

*The Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **DACHAN FOOD (ASIA) LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3999)**

### **Announcement of Results for the nine months ended 30 September 2011**

The board of directors (the "Board") of DaChan Food (Asia) Ltd (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the nine months ended 30 September 2011.

#### **Highlights**

	<b>Nine months ended 30 September</b>		
	<b>2011</b>	<b>2010</b>	<b>% change</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	
Turnover (RMB'000)	8,063,781	6,945,681	+16
Gross Profit (RMB'000)	619,307	426,599	+45
Gross profit margin (%)	8	6	
Profit attributable to equity shareholders of the Company (RMB'000)	144,584	41,014	+253
Basic earnings per share (RMB)	0.14	0.04	

**CONSOLIDATED INCOME STATEMENT****For the nine months ended 30 September 2011 – unaudited***(Expressed in Renminbi thousand)*

	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	<b>2010</b>
<b>Turnover</b>	8,063,781	6,945,681
Cost of sales	(7,444,474)	(6,519,082)
	<hr/>	<hr/>
<b>Gross profit</b>	619,307	426,599
Change in fair value of biological assets less cost to sell	(292)	(1,413)
Fair value of agricultural produce on initial recognition	31,785	15,714
Reversal of fair value of agricultural produce due to sales and disposals	(32,401)	(17,096)
Other operating income	7,101	1,799
Other net gains	1,222	8,211
Distribution costs	(214,034)	(183,312)
Administrative expenses	(187,802)	(186,643)
	<hr/>	<hr/>
<b>Profit from operations</b>	224,886	63,859
Finance costs	(15,415)	(11,611)
Share of losses of equity-accounted investees	(1,514)	(955)
	<hr/>	<hr/>
<b>Profit before taxation</b>	207,957	51,293
Income tax	(20,897)	8,686
	<hr/>	<hr/>
<b>Profit for the period</b>	187,060	59,979
	<hr/> <hr/>	<hr/> <hr/>
<b>Attributable to:</b>		
Equity shareholders of the Company	144,584	41,014
Non-controlling interests	42,476	18,965
	<hr/>	<hr/>
<b>Profit for the period</b>	187,060	59,979
	<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share</b>		
– Basic (RMB)	0.14	0.04
	<hr/> <hr/>	<hr/> <hr/>
– Diluted (RMB)	0.14	0.04
	<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****At 30 September 2011 – unaudited***(Expressed in Renminbi thousand)*

	<b>30 September 2011</b>	<b>31 December 2010</b>
<b>Non-current assets</b>		
Fixed assets		
– property, plant and equipment	1,048,816	1,065,459
– lease prepayments	127,098	121,961
Interests in equity-accounted investees	28,274	8,036
Deferred tax assets	23,741	29,327
	<u>1,227,929</u>	<u>1,224,783</u>
<b>Current assets</b>		
Inventories	751,478	724,606
Biological assets	14,403	13,479
Trade receivables	466,380	318,041
Other receivables	406,720	368,574
Cash and cash equivalents	519,332	408,973
Assets classified as held for sale	6,786	–
	<u>2,165,099</u>	<u>1,833,673</u>
<b>Current liabilities</b>		
Trade payables	739,305	621,007
Other payables	368,614	308,264
Interest-bearing borrowings	346,442	259,328
Loan from an associate	–	5,033
Dividend payable	–	–
Income tax payable	18,399	26,314
	<u>1,472,760</u>	<u>1,219,946</u>
<b>Net current assets</b>	<u>692,339</u>	<u>613,727</u>
<b>Total assets less current liabilities</b>	<u>1,920,268</u>	<u>1,838,510</u>
<b>Non-current liabilities</b>		
Interest-bearing borrowings	5,218	5,810
Deferred tax liabilities	181	106
	<u>5,399</u>	<u>5,916</u>
<b>Net assets</b>	<u>1,914,869</u>	<u>1,832,594</u>
<b>Capital and reserves</b>		
Share capital	97,339	97,259
Reserves	887,878	920,662
Retained profit	683,865	574,179
<b>Total equity attributable to shareholders of the Company</b>	<u>1,669,082</u>	<u>1,592,100</u>
Non-controlling interests	245,787	240,494
<b>Total equity</b>	<u>1,914,869</u>	<u>1,832,594</u>

In the third quarter of 2011, the continued rise in income nationwide has fueled the demand for animal protein products and feeds, and the prices of pork and other livestock meat continued to rise as a result of inflationary pressure. As a result, the Group achieved sustainable growth in its three core business segments, namely feeds, chicken meat and processed food.

Building on the Group's vertically integrated business model, which spans from animal nutrition to processed food, as well as on the success of its strategy to invest in and expand its processed food business, the Group's operating performance and profitability maintained a steady growth in the third quarter this year as compared with the same period last year. Furthermore, to address growing concern among customers over food safety, the Group continued to promote its second generation safety code, which enables customers to buy and enjoy healthy and safe food. This tracking system has been well-received by customers and has enhanced their confidence in the Group's products, thereby further boosting the Group's sales performance. For the nine months ended 30 September 2011, the Group recorded 16% growth in its turnover year-on-year. Due to the rising cost of raw materials and labor, the Group strengthened its cost control and enhanced its product mix to improve operational efficiency. Coupled with the rising price of chicken meat, the Group's gross profit grew significantly by 45%, compared to the same period of last year. Gross profit margin reached 8%. During the period, profit attributable to equity shareholders of the Company grew significantly by 253% year-on-year to RMB144,584,000. Basic earnings per share also increased to RMB0.14 from RMB0.04 as recorded in the same period last year.

The Group's balance sheet remained solid while its cash holdings continued to stay at healthy levels. Net assets of the Group stood at approximately RMB1,914,869,000 as at 30 September 2011, representing a 5% increase from 31 December 2010. As at 30 September 2011, the Group's cash and cash equivalents accounted for 15% of total assets, while current ratio and gearing ratio were held steady at healthy levels of 1.47 times and 19%, respectively.

Looking forward, the robust growth of China's economy and the attention to food safety will continue to fuel the demand for quality meat products. The poultry industry chain, including the upstream feeds industry and the downstream food processing industry, will continue to benefit. Rising household income, increasingly diversified consumption patterns and the culture of dining out will also boost market demand for chicken meat products and related processed food. With the support of Chinese Central Government in its twelfth five-year plan, the ratio of large scale livestock farming will increase, which in turn will be conducive to the development of the Group's various business segments. The Group is well positioned to further optimize and enhance its production operations in order to capitalize on this overall growth in the industry.

As at the date of this announcement, the Company is a subsidiary of Great Wall Enterprise Co., Ltd. ("Great Wall Enterprise"), a company whose shares are listed on the Taiwan Stock Exchange Corporation ("TSEC"). Great Wall Enterprise indirectly holds approximately 52% equity interest in the Company, hence the operating results of the Group is incorporated into the financial statements of Great Wall Enterprise. Pursuant to the Taiwan Securities and Exchange Act and the listing rules of the TSEC, Great Wall Enterprise is required to prepare its consolidated quarterly financial reports and to announce its quarterly operating results on its website.

The purpose of this announcement is to disclose the Company's financial information to the shareholders of the Company and to prospective investors in Hong Kong in order to ensure the timely disclosure of information in compliance with Rule 13.09 of the Listing Rules.

## **PURCHASES, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the Group's consolidated financial statements for the nine months ended 30 September 2011, including the principles adopted by the Group.

On behalf of the Board

**Han Jia-Hwan**

*Chairman*

Hong Kong, 27 October 2011

*As at the date of this announcement, Mr. Han Jia-Hwan (Chairman), Mr. Han Chia-Yin and Ms. Chen Li-Chin are the executive Directors, Mr. Han Chia-Yau, Mr. Harn Jia-Chen, Mr. Nicholas William Rosa and Mr. Chao Tien-Shin are the non-executive Directors, and Mr. Way Yung-Do, Mr. Liu Fuchun and Dr. Chen Chih are the independent non-executive Directors.*