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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 2013

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 2013.

Highlights

	Nine months ended 30 September		
	2013	2012	% change
	(unaudited)	(unaudited)	
Turnover (RMB'000)	8,428,422	8,428,377	+0.0
Gross Profit (RMB'000)	514,668	523,174	-1.6
Gross profit margin (%)	6.1	6.2	
(Loss)/profit attributable to equity shareholders of the Company (RMB'000)	(26,803)	50,636	-152.9
Basic (loss)/earnings per share (RMB)	(0.03)	0.05	

CONSOLIDATED INCOME STATEMENT**For the nine months ended 30 September 2013 – unaudited***(Expressed in thousands of Renminbi)*

	Nine months ended	
	30 September	
	2013	2012
Turnover	8,428,422	8,428,377
Cost of sales	(7,913,754)	(7,905,203)
Gross profit	514,668	523,174
Change in fair value of biological assets		
less cost to sell	5,724	(4,880)
Fair value of agricultural produce on initial recognition	15,677	22,586
Reversal of fair value of agricultural produce due to sales and disposals	(13,911)	(22,655)
Other operating income	17,819	9,784
Other net (losses)/gains	(9,629)	3,069
Distribution costs	(276,794)	(236,091)
Administrative expenses	(220,620)	(180,721)
Profit from operations	32,934	114,266
Finance costs	(14,013)	(16,069)
Share of losses of equity-accounted investees	(5,000)	(1,323)
(Loss)/profit before taxation	13,921	96,874
Income tax	(13,085)	(14,207)
(Loss)/profit for the period	836	82,667
Attributable to:		
Equity shareholders of the Company	(26,803)	50,636
Non-controlling interests	27,639	32,031
(Loss)/profit for the period	836	82,667
(Loss)/earnings per share		
– Basic (RMB)	(0.03)	0.05
– Diluted (RMB)	(0.03)	0.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013 – unaudited

(Expressed in thousands of Renminbi)

	At 30 September 2013	At 31 December 2012
Non-current assets		
Fixed assets		
– property, plant and equipment	1,160,377	1,122,632
– lease prepayments	156,801	155,617
Interests in equity-accounted investees	121,265	54,635
Deferred tax assets	28,779	29,701
	<u>1,467,222</u>	<u>1,362,585</u>
Current assets		
Inventories	872,970	990,192
Biological assets	13,140	7,154
Trade receivables	374,560	341,003
Other receivables	539,029	384,035
Income tax recoverable	558	183
Cash and cash equivalents	642,688	610,411
	<u>2,442,945</u>	<u>2,332,978</u>
Current liabilities		
Trade payables	675,746	678,244
Other payables	374,177	368,324
Interest-bearing borrowings	116,380	257,921
Income tax payable	27,004	21,541
	<u>1,193,307</u>	<u>1,326,030</u>
Net current assets	<u>1,249,638</u>	<u>1,006,948</u>
Total assets less current liabilities	<u>2,716,860</u>	<u>2,369,533</u>
Non-current liabilities		
Interest-bearing borrowings	759,279	380,892
Deferred tax liabilities	365	563
	<u>759,644</u>	<u>381,455</u>
Net assets	<u>1,957,216</u>	<u>1,988,078</u>
Capital and reserves		
Share capital	97,336	97,685
Reserves	877,083	894,375
Retained profits	687,022	718,215
Total equity attributable to equity shareholders of the Company	<u>1,661,441</u>	<u>1,710,275</u>
Non-controlling interests	295,775	277,803
Total equity	<u>1,957,216</u>	<u>1,988,078</u>

As the impact on market demand arising from the H7N9 outbreak in the second quarter in 2013 subsided in the third quarter, the price of chicken meat recovered from the trough during the epidemic. The Group's overall operation in the third quarter significantly improved as compared with that in the second quarter, with a remarkable growth of 58% in overall gross profit and an increase of 2% in gross profit margin. Accumulated loss in the third quarter was offset by the earnings of RMB24,193 thousand in the same period and dropped to RMB26,803 thousand. Despite a decrease of 1.6% in the Group's total gross profit in the first three quarters this year as compared with the first three quarters last year, the accumulated turnover resumed to a similar level as that of the corresponding period last year.

Benefiting from the reviving hog market: enhancing product technology level; establishment of terminal sales channels and the improvement of quality of services, the overall turnover, gross profit and gross profit margin of the feed business all increased in the third quarter as compared with those in the second quarter. In addition, in face of the seasonal rise of raw material costs in the domestic market and fierce market competition in the Northeastern China, the Company strengthened its promotion efforts to maintain its leading position in the market. As a result, the gross profit margin for the first three quarters this year still decreased by 0.6% compared with that in the corresponding period last year.

The meat products business steadily rebounded as the demand for chicken meat industry was steadily recovering after the H7N9 avian flu. The price of chicken meat related products in the third quarter increased compared with that in the second quarter, which caused an increase of 2.5% in the gross profit margin this quarter as compared with the previous quarter. On the other hand, given the enhanced breeding efficiency, the gross profit margin in the first three quarters this year also increased by 0.5% compared with that in the corresponding period last year.

Sales of the food business had a significant growth and stable return due to the subsiding impact on chicken meat products by the H7N9 epidemic in the second quarter, continued investment in sales channels and R&D. As a result, the overall gross profit in the third quarter surged by 60%. Although the gross profit margin decreased by 1.9% compared with the first three quarters last year due to structural changes in customer demand, the food business has ensured business growth momentum by proactively developing new products and new sales channels.

The Group maintained a stable amount of assets and liabilities with healthy cash flow. As of 30 September 2013, the net asset of the Group was around RMB1,957,216 thousand, the amount of which was substantially the same as that as of 31 December 2012, which was around RMB1,988,078 thousand. As of 30 September 2013, the cash and cash equivalents accounted for 16.4% of total assets of the Group, and both the current ratio and bank gearing ratio were maintained at 205% and 44.4%, 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, also known as the "Taiwan Stock Exchange"), which indirectly holds approximately 52.04% shares in the Company; therefore, the operating results of the Group will be consolidated into the financial statements of Great Wall Enterprise. In accordance with the 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 results on its website.

The purpose of this announcement is to disclose the financial information of the Company to its shareholders and prospective investors in Hong Kong to ensure compliance with the requirements of Rule 13.09 of the Listing Rules, which require timely disclosure of such information.

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 2013, including the accounting principles adopted by the Group.

On behalf of the Board

Han Jia-Hwan

Chairman

Hong Kong, 25 October 2013

As at the date of this announcement, Mr. Han Jia-Hwan (Chairman) and Mr. Han Chia-Yin 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.