,617 | 481,445 | 58 | 46 |
| | 830,049 | 885,317 | 233,038 | 234,985 |
| Current liabilities | | | | |
| Trade and bills payables | 169,954 | 179,781 | - | - |
| Accrued liabilities and other payables | 67,332 | 83,888 | 454 | 454 |
| Interest-bearing bank borrowings | 631,000 | 651,667 | - | - |

| | | | | |
|---|-----------------|----------|----------------|---------|
| Amount due to a related company | 7,249 | 23,955 | - | - |
| Deferred government grants | 1,807 | 1,807 | - | - |
| Tax payables | 2,331 | 2,500 | - | - |
| | 879,673 | 943,598 | 454 | 454 |
| Net current (liabilities)/assets | (49,624) | (58,281) | 232,584 | 234,531 |
| Total assets less current liabilities | 774,935 | 771,524 | 316,728 | 318,675 |
| Non-current liabilities | | | | |
| Deferred government grants | 13,675 | 15,687 | - | - |
| Interest-bearing bank borrowings | 50,000 | 50,000 | - | - |
| Deferred tax liabilities | 8,848 | 8,848 | - | - |
| Total non-current liabilities | 72,523 | 74,535 | - | - |
| Net assets | 702,412 | 696,989 | 316,728 | 318,675 |
| EQUITY | | | | |
| Equity attributable to owners of the Company | | | | |
| - Share capital | 112,176 | 112,176 | 112,176 | 112,176 |
| - Reserves | 565,680 | 560,022 | 204,552 | 206,499 |
| | 677,856 | 672,198 | 316,728 | 318,675 |
| Non-controlling interests | 24,556 | 24,791 | - | - |
| Total equity | 702,412 | 696,989 | 316,728 | 318,675 |

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

1. Amount repayable in one year or less, or on demand

| As at 30/6/2015 | | As at 31/12/2014 | |
|-----------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 320,000 | 311,000 | 334,667 | 317,000 |

2. Amount repayable after one year

| As at 30/6/2015 | | As at 31/12/2014 | |
|-----------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| - | 50,000 | - | 50,000 |

Details of collateral:

Total interest-bearing bank borrowings include secured borrowings of approximately RMB320,000,000.

As at 30 June 2015, the Group's interest-bearing bank borrowings are guaranteed by certain related parties of the Group and secured against certain of the Group's property, plant and equipment, land use rights, certain properties of the related parties and pledged deposits.

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

| RMB'000 | Three months period ended 30/6/2015 Unaudited | Three months period ended 30/6/2014 Unaudited | Six months period ended 30/6/2015 Unaudited | Six months period ended 30/6/2014 Unaudited |
|--|--|--|--|--|
| Cash flows from operating activities | | | | |
| Profit before taxation | 852 | 1,991 | 5,678 | 6,566 |
| Adjustments for: | | | | |
| Interest income | (352) | (559) | (878) | (1,299) |
| Interest expenses | 11,231 | 10,960 | 22,437 | 21,803 |
| Depreciation of property, plant and equipment | 12,844 | 13,471 | 25,665 | 23,852 |
| Amortisation of prepaid premium for land leases | 949 | 1,090 | 1,898 | 2,193 |
| Amortisation of intangible assets | - | 105 | - | 210 |
| Loss/(gain) arising from change in fair value less estimated point-of-sale costs of biological assets, net | 289 | 2,476 | (4,356) | (5,795) |
| Amortisation of deferred income on government grants | (1,005) | (335) | (2,012) | (669) |
| Share of loss of associates | 376 | 168 | 709 | 459 |
| Operating profit before working capital changes | 25,184 | 29,367 | 49,141 | 47,320 |
| Decrease/(increase) in inventories | 38,186 | (2,626) | 4,875 | (14,510) |
| Increase in trade receivables | (11,654) | (3,566) | (17,128) | (4,625) |
| Decrease/(increase) in biological assets | 3,622 | (2,381) | 18,798 | 10,391 |
| (Increase)/decrease in prepayments, other receivables and deposits | (8,667) | 7,611 | 1,456 | 6,519 |
| Increase/(decrease) in balance with a related company | 2,120 | 227 | (16,706) | (831) |
| Increase/(decrease) in trade and bills payables | 2,098 | 56,526 | (9,827) | 56,852 |
| (Decrease)/increase in accrued liabilities and other payables | (2,512) | 3,102 | (16,550) | (16,193) |
| Cash generated from operations | 48,377 | 88,260 | 14,059 | 84,923 |
| Interest paid | (11,231) | (10,960) | (22,437) | (21,803) |
| Income taxes paid | 3,698 | (182) | (772) | (840) |
| <i>Net cash generated from/(used in) operating activities</i> | <i>40,844</i> | <i>77,118</i> | <i>(9,150)</i> | <i>62,280</i> |

| | | | | |
|---|----------------|-----------------|-----------------|-----------------|
| Cash flows from investing activities | | | | |
| Purchases of property, plant and equipment | (10,225) | (41,631) | (17,889) | (42,297) |
| Interest received | 352 | 559 | 878 | 1,299 |
| <i>Net cash used in investing activities</i> | <i>(9,873)</i> | <i>(41,072)</i> | <i>(17,011)</i> | <i>(40,998)</i> |
| Cash flows from financing activities | | | | |
| New of bank borrowings | 165,000 | 211,000 | 244,000 | 351,000 |
| Repayment of bank borrowings | (169,000) | (218,000) | (264,667) | (297,000) |
| <i>Net cash (used in)/generated from financing activities</i> | <i>(4,000)</i> | <i>(7,000)</i> | <i>(20,667)</i> | <i>54,000</i> |
| Net increase/(decrease) in cash and cash equivalents | 26,971 | 29,046 | (46,828) | 75,282 |
| Cash and cash equivalents at beginning of financial period | 407,646 | 415,623 | 481,445 | 369,387 |
| Cash and cash equivalents at end of financial period | 434,617 | 444,669 | 434,617 | 444,669 |
| Analysis of balances of cash and cash equivalents | | | | |
| Cash and bank balances | 434,617 | 444,669 | 434,617 | 444,669 |

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 2015 (Audited) | 112,176 | 257,073 | (41,374) | 2,374 | 43,812 | 298,137 | 672,198 | 24,791 | 696,989 |
| Transactions with owners (Unaudited) | - | - | - | - | - | - | - | - | - |
| Profit/(loss) for the period (Unaudited) | - | - | - | - | - | 3,303 | 3,303 | (411) | 2,892 |
| Other comprehensive income (Unaudited) | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period (Unaudited) | - | - | - | - | - | 3,303 | 3,303 | (411) | 2,892 |
| At 31 March 2015 (Unaudited) | 112,176 | 257,073 | (41,374) | 2,374 | 43,812 | 301,440 | 675,501 | 24,380 | 699,881 |
| At 1 April 2015 (Unaudited) | 112,176 | 257,073 | (41,374) | 2,374 | 43,812 | 301,440 | 675,501 | 24,380 | 699,881 |
| Transactions with owners (Unaudited) | - | - | - | - | - | - | - | - | - |
| Profit for the period (Unaudited) | - | - | - | - | - | 2,355 | 2,355 | 176 | 2,531 |
| Other comprehensive income (Unaudited) | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period (Unaudited) | - | - | - | - | - | 2,355 | 2,355 | 176 | 2,531 |
| At 30 June 2015 (Unaudited) | 112,176 | 257,073 | (41,374) | 2,374 | 43,812 | 303,795 | 677,856 | 24,556 | 702,412 |
| At 1 January 2014 (Audited) | 112,176 | 257,073 | (41,374) | 2,374 | 43,812 | 302,093 | 676,154 | 27,936 | 704,090 |
| Transactions with owners (Unaudited) | - | - | - | - | - | - | - | - | - |
| Profit/(loss) for the period (Unaudited) | - | - | - | - | - | 5,678 | 5,678 | (883) | 4,795 |
| Other comprehensive income (Unaudited) | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period (Unaudited) | - | - | - | - | - | 5,678 | 5,678 | (883) | 4,795 |
| At 31 March 2014 (Unaudited) | 112,176 | 257,073 | (41,374) | 2,374 | 43,812 | 307,771 | 681,832 | 27,053 | 708,885 |
| At 1 April 2014 (Unaudited) | 112,176 | 257,073 | (41,374) | 2,374 | 43,812 | 307,771 | 681,832 | 27,053 | 708,885 |
| Transactions with owners (Unaudited) | - | - | - | - | - | - | - | - | - |
| Profit/(loss) for the period (Unaudited) | - | - | - | - | - | 1,716 | 1,716 | (138) | 1,578 |
| Other comprehensive income (Unaudited) | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period (Unaudited) | - | - | - | - | - | 1,716 | 1,716 | (138) | 1,578 |
| At 30 June 2014 (Unaudited) | 112,176 | 257,073 | (41,374) | 2,374 | 43,812 | 309,487 | 683,548 | 26,915 | 710,463 |

| Company | Share capital RMB'000 | Share Premium RMB'000 | Merger reserve RMB'000 | Capital redemption reserve RMB'000 | Accumulated Losses RMB'000 | Total equity RMB'000 |
|---|--------------------------------------|--------------------------------------|---------------------------------------|---|---|-------------------------------------|
| At 1 January 2015 (Audited) | 112,176 | 257,073 | 6,143 | 2,374 | (59,091) | 318,675 |
| Transactions with owners (Unaudited) | - | - | - | - | - | - |
| Loss for the period (Unaudited) | - | - | - | - | (710) | (710) |
| Other comprehensive income (Unaudited) | - | - | - | - | - | - |
| Total comprehensive income for the period (Unaudited) | - | - | - | - | (710) | (710) |
| At 31 March 2015 (Unaudited) | 112,176 | 257,073 | 6,143 | 2,374 | (59,801) | 317,965 |
| At 1 April 2015 (Unaudited) | 112,176 | 257,073 | 6,143 | 2,374 | (59,801) | 317,965 |
| Transactions with owners (Unaudited) | - | - | - | - | - | - |
| Loss for the period (Unaudited) | - | - | - | - | (1,237) | (1,237) |
| Other comprehensive income (Unaudited) | - | - | - | - | - | - |
| Total comprehensive income for the period (Unaudited) | - | - | - | - | (1,237) | (1,237) |
| At 31 June 2015 (Unaudited) | 112,176 | 257,073 | 6,143 | 2,374 | (61,038) | 316,728 |
| At 1 January 2014 (Audited) | 112,176 | 257,073 | 6,143 | 2,374 | (55,100) | 322,666 |
| Transactions with owners (Unaudited) | - | - | - | - | - | - |
| Loss for the period (Unaudited) | - | - | - | - | (1,136) | (1,136) |
| Other comprehensive income (Unaudited) | - | - | - | - | - | - |
| Total comprehensive income for the period (Unaudited) | - | - | - | - | (1,136) | (1,136) |
| At 31 March 2014 (Unaudited) | 112,176 | 257,073 | 6,143 | 2,374 | (56,236) | 321,530 |
| At 1 April 2014 (Unaudited) | 112,176 | 257,073 | 6,143 | 2,374 | (56,236) | 321,530 |
| Transactions with owners (Unaudited) | - | - | - | - | - | - |
| Loss for the period (Unaudited) | - | - | - | - | (1,173) | (1,173) |
| Other comprehensive income (Unaudited) | - | - | - | - | - | - |
| Total comprehensive income for the period (Unaudited) | - | - | - | - | (1,173) | (1,173) |
| At 31 June 2014 (Unaudited) | 112,176 | 257,073 | 6,143 | 2,374 | (57,409) | 320,357 |

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 share 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.

| Ordinary shares of HK\$0.25 each | Number of shares '000 | Amount HK\$'000 |
|--------------------------------------|--------------------------|--------------------|
| Authorised : | | |
| At 31 December 2014 and 30 June 2015 | 2,000,000 | 500,000 |
| <hr/> | | |
| Issued and fully paid : | | |
| At 31 December 2014 and 30 June 2015 | 432,948 | 108,237 |
| <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 30 June 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.

| | 30/6/2015 '000 | 31/12/2014 '000 |
|--|-------------------|--------------------|
| Total number of ordinary shares excluding treasury shares | 432,948 | 432,948 |
| <hr/> | | |

Note:

There were no treasury shares held by the Company as at 30 June 2015 and 31 December 2014.

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 not been audited or reviewed by auditors.

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 the audited financial statements for the year ended 31 December 2014.

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.**

Not applicable.

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.**

| | Three months period ended 30/6/2015 Unaudited | Three months period ended 30/6/2014 Unaudited | Six months period ended 30/6/2015 Unaudited | Six months period ended 30/6/2014 Unaudited |
|----------------------|--|--|--|--|
| Earnings per share | | | | |
| - Basic (RMB cents) | 0.54 | 0.40 | 1.31 | 1.70 |
| - Dilute (RMB cents) | 0.54 | 0.40 | 1.31 | 1.70 |

Notes:

- The calculation of basic earnings per share was computed by dividing the Group's net profit attributable to owners of the Company against the weighted average number of 432,948,000 shares in issue during the period.
- Diluted earnings per share for the three months and six months ended 30 June 2015 and three months and six months ended 30 June 2014 have not been presented as there was no dilutive potential share during the periods.

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:**

- current financial period reported on; and**
- immediately preceding financial year.**

| In RMB cents | Group | | Company | |
|---|------------------|-------------------|------------------|-------------------|
| | 30/6/2015 | 31/12/2014 | 30/6/2015 | 31/12/2014 |
| Net asset value per ordinary share based on issued share capital at the end of: | 156.57 | 155.26 | 73.16 | 73.61 |

Note:

The number of ordinary shares of the Company as at 30 June 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:
- 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
 - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVENUE BY PRODUCTS

| | Three months ended 30/6/2015 | Three months ended 30/6/2014 | % Change | Six months ended 30/6/2015 | Six months ended 30/6/2014 | % Change |
|--|---------------------------------|---------------------------------|---------------|-------------------------------|-------------------------------|---------------|
| | 2Q2015 | 2Q2014 | | HY2015 | HY2014 | |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited |
| | RMB'000 | RMB'000 | + / (-) | RMB'000 | RMB'000 | + / (-) |
| Processed food products | 148,834 | 163,525 | (9.0) | 303,935 | 329,893 | (7.9) |
| Chilled and frozen rabbit meat | 35,783 | 77,599 | (53.9) | 64,274 | 123,108 | (47.8) |
| Chilled and frozen chicken meat | 69,015 | 54,974 | 25.5 | 137,892 | 100,092 | 37.8 |
| Other products | 34,062 | 24,082 | 41.4 | 57,162 | 75,739 | (24.5) |
| Total | 287,694 | 320,180 | (10.1) | 563,263 | 628,832 | (10.4) |

Processed Food Products

Due to a lower demand from overseas markets, there was a decrease in both the production and sales volume of processed food products.

Chilled and Frozen Meat Products

The rabbit and chicken meat segments contributed 35.9% and 36.4% to the Group's total revenue for HY2015 and 2Q2015 respectively.

- Chilled and Frozen Chicken Meat

The major contributor was chilled and frozen chicken meat products, in which revenue increased by 37.8% to RMB137.9 million and by 25.5% to RMB69.0 million for HY2015 and 2Q2015 respectively because of the increased demand with the recovery of the market.

- 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 since the last quarter of 2014.

Other Products

Revenue from the production and sale of other products decreased by 24.5% to RMB57.2 million in HY2015 and increased by 41.4% to RMB34.1 million in 2Q2015. 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

| | 2Q2015 | 2Q2014 | % Change | HY2015 | HY2014 | % Change |
|---------------|----------------|----------------|---------------|----------------|----------------|---------------|
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited |
| | RMB'000 | RMB'000 | +/(-) | RMB'000 | RMB'000 | +/(-) |
| Export | 132,237 | 164,639 | (19.7) | 241,206 | 281,669 | (14.4) |
| PRC | 155,457 | 155,541 | (0.1) | 322,057 | 347,163 | (7.2) |
| Total | 287,694 | 320,180 | (10.1) | 563,263 | 628,832 | (10.4) |

On a geographical basis, revenue from export sales decreased by 14.4% to approximately RMB241.2 million for HY2015 and decreased by 19.7% to RMB132.2 million in 2Q2015. 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 (“GP”) and Margin

| | HY2015 | | HY2014 | | Change | % Change |
|-----------------------|---------------|------------|---------------|------------|--------------|-------------|
| | GP | Margin | GP | Margin | GP | |
| | RMB'000 | % | RMB'000 | % | RMB'000 | % |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited |
| Processed food | 36,600 | 12.0 | 29,551 | 9.0 | 7,049 | 23.9 |
| Rabbit meat | 5,115 | 8.0 | 13,157 | 10.7 | (8,042) | (61.1) |
| Chicken meat | 3,302 | 2.4 | 352 | 0.4 | 2,950 | 838.1 |
| Other products | 7,770 | 13.6 | 3,035 | 4.0 | 4,735 | 156.0 |
| Total | 52,787 | 9.4 | 46,095 | 7.3 | 6,692 | 14.5 |

Due mainly to the higher gross profit margin of the Group’s processed food products, the Group’s gross profit margin increased from 7.3% to 9.4% in HY2015. 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 still the main profit contributor for HY2015. Gross profit margin increased from 9.0% to 12.0% for HY2015 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 decrease in gross profit margin of chilled and frozen rabbit meat from 10.7% to 8.0% for HY2015 was due to the decrease of rabbit meat demand and 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 effective costs reduction measures and breeding technology, the gross profit and gross profit margin of this segment increased to RMB3.3 million or 2.4% for HY2015.

Other Products

Other products are mainly chicken and rabbit meat by-products and pet food products, which are not the core profit drivers of the Group. Due to the increase in prices of chicken meat by-products, gross profit margin increased from 4.0% to 13.6% in HY2015 and gross profit increased from RMB3.0 million to RMB7.8 million.

Other Income

Other income comprised mainly government grants, gain on change in fair value of biological assets and interest income from bank deposits amounting to RMB1.1 million, RMB4.4 million and RMB0.9 million respectively. The decrease in other income was due to the decrease of government grants by the Chinese government in relation to the decrease of agricultural constructions, such as building new rabbit and chicken farms, in HY2015.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly transportation, promotion and advertising, salaries and welfare. The slight decrease in selling and distribution expenses by 5.6% to approximately RMB12.6 million arose from the Company's cost-cutting initiatives, which resulted in a decrease in travelling and entertainment expenses and lower number of employees.

Administrative Expenses

Administrative expenses comprised mainly staff costs, professional fees, travelling expenses and other miscellaneous administrative expenses.

Other Operating Expenses

Other operating expenses represented miscellaneous expenses in the daily operation, mainly related to the handling of damaged packaging materials which had increased during the period.

Finance Costs

Finance costs increased by 2.9% to RMB22.4 million for HY2015 were due mainly to the increase of average bank borrowings for the Group's future working capital purpose during the period.

Taxation

The increase was due mainly to the increase of taxable income during the period. Due to the overprovision of accrued tax paid in the first quarter of 2015, the income tax expense increased from RMB0.4 million for the three months period ended 30 June 2014 to the income tax credit RMB1.7 million for the three months period ended 30 June 2015.

Review of the Group financial position as at 30 June 2015

The Group's property, plant and equipment ("PPE") were mainly leasehold buildings and plant and machinery. The PPE decreased marginally by 1.3% to approximately RMB607.0 million as at 30 June 2015 was due mainly to an acquisition of equipment of approximately RMB17.9 million and a depreciation charge of RMB25.7 million.

The reduction in prepaid premium for land leases for HY2015 amounting to approximately RMB1.9 million was due mainly to amortisation.

Goodwill arose from the acquisitions of subsidiaries in the past.

Biological assets refer to progeny rabbits and chickens held for sale and breeder rabbits and chickens held for breeding purpose. These biological assets were valued by the directors of the Group as at 30 June 2015 based on market-determined prices of rabbits/chickens of similar size, species and age. The valuation methodology is in compliance with IAS 41 and IFRS 13 to determine the fair values of biological assets in their present location and condition.

Inventories decreased by approximately RMB4.9 million or 3.0% to approximately RMB159.1 million due to the decrease of purchase during the period. The average inventory turnover day for HY2015 was 57 days compared to 45 days for the year ended 31 December 2014 ("FY2014"). The increase in turnover days was due to the increase of inventory level of rabbit skin related products in the first quarter of 2015. As at the date of

this announcement, more than half of rabbit skin inventory had been sold to customers and the Group is confident that the remaining inventories will eventually be sold with the recovery of the rabbit meat products demand. Trade receivables increased by approximately RMB17.1 million or 24.0% to approximately RMB88.6 million in HY2015. The average trade receivable turnover day for HY2015 was 26 days compared to 21 days for FY2014.

Prepayments, other receivables and deposits decreased marginally by approximately RMB1.5 million or 2.9% to approximately RMB49.0 million as at 30 June 2015.

Cash and cash equivalents, including pledged deposits, decreased by approximately RMB46.8 million or 8.5% to approximately RMB504.6 million. Approximately RMB70.0 million of the bank deposit was secured against the interest-bearing borrowings by the Group.

Trade and bills payables decreased by approximately RMB9.8 million or 5.5% from approximately RMB179.8 million as at 31 December 2014 to approximately RMB170.0 million as at 30 June 2015 in tandem with the decrease of purchase during the period.

Accrued liabilities and other payables represented payables for construction and facilities, salaries and welfare payables, accrued expenses and deposits received. The decrease by approximately RMB16.6 million or 19.7% was due to the decrease of deposits placed by customers compared to 31 December 2014.

The interest-bearing bank borrowings decreased by approximately RMB20.7 million to approximately RMB681.0 million after taking into account the additional bank borrowings of approximately RMB244.0 million and the loan repayment of approximately RMB264.7 million. Approximately RMB50.0 million of the bank borrowing was classified as non-current liabilities.

Amount due to a related party represented the outstanding balance due to Qingdao Kangda Foreign Trade Group Limited (“KD Group”) resulted from the trading and other transactions.

Tax payables decreased from approximately RMB2.5 million as at 31 December 2014 to approximately RMB2.3 million as at 30 June 2015. This was due to payment of income tax during HY2015.

Cash Flow Statement

Operating activities

Cash generated from operating activities decreased from approximately RMB62.3 million cash inflow to approximately RMB9.2 million cash outflow for HY2015. The decrease in operating cash flow was mainly due to the repayment of the trade and bills payables and amount due to a related company for HY2015.

Investing activities

Net cash used in investing activities amounted to approximately RMB17.0 million.

Financing activities

Net cash generated mainly represented the additional bank borrowings of approximately RMB244.0 million and repayment of bank borrowings of approximately RMB264.7 million.

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

Not applicable.

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

Due to the decrease in demand for chilled and frozen rabbit meat, the comprehensive income attributable to owners of the Company decreased from RMB7.4 million to approximately RMB5.7 million for HY2015. However the effective cost reduction measures implemented by the Group and the allocation of resources to high value-added sales have improved the Group's gross profit margin in HY2015. The Group's gross profit and gross profit margin improved from approximately RMB46.1 million to approximately RMB52.8 million and from 7.3% to 9.4% respectively for HY2015.

The Group has a proven track record of launching successful new products that help drive its revenue growth and increase its margins in each of its key markets. The Group will leverage on its leading position in the PRC market and offer competitive pricing and quality products to improve the Group's performance. Going forward, the Group will continue to apply various pro-active and prudent measures such as acceleration of the development of sales channels, strengthening the Group's brand building and exploring new products development and diversification.

To fulfil more overseas markets' export requirements and to penetrate into more overseas markets, the Group will increase its efforts in improving its existing production and breeding facilities. The Group will also increase its efforts to explore the opportunity to extend the production and sales of pet food products.

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.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(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/recommendeded, a statement to that effect.**

No dividend has been declared/recommendeded for the period ended 30 June 2015.

13. Interested Person Transactions

The Group is not required to have any IPT mandate.

BY ORDER OF THE BOARD

Fong William
CFO & Company Secretary

14 August 2015

CHINA KANGDA FOOD COMPANY LIMITED
(Incorporated in Bermuda)

Confirmation By Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST.

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of China Kangda Food Company Limited which may render the financial statements for the second quarter and half year ended 30 June 2015 to be false or misleading, in any material aspects.

For and on behalf of the
Board of Directors of
China Kangda Food Company Limited

Gao Sishi
Chairman

An Fengjun
CEO & Executive Director

14 August 2015

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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)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

The board of directors (the “Board”) of China Kangda Food Company Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015 together with the comparative figures for the corresponding period in 2014 as set out below.

Consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2015

| | Notes | Six months ended 30 June 2015 RMB'000 (Unaudited) | 2014 RMB'000 (Unaudited) |
|--|-------|--|---|
| Revenue | 5 | 563,263 | 628,832 |
| Cost of sales | | (510,476) | (582,737) |
| Gross profit | | 52,787 | 46,095 |
| Other income | 5 | 9,287 | 15,766 |
| Selling and distribution expenses | | (12,618) | (13,370) |
| Administrative expenses | | (18,856) | (18,881) |
| Other operating expenses | | (1,776) | (782) |
| Profit from operations | 6 | 28,824 | 28,828 |
| Finance costs | 7 | (22,437) | (21,803) |
| Share of loss of associates | | (709) | (459) |
| Profit before taxation | | 5,678 | 6,566 |
| Income tax expense | 8 | (255) | (193) |
| Profit for the period | | 5,423 | 6,373 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period | | 5,423 | 6,373 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 5,658 | 7,394 |
| Non-controlling interests | | (235) | (1,021) |
| | | 5,423 | 6,373 |

**Earnings per share attributable to owners
of the Company**

10

| | | |
|----------------------------|------|------|
| Basic (RMB cents) | 1.31 | 1.70 |
| Diluted (RMB cents) | 1.31 | 1.70 |

Consolidated statement of financial position

As at 30 June 2015

| | Notes | 30 June 2015 RMB'000 (Unaudited) | 31 December 2014 RMB'000 (Audited) |
|--|-------|---|---|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 606,972 | 614,752 |
| Prepaid premium for land leases | | 123,304 | 125,202 |
| Interest in associates | | 75 | 784 |
| Goodwill | | 56,778 | 56,778 |
| Biological assets | | 32,575 | 27,781 |
| Long-term receivables | | 2,523 | 2,523 |
| Deferred tax assets | | 2,332 | 1,985 |
| | | 824,559 | 829,805 |
| Current assets | | | |
| Biological assets | | 26,225 | 45,462 |
| Inventories | | 159,098 | 163,973 |
| Trade receivables | 11 | 88,574 | 71,446 |
| Prepayments, other receivables and deposits | | 49,011 | 50,467 |
| Current portion of long-term receivables | | 2,524 | 2,524 |
| Pledged deposits | | 70,000 | 70,000 |
| Cash and bank balances | | 434,617 | 481,445 |
| | | 830,049 | 885,317 |
| Current liabilities | | | |
| Trade and bills payables | 12 | 169,954 | 179,781 |
| Accrued liabilities and other payables | | 67,332 | 83,888 |
| Interest-bearing bank borrowings | 13 | 631,000 | 651,667 |
| Amount due to a related company | | 7,249 | 23,955 |
| Deferred government grants | | 1,807 | 1,807 |
| Tax payables | | 2,331 | 2,500 |
| | | 879,673 | 943,598 |
| Net current liabilities | | (49,624) | (58,281) |
| Total assets less current liabilities | | 774,935 | 771,524 |

Consolidated statement of financial position (Continued)

as at 30 June 2015

| | Notes | 30 June 2015 RMB'000 (Unaudited) | 31 December 2014 RMB'000 (Audited) |
|--------------------------------------|-------|---|---|
| Non-current liabilities | | | |
| Deferred government grants | | 13,675 | 15,687 |
| Interest-bearing bank borrowings | 13 | 50,000 | 50,000 |
| Deferred tax liabilities | | 8,848 | 8,848 |
| Total non-current liabilities | | 72,523 | 74,535 |
| Net assets | | 702,412 | 696,989 |

EQUITY

| | | | |
|---|--|----------------|----------------|
| Equity attributable to owners of the Company | | | |
| - Share capital | | 112,176 | 112,176 |
| - Reserves | | 565,680 | 560,022 |
| | | 677,856 | 672,198 |
| Non-controlling interests | | 24,556 | 24,791 |
| Total equity | | 702,412 | 696,989 |

NOTES

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 HM12, 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 Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 October 2006 and 22 December 2008 respectively.

The principal activity of the Company is investment holding. The principal activities of 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 (the "PRC"). The financial statements are presented in Renminbi ("RMB"), being the functional currency of the Group.

2. ADOPTION OF NEW OR AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The accounting policies used in preparing the interim financial statements are consistent with those followed in the Group's annual financial statements for the year ended 31 December 2014, except that during the period, the Group has applied for the first time some revised

standards, amendments and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC") of the IASB which are effective for the Group's financial statements for the annual period beginning on or after 1 January 2015. The adoption of the new IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

3. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with IFRSs which collective term includes all applicable individual IFRSs, International Accounting Standards and Interpretations issued by the IASB. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The interim financial statements have been prepared on 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.

4. SEGMENT INFORMATION

The Group is organised into four main business segments:

- Production and sale of processed food
- Production and sale of chilled and frozen rabbit meat
- Production and sale of chilled and frozen chicken meat
- Production and sale of other products

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

| | Six months ended 30 June 2015 | | | | |
|-----------------------------------|---|--|---|---|---------------------------------|
| | Processed food RMB'000 (unaudited) | Chilled and frozen rabbit meat RMB'000 (unaudited) | Chilled and frozen chicken meat RMB'000 (unaudited) | Other products RMB'000 (unaudited) | Total RMB'000 (unaudited) |
| Reportable segment revenue | | | | | |
| - revenue from external customers | 303,935 | 64,274 | 137,892 | 57,162 | 563,263 |
| Reportable segment profit | 27,851 | 3,892 | 2,513 | 5,913 | 40,169 |

| | Six months ended 30 June 2014 | | | | |
|-----------------------------------|---|--|---|---|---------------------------------|
| | Processed food RMB'000 (unaudited) | Chilled and frozen rabbit meat RMB'000 (unaudited) | Chilled and frozen chicken meat RMB'000 (unaudited) | Other products RMB'000 (unaudited) | Total RMB'000 (unaudited) |
| Reportable segment revenue | | | | | |
| - revenue from external customers | 329,893 | 123,108 | 100,092 | 75,739 | 628,832 |
| Reportable segment profit | 22,537 | 8,637 | 126 | 1,425 | 32,725 |

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

| | Six months ended 30 June | |
|-----------------------------|---------------------------------|--------------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Reportable segment profit | 40,169 | 32,725 |
| Other income | 9,287 | 15,766 |
| Administrative expenses | (18,856) | (18,881) |
| Other operating expenses | (1,776) | (782) |
| Finance costs | (22,437) | (21,803) |
| Share of loss of associates | (709) | (459) |
| Profit before taxation | 5,678 | 6,566 |

5. REVENUE AND OTHER INCOME

Revenue of the Group, which is also the turnover 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:

| | Six months ended 30 June | |
|---|---------------------------------|--------------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Revenue | | |
| Sale of goods | 563,263 | 628,832 |
| Other income | | |
| Interest income on financial assets stated at amortised cost | | |
| - Interest income on bank deposits | 878 | 1,299 |
| Amortisation of deferred income on government grants | 2,012 | 669 |
| Government grants related to income | 1,071 | 6,424 |
| Gains arising from changes in fair value less estimated point-of-sale costs of biological assets, net | 4,356 | 5,795 |
| Others | 970 | 1,579 |
| | 9,287 | 15,766 |

6. PROFIT FROM OPERATIONS

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

| | Six months ended 30 June | |
|--|--------------------------|-------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Cost of inventories recognised as an expense | 510,476 | 582,737 |
| Depreciation of property, plant and equipment | 25,665 | 23,852 |
| Amortisation of intangible assets | - | 210 |
| Amortisation of prepaid premium for land leases | 1,898 | 2,193 |
| Minimum lease payments under operating leases for production facilities | 7,395 | 6,354 |
| Gain arising from changes in fair value less estimated point-of-sale costs of biological assets, net | (4,356) | (5,795) |
| Staff costs (including directors' remuneration) | 86,490 | 81,484 |
| Less: Retirement scheme contribution | (5,187) | (4,556) |
| Total staff costs | 81,303 | 76,928 |
| Exchange loss, net | 1,059 | 730 |

7. FINANCE COSTS

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Interest charges on: | | |
| Bank loans wholly repayable within five years | 22,437 | 21,803 |

8. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|----------------------------|--------------------------|-------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Current period provision | | |
| - PRC corporate income tax | 696 | 632 |
| Deferred tax credit | (441) | (439) |
| Total income tax expense | 255 | 193 |

No Hong Kong profits tax has been provided for the six months ended 30 June 2015 as the Group did not derive any assessable profit in Hong Kong during the period (six months ended 30 June 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.

9. DIVIDENDS

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2015 (six months ended 30 June 2014: Nil)

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the earnings attributable to owners of the Company of approximately RMB5,658,000 (six months ended 30 June 2014: RMB7,394,000) and on the weighted average of 432,948,000 (six months ended 30 June 2014: 432,948,000) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30 June 2015 and 2014 has been presented as the Company has no potential dilutive ordinary shares during the period.

11. TRADE RECEIVABLES

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

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

| | 30 June 2015 RMB'000 (Unaudited) | 31 December 2014 RMB'000 (Audited) |
|----------------|---|---|
| Within 30 days | 68,134 | 53,513 |
| 31 – 60 days | 14,256 | 8,693 |
| 61 – 90 days | 4,283 | 2,520 |
| 91 – 120 days | 889 | 1,131 |
| Over 120 days | 1,012 | 5,589 |
| | 88,574 | 71,446 |

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

12. TRADE AND BILLS PAYABLES

Trade payables are non-interest bearing and are normally settled on 60 days terms.

The aging analysis of trade and bills payables as at the reporting dates are as follows:

| | 30 June 2015 RMB'000 (Unaudited) | 31 December 2014 RMB'000 (Audited) |
|----------------|---|---|
| Within 60 days | 118,901 | 78,294 |
| 61 – 90 days | 13,378 | 6,663 |
| 91 – 120 days | 13,043 | 4,424 |
| Over 120 days | 24,632 | 90,400 |
| | 169,954 | 179,781 |

13. INTEREST-BEARING BANK BORROWINGS

| | 30 June 2015 RMB'000 (Unaudited) | 31 December 2014 RMB'000 (Audited) |
|---|---|---|
| Interest-bearing bank borrowings | | |
| Classified as current liabilities | 631,000 | 651,667 |
| Classified as non-current liabilities | 50,000 | 50,000 |

As at 30 June 2015, approximately RMB320.0 million of the interest-bearing bank borrowings were secured by the pledge of certain of the Group's property, plant and equipment, land use rights, certain properties of the related parties and pledged deposits.

The Group's interest-bearing bank borrowings bear interests ranging from 5.61% to 7.80% (six months ended 30 June 2014: 6.00% to 7.87%) per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Due to the decrease in demand for chilled and frozen rabbit meat, the comprehensive income attributable to owners of the Company decreased from RMB7.4 million to approximately RMB5.7 million for HY2015. However the effective cost reduction measures implemented by the Group and the allocation of resources to high value-added sales have improved the Group's gross profit margin in HY2015. The Group's gross profit and gross profit margin improved from approximately RMB46.1 million to approximately RMB52.8 million and from 7.3% to 9.4% respectively for HY2015.

The Group has a proven track record of launching successful new products that help drive our revenue growth and increase its margins in each of its key markets. The Group will leverage on its leading position in the PRC market and offer competitive pricing and quality products to improve the Group's performance. Going forward, the Group will continue to apply various pro-active and prudent measures such as acceleration of the development of sales channels, strengthening the Group's brand building and exploring new products development and diversification.

To fulfil more overseas markets' export requirements and to penetrate into more overseas market, the Group will increase its efforts in improving its existing production and breeding facilities. The Group will also increase its efforts to explore the opportunity to extend the production and sales of pet food products.

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.

OPERATING AND FINANCIAL REVIEW

REVENUE BY PRODUCTS

| | Six months ended 30 June 2015 | Six months ended 30 June 2014 | % Change |
|--|-------------------------------------|-------------------------------------|---------------|
| | Unaudited | Unaudited | Unaudited |
| | RMB'000 | RMB'000 | + / (-) |
| Processed food products | 303,935 | 329,893 | (7.9) |
| Chilled and frozen rabbit meat | 64,274 | 123,108 | (47.8) |
| Chilled and frozen chicken meat | 137,892 | 100,092 | 37.8 |
| Other products | 57,162 | 75,739 | (24.5) |
| Total | 563,263 | 628,832 | (10.4) |

Processed Food Products

Due to a lower demand from overseas markets, there was a decrease in both the production and sales volume of processed food products.

Chilled and Frozen Meat Products

The rabbit and chicken meat segments contributed 35.9% and 36.4% to the Group's total revenue for HY2015 and 2Q2015 respectively.

- **Chilled and Frozen Chicken Meat**

The major contributor was chilled and frozen chicken meat products, in which revenue increased by 37.8% to RMB137.9 million and by 25.5% to RMB69.0 million for HY2015 and 2Q2015 respectively because of the increased demand with the recovery of the market.

- **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 since the last quarter of 2014.

Other Products

Revenue from the production and sale of other products decreased by 24.5% to RMB57.2 million in HY2015 and increased by 41.4% to RMB34.1 million in 2Q2015. 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

| | Six months ended 30 June 2015 | Six months ended 30 June 2014 | % Change |
|---------------|----------------------------------|----------------------------------|---------------|
| | Unaudited | Unaudited | Unaudited |
| | RMB'000 | RMB'000 | + / (-) |
| Export | 241,206 | 281,669 | (14.4) |
| PRC | 322,057 | 347,163 | (7.2) |
| Total | 563,263 | 628,832 | (10.4) |

On a geographical basis, revenue from export sales decreased by 14.4% to approximately RMB241.2 million for HY2015 and decreased by 19.7% to RMB132.2 million in 2Q2015. 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 ("GP") and Margin

| | Six months ended 30 June 2015 | | Six months ended 30 June 2014 | | Change | % Change |
|-----------------------|----------------------------------|------------|----------------------------------|------------|--------------|-------------|
| | GP | Margin | GP | Margin | | |
| | RMB'000 | % | RMB'000 | % | RMB'000 | % |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited |
| Processed food | 36,600 | 12.0 | 29,551 | 9.0 | 7,049 | 23.9 |
| Rabbit meat | 5,115 | 8.0 | 13,157 | 10.7 | (8,042) | (61.1) |
| Chicken meat | 3,302 | 2.4 | 352 | 0.4 | 2,950 | 838.1 |
| Other products | 7,770 | 13.6 | 3,035 | 4.0 | 4,735 | 156.0 |
| Total | 52,787 | 9.4 | 46,095 | 7.3 | 6,692 | 14.5 |

Due mainly to the higher gross profit margin of the Group's processed food products, the Group's gross profit margin increased from 7.3% to 9.4% in HY2015. 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 still the main profit contributor for HY2015. Gross profit margin increased from 9.0% to 12.0% for HY2015 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 decrease in gross profit margin of chilled and frozen rabbit meat from 10.7% to 8.0% for HY2015 was due to the decrease of rabbit meat demand and 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 effective costs reduction measures and breeding technology, the gross profit and gross profit margin of this segment increased to RMB3.3 million or 2.4% for HY2015.

Other Products

Other products are mainly chicken and rabbit meat by-products and pet food products, which are not the core profit drivers of the Group. Due to the increase in prices of chicken meat by-products, gross profit margin increased from 4.0% to 13.6% in HY2015 and gross profit increased from RMB3.0 million to RMB7.8 million.

Other Income

Other income comprised mainly government grants, gain on change in fair value of biological assets and interest income from bank deposits amounting to RMB1.1 million, RMB4.4 million and RMB0.9 million respectively. The decrease in other income was due to the decrease of government grants by the Chinese government in relation to the decrease of agricultural constructions, such as building new rabbit and chicken farms, in HY2015.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly transportation, promotion and advertising, salaries and welfare. The slight decrease in selling and distribution expenses by 5.6% to approximately RMB12.6 million arose from the Company’s cost-cutting initiatives, which resulted in a decrease in travelling and entertainment expenses and lower number of employees.

Administrative Expenses

Administrative expenses comprised mainly staff costs, professional fees, travelling expenses and other miscellaneous administrative expenses.

Other Operating Expenses

Other operating expenses represented miscellaneous expenses in the daily operation, mainly related to the handling of damaged packaging materials which had increased during the period.

Finance Costs

Finance costs increased by 2.9% to RMB22.4 million for HY2015 were due mainly to the increase of average bank borrowings for the Group’s future working capital purpose during the period.

Taxation

The increase was due mainly to the increase of taxable income during the period. Due to the overprovision of accrued tax paid in the first quarter of 2015, the income tax expense increased from RMB0.4 million for the three months period ended 30 June 2014 to the income tax credit RMB1.7 million for the three months period ended 30 June 2015.

Review of the Group's financial position as at 30 June 2015

The Group's property, plant and equipment ("PPE") were mainly leasehold buildings and plant and machinery. The PPE decreased marginally by 1.3% to approximately RMB607.0 million as at 30 June 2015 was due mainly to an acquisition of equipment of approximately RMB17.9 million and a depreciation charge of RMB25.7 million.

The reduction in prepaid premium for land leases for HY2015 amounting to approximately RMB1.9 million was due mainly to amortisation.

Goodwill arose from the acquisitions of subsidiaries in the past.

Biological assets refer to progeny rabbits and chickens held for sale and breeder rabbits and chickens held for breeding purpose. These biological assets were valued by the directors of the Group as at 30 June 2015 based on market-determined prices of rabbits/chickens of similar size, species and age. The valuation methodology is in compliance with IAS 41 and IFRS 13 to determine the fair values of biological assets in their present location and condition.

Inventories decreased by approximately RMB4.9 million or 3.0% to approximately RMB159.1 million due to the decrease of purchase during the period. The average inventory turnover day for HY2015 was 57 days compared to 45 days for the year ended 31 December 2014 ("FY2014"). The increase in turnover days was due to the increase of inventory level of rabbit skin related products in the first quarter of 2015. As at the date of this announcement, more than half of rabbit skin inventory had been sold to customers and the Group is confident that the remaining inventories will eventually be sold with the recovery of the rabbit meat products demand.

Trade receivables increased by approximately RMB17.1 million or 24.0% to approximately RMB88.6 million in HY2015. The average trade receivable turnover day for HY2015 was 26 days compared to 21 days for FY2014.

Prepayments, other receivables and deposits decreased marginally by approximately RMB1.5 million or 2.9% to approximately RMB49.0 million as at 30 June 2015.

Cash and cash equivalents, including pledged deposits, decreased by approximately RMB46.8 million or 8.5% to approximately RMB504.6 million. Approximately RMB70.0 million of the bank deposit was secured against the interest-bearing borrowings by the Group.

Trade and bills payables decreased by approximately RMB9.8 million or 5.5% from approximately RMB179.8 million as at 31 December 2014 to approximately RMB170.0 million as at 30 June 2015 in tandem with the decrease of purchase during the period.

Accrued liabilities and other payables represented payables for construction and facilities, salaries and welfare payables, accrued expenses and deposits received. The decrease by approximately RMB16.6 million or 19.7% was due to the decrease of deposits placed by customers compared to 31 December 2014.

The interest-bearing bank borrowings decreased by approximately RMB20.7 million to approximately RMB681.0 million after taking into account the additional bank borrowings of approximately RMB244.0 million and the loan repayment of approximately RMB264.7 million. Approximately RMB50.0 million of the bank borrowing was classified as non-current liabilities.

Amount due to a related party represented the outstanding balance due to Qingdao Kangda Foreign Trade Group Limited ("KD Group") resulted from the trading and other transactions.

Tax payables decreased from approximately RMB2.5 million as at 31 December 2014 to approximately RMB2.3 million as at 30 June 2015. This was due to payment of income tax during HY2015.

CAPITAL STRUCTURE

As at 30 June 2015, the Group had net assets of approximately RMB702.4 million (31 December 2014 RMB697.0 million), comprising non-current assets of approximately RMB824.6 million (31 December 2014: RMB829.8 million), and current assets approximately RMB830.0 million (31 December 2014: RMB885.3 million). The Group recorded a net current liability position of approximately RMB49.6 million as at 30 June 2015 (31 December 2014: RMB58.3 million), which primarily consist of cash and cash equivalents balances amounted to approximately RMB434.6 million (31 December 2014: RMB481.4 million). Moreover, inventories amounted to approximately RMB159.1 million (31 December 2014: RMB164.0 million) and trade receivables amounted to approximately RMB88.6 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 RMB170.0 million (31 December 2014: RMB179.8 million) and RMB631.0 million (31 December 2014: RMB651.7 million) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group has cash and cash equivalent of approximately RMB434.6 million (31 December 2014: RMB481.4 million) and had total interest-bearing bank borrowings of approximately RMB681.0 million (31 December 2014: RMB701.7 million). The Group's interest-bearing bank borrowings bear interests ranging from 5.61% to 7.80% (31 December 2014: 6.00% to 7.87%) per annum.

The gearing ratio for the Group was 100.5% (31 December 2014: 104.4%) as at 30 June 2015, based on net debt of RMB681.0 million (31 December 2014: RMB701.7 million) and equity attributable to owners of RMB677.9 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 management 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 Group is exposed to foreign exchange risk during the period under review arising from various currency exposures mainly to the extent of its receivables in currencies denominated in US dollars, Japanese Yen and EURO.

The Group does not have a formal foreign currency hedging policy or conducts hedging exercise to reduce its foreign currency exposure. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should it be necessary.

CAPITAL COMMITMENTS

As at 30 June 2015, there is no capital commitment of the Group which had been contracted for but not provided in the financial statements (31 December 2014: Nil).

CHARGE ON ASSETS

Total interest-bearing bank borrowings include secured liabilities of approximately RMB320.0 million (31 December 2014: RMB334.7 million).

As at 30 June 2015, the Group's interest-bearing bank borrowings are guaranteed by certain related parties of the Group and secured against 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 30 June 2015, the Group did not have any material contingent liabilities (31 December 2014: Nil).

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2015, the Group employed a total of 3,989 employees (as at 31 December 2014: 4,456 employees) situated in the PRC. The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the period under review, the total staff costs (including directors' emoluments) amounted to approximately RMB86.5 million (six months ended 30 June 2014: RMB81.5 million). The Company does not have share option scheme to 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 six months ended 30 June 2015.

AUDIT COMMITTEE

The audit committee of the Company consists of the independent non-executive directors, namely Mr. Lau Choon Hoong, Mr. Chong Soo Hoon, Sean and Mr. Yu Chung Leung and the non-executive directors of the Company, namely 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 Company's unaudited financial statements for the six months ended 30 June 2015.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company is committed to fulfilling its responsibilities to its shareholders by ensuring that there are proper processes for supervision and management of the Group's businesses in place and that good corporate governance practices and procedures are established.

The Company refers to the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("CG Code").

In the opinion of the Directors, the Company has met the code provisions set out in the CG Code, where appropriate, during the six months ended 30 June 2015, except for the following deviations:

- (i) code provision A.2.7 of the CG Code:- the chairman unable to hold meetings with the non-executive directors without the executive directors present due to other commitment;

- (ii) code provision C.1.2 of the CG Code:- management should provide board members with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects to enable the board and each director to discharge their duties under Rule 3.08 and Chapter 13. During the period, the executive directors and chief financial officer of the Company have provided and will continue to provide all non-executive directors (including independent non-executive directors) with updates on any material changes to the positions and prospects of the Company, which is considered to be sufficient to provide general updates of the Company's performance, position and prospects to the board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the code provision C.1.2.;
- (iii) code provision C.2.2 of the CG Code:- the board's annual review should, in particular, consider the adequacy of resources, qualifications and experience of staff of the issuer's accounting and financial reporting function, and their training programmers and budget and the board commences such annual review in the current financial year ending 31 December 2015; and
- (iv) code provision E1.4 of the CG Code:- the board should establish a shareholder's communication policy and review it on a regular basis and the board will adopt a shareholder's communication policy in the current financial year ending 31 December 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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 during the six months ended 30 June 2015.

PUBLICATION OF UNAUDITED INTERIM RESULTS

The Company's 2015 interim results announcement is published on the website of the Stock Exchange at www.hkex.com.hk and on the Company's website at www.kangdafood.com. The Company's 2015 interim report will also be published on the aforesaid websites in due course.

APPRECIATION

I would like to thank the Board, management and all our staff for their hard work and dedication, as well as our shareholders and customers for their support to the Group.

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

Hong Kong, 14 August 2015

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.