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## **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 2012**

The board of directors (the “Board”) of DaChan Food (Asia) Ltd (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the nine months ended 30 September 2012.

#### **Highlights**

	<b>Nine months ended 30 September</b>		
	<b>2012</b>	<b>2011</b>	<b>% change</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	
Turnover (RMB'000)	8,428,377	8,063,781	+4.5
Gross Profit (RMB'000)	523,174	619,307	-15.5
Gross profit margin (%)	6.2	7.7	
Profit attributable to equity shareholders of the Company (RMB'000)	50,636	144,584	-65.0
Basic earnings per share (RMB)	0.05	0.14	

**CONSOLIDATED INCOME STATEMENT****For the nine months ended 30 September 2012 – unaudited***(Expressed in thousands of Renminbi)*

	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
<b>Turnover</b>	8,428,377	8,063,781
Cost of sales	(7,905,203)	(7,444,474)
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<b>Gross profit</b>	523,174	619,307
Change in fair value of biological assets		
less cost to sell	(4,880)	(292)
Fair value of agricultural produce on initial recognition	22,586	31,785
Reversal of fair value of agricultural produce due to sales and disposals	(22,655)	(32,401)
Other operating income	9,784	7,101
Other net gains	3,069	1,222
Distribution costs	(236,091)	(214,034)
Administrative expenses	(180,721)	(187,802)
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<b>Profit from operations</b>	114,266	224,886
Finance costs	(16,069)	(15,415)
Share of losses of equity-accounted investees	(1,323)	(1,514)
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<b>Profit before taxation</b>	96,874	207,957
Income tax	(14,207)	(20,897)
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<b>Profit for the period</b>	82,667	187,060
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<b>Attributable to:</b>		
Equity shareholders of the Company	50,636	144,584
Non-controlling interests	32,031	42,476
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<b>Profit for the period</b>	82,667	187,060
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<b>Earnings per share</b>		
– Basic (RMB)	0.05	0.14
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– Diluted (RMB)	0.05	0.14
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At 30 September 2012 – unaudited**  
*(Expressed in thousands of Renminbi)*

	At 30 September 2012	At 31 December 2011
<b>Non-current assets</b>		
Fixed assets		
– property, plant and equipment	1,103,230	1,065,813
– lease prepayments	129,475	131,961
Interests in equity-accounted investees	46,438	28,194
Deferred tax assets	31,439	30,502
	<u>1,310,582</u>	<u>1,256,470</u>
<b>Current assets</b>		
Inventories	892,312	960,117
Biological assets	8,300	14,314
Trade receivables	403,405	380,717
Other receivables	445,883	370,757
Income tax recoverable	305	376
Cash and cash equivalents	496,149	512,110
	<u>2,246,354</u>	<u>2,238,391</u>
<b>Current liabilities</b>		
Trade payables	640,862	697,682
Other payables	347,666	388,852
Interest-bearing borrowings	448,506	393,442
Income tax payable	19,384	31,704
	<u>1,456,418</u>	<u>1,511,680</u>
<b>Net current assets</b>	<u>789,936</u>	<u>726,711</u>
<b>Total assets less current liabilities</b>	<u>2,100,518</u>	<u>1,983,181</u>
<b>Non-current liabilities</b>		
Interest-bearing borrowings	136,527	8,637
Deferred tax liabilities	485	466
	<u>137,012</u>	<u>9,103</u>
<b>Net assets</b>	<u>1,963,506</u>	<u>1,974,078</u>
<b>Capital and reserves</b>		
Share capital	97,651	97,330
Reserves	888,418	885,611
Retained profits	708,362	731,734
<b>Total equity attributable to equity shareholders of the Company</b>	<u>1,694,431</u>	<u>1,714,675</u>
Non-controlling interests	269,075	259,403
<b>Total equity</b>	<u>1,963,506</u>	<u>1,974,078</u>

The Group recorded a turnover of RMB 8,428,377 thousand for the past three quarters of 2012, representing an increase of 4.5% compared to the corresponding period last year. The strategy of expanding downstream food processing resulted in a significant increase of 19.07% in food segment revenue compared to the corresponding period last year, together with a stable growth of 4% in the feed segment revenue. The chicken meat segment revenue remained the same while the overall gross margin of the Group declined from 7.7% to 6.2% as compared to the corresponding period last year. For the nine months ended 30 September 2012, the profit attributable to equity shareholders of the Company amounted to RMB 50,636 thousand.

Compared to the last quarter, PRC's GDP growth remained weak, meat prices have not significantly recovered and high commodity prices persisted since June. The Group's revenue continued its growth, but gross margin was inevitably affected. The reason for sustained revenue growth is that high quality products in each segment continued to gain market share and sales volume. The strategy to expand downstream food processing recorded aggressive and healthy growth, highlighting the best performance of the business. The result of brand building is gradually emerging in increased market shares of high-value products and increasing synergies in channel and product portfolio. The Group also maintained close cooperative relationships with major clients and improved end consumer loyalty. Additionally, the feed segment, which has long played an important role in the revenue portfolio, was able to reflect cost pressures in product prices by the strength of its brand, market share, and R&D capabilities. The chicken meat segment, however, continued to be influenced by low meat prices brought on by the slow economy. The substantial portion of the chicken meat segment in the revenue portfolio decreased the Group's gross margin, compared to the same quarter last year.

Looking forward, it is increasingly clear that the economy will recover. Industry vitality and consumer purchasing power are recuperating, and stimulating measures from the government are taking effect. Commodity prices have also temporarily relaxed. The fourth quarter is typically the peak season for the industry, during which industry players generally achieve a better result under the thriving environment. The Group is cautious but optimistic towards its future operations, and will continue to focus on providing the consumers with high quality, safety-assured food and will further extend our influence on the industry and strengthen our market reputation.

The Group maintained a stable balance sheet with healthy cash flow. As of 30 September 2012, the net asset of the Group was RMB 1,963,506 thousand, which was substantially the same as RMB 1,974,078 thousand recorded for 31 December 2011. As at 30 September 2012, the cash and cash equivalents accounted for 13.9% of total assets, and both the current ratio and gearing ratio were maintained at 1.54 times and 29.7%, respectively.

As of the date of this announcement, the Company is a subsidiary of Great Wall Enterprise Co. Ltd. ("Great Wall Enterprise", shares of which are listed on Taiwan Stock Exchange Corporation, or known as the "Taiwan Stock Exchange"), which indirectly holds an approximate 52.07% equity interest in the Company; therefore, the operating results of the Group will be consolidated into the financial statements of Great Wall Enterprise. In accordance with Taiwan Securities and Exchange Act and the listing rules of Taiwan Stock Exchange, Great Wall Enterprise is required to prepare its own consolidated quarterly report and publish its quarterly operating result on the website.

The purpose of this announcement is to disclose the financial information of the Company to its shareholders and prospective investors in Hong Kong with the intention of ensuring compliance with the requirements of Rule 13.09 of the Listing Rules to disclose such information in a timely manner.

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

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 2012, including the accounting principles adopted by the Group.

On behalf of the Board

**Han Jia-Hwan**

*Chairman*

Hong Kong, 26 October 2012

*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.*