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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 2014**

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 2014.

#### **Highlights**

	<b>Nine months ended 30 September</b>		
	<b>2014</b>	<b>2013</b>	<b>% change</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	
Turnover (RMB'000)	8,409,483	8,428,422	-0.2
Gross Profit (RMB'000)	527,281	514,668	+2.5
Gross profit margin (%)	6.3	6.1	
Profit/(loss) attributable to equity shareholders of the Company (RMB'000)	9,589	(26,803)	N/A
Basic earnings/(loss) per share (RMB)	0.01	(0.03)	

**CONSOLIDATED INCOME STATEMENT****For the nine months ended 30 September 2014 – unaudited***(Expressed in thousands of Renminbi)*

	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	<b>2013</b>
<b>Turnover</b>	8,409,483	8,428,422
Cost of sales	(7,882,202)	(7,913,754)
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<b>Gross profit</b>	527,281	514,668
Change in fair value of biological assets		
less cost to sell	7,790	5,724
Fair value of agricultural produce on		
initial recognition	27,517	15,677
Reversal of fair value of agricultural		
produce due to sales and disposals	(25,163)	(13,911)
Other operating income	10,392	17,819
Other net losses	(8,975)	(9,629)
Distribution costs	(273,672)	(276,794)
Administrative expenses	(198,047)	(220,620)
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<b>Profit from operations</b>	67,123	32,934
Finance costs	(19,870)	(14,013)
Share of losses of equity-accounted investees	(3)	(5,000)
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<b>Profit before taxation</b>	47,250	13,921
Income tax	(20,161)	(13,085)
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<b>Profit for the period</b>	27,089	836
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<b>Attributable to:</b>		
Equity shareholders of the Company	9,589	(26,803)
Non-controlling interests	17,500	27,639
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<b>Profit/(loss) for the period</b>	27,089	836
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<b>Earnings/(loss) per share</b>		
– Basic (RMB)	0.01	(0.03)
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– Diluted (RMB)	0.01	(0.03)
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014 – unaudited

(Expressed in thousands of Renminbi)

	At 30 September 2014	At 31 December 2013
<b>Non-current assets</b>		
Fixed assets		
– property, plant and equipment	1,210,140	1,171,853
– lease prepayments	174,927	174,888
Interests in equity-accounted investees	118,341	118,356
Deferred tax assets	36,272	36,857
Other non-current assets	15,546	–
	<u>1,555,226</u>	<u>1,501,954</u>
<b>Current assets</b>		
Inventories	940,978	1,073,219
Biological assets	19,258	11,608
Trade receivables	398,556	364,251
Other receivables	580,186	405,976
Income tax recoverable	562	558
Cash and cash equivalents	552,075	590,126
	<u>2,491,615</u>	<u>2,445,738</u>
<b>Current liabilities</b>		
Trade payables	690,957	740,321
Other payables	351,775	382,364
Interest-bearing borrowings	518,731	212,398
Income tax payable	10,426	19,975
	<u>1,571,889</u>	<u>1,355,058</u>
<b>Net current assets</b>	<u>919,726</u>	<u>1,090,680</u>
<b>Total assets less current liabilities</b>	<u>2,474,952</u>	<u>2,592,634</u>
<b>Non-current liabilities</b>		
Interest-bearing borrowings	481,789	607,980
Deferred tax liabilities	391	359
	<u>482,180</u>	<u>608,339</u>
<b>Net assets</b>	<u>1,992,772</u>	<u>1,984,295</u>
<b>Capital and reserves</b>		
Share capital	97,396	97,349
Reserves	913,363	910,523
Retained profits	702,827	693,238
<b>Total equity attributable to equity shareholders of the Company</b>	<u>1,713,586</u>	<u>1,701,110</u>
Non-controlling interests	279,186	283,185
<b>Total equity</b>	<u>1,992,772</u>	<u>1,984,295</u>

For the first three quarters of 2014, the Group's business performance improved and the profit surged compared to that of the previous year. Benefited from the recovery of the breeding and rearing industry in the PRC, the sales of feeds to external customers has improved since the second quarter of this year. However, since the market price of day-old chicks did not revive to the same level as of the previous year and the growth of the food and beverage market and the consumer market of chicken meat slowed down in Mainland China, the sales of meat product and processed food was affected. The Group continued its improved effort on fixing the contract prices of day-old chicks with reference to market prices pursuant to its strategic guidance on risk elimination and food productisation, and lowered the cost of day-old chicks. Meanwhile, the Group also consolidated and optimised the product lines in respect of slaughtering and food processing in order to reduce the production cost. In addition, the product structure has been improved. During the period under review, the Group's turnover was basically unchanged compared to that of last year, and the accumulated profit increased to RMB9,589,000.

Turnover from feed segment for the first three quarters was basically unchanged as compared to that of last year. However, due to proper control over cost and expenses, the gross profit rose significantly and the gross profit margin continued to improve. Benefited from the revival of hog breeding and rearing industries, the sales of feed segment in Mainland China increased. The improved product structure also led to the increase in gross profit and gross profit margin. Feed segment in Vietnam maintained its growth momentum and the sales volume rose along with the steady development of the local industrial breeding and rearing industry. The segment effectively shifted the burden of the increasing raw materials price and transportation cost and enjoyed higher gross profit and gross profit margin.

The meat products segment was benefited from closer cooperation with contract farmers, and as a result, the sales volume of day-old chicks cultivated with feeds and supplied to contract farmers had a remarkable increase compared to that of last year, and drove the growth of overall operating profit of meat business during the reporting period as compared to the corresponding period of last year. Notwithstanding the positive factor, as the recovery of price of raw meat was lagged behind the market price of chicken, the recovery of gross profit of the meat products segment was below our expectation.

During the period under review, due to temporary decline in demand from major customers in China and Japan, the turnover and gross profit of processed food segment was affected to a certain extent. The sales network in domestic professional catering business developed stably, with continuing focus on influential market; therefore, the revenue arising from the professional catering business increased compared to that of last year. The sales volume of international segment was largely affected by the devaluation of Japanese Yen and the recent outbreak of food safety incidents. The sales volume derived from domestic major customers declined as compared to that of last year due to adjustments on menu of some major western fast food chains and the impact of food safety related incidents. Against this background, in September, the Group held a press release in respect of "Real-name Traceable System" to demonstrate its effort and achievements on food safety over the years and its operational advantage. In addition, gross profit margin increased due to weak raw meat market, effective cost control over the product costs and improved product structure.

The Group maintained a stable amount of assets and liabilities with healthy cash flow. As of 30 September 2014, the net asset of the Group was around RMB1,992,772 thousand, which was substantially the same as that as of 31 December 2013, which was around RMB1,984,295 thousand. As of 30 September 2014, the cash and cash equivalents accounted for 13.6% of total assets of the Group, and both the current ratio and bank gearing ratio were maintained at 159% and 50.3%, 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 2014, including the accounting principles adopted by the Group.

On behalf of the Board  
**Han Jia-Hwan**  
*Chairman*

Hong Kong, 31 October 2014

*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. Chen Chih and Mr. Wei Anning are the independent non-executive Directors.*