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

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

**(Stock Code: 3999)**

### **Announcement of Results for the Three Months Ended 31 March 2015**

The board of directors (the “Board”) of DaChan Food (Asia) Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the three months ended 31 March 2015:

#### **Highlights**

	<b>Three months ended 31 March</b>		
	<b>2015</b>	<b>2014</b>	<b>% Change</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	
Turnover (RMB'000)	2,314,343	2,675,130	-13.5
Gross profit (RMB'000)	120,291	163,696	-26.5
Gross profit margin (%)	5.2	6.1	
Loss attributable to equity shareholders of the Company (RMB'000)	(39,434)	(7,158)	450.1
Basic loss per share (RMB)	(0.04)	(0.01)	

## CONSOLIDATED INCOME STATEMENT

(Expressed in RMB '000)

	Three months ended 31 March	
	2015	2014
	(unaudited)	(unaudited)
<b>Turnover</b>	2,314,343	2,675,130
Cost of sales	(2,194,052)	(2,511,434)
<b>Gross profit</b>	120,291	163,696
Change in fair value of biological assets less costs to sell	(852)	3,227
Fair value of agricultural produce on initial recognition	25,047	3,026
Reversal of fair value of agricultural produce due to sales and disposals	(21,941)	(1,986)
Other operating income	1,242	2,433
Other net loss	(3,845)	(5,898)
Distribution costs	(88,472)	(83,562)
Administrative expenses	(53,664)	(70,423)
<b>(Loss)/profit from operations</b>	(22,194)	10,513
Finance costs	(5,406)	(6,084)
Share of loss of equity-accounted investees	(1,094)	(1,009)
<b>(Loss)/profit before taxation</b>	(28,694)	3,420
Income tax	(6,452)	(4,817)
<b>Loss for the period</b>	<u>(35,146)</u>	<u>(1,397)</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	(39,434)	(7,158)
Non-controlling interests	4,288	5,761
<b>Loss for the period</b>	<u>(35,146)</u>	<u>(1,397)</u>
<b>Loss per share</b>		
– Basic (RMB)	<u>(0.04)</u>	<u>(0.01)</u>
– Diluted (RMB)	<u>(0.04)</u>	<u>(0.01)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB '000)

	At 31 March 2015 <i>(unaudited)</i>	At 31 December 2014 <i>(audited)</i>
<b>Non-current assets</b>		
Fixed assets		
– property, plant and equipment	1,290,080	1,283,687
– lease prepayments	174,065	173,231
Interests in equity-accounted investees	115,523	116,609
Deferred tax assets	26,589	26,621
Other non-current assets	18,120	21,357
	<u>1,624,377</u>	<u>1,621,505</u>
<b>Current assets</b>		
Inventories	908,109	989,102
Biological assets	16,635	16,346
Trade receivables	299,172	354,586
Other receivables	528,993	486,886
Income tax recoverable	558	565
Cash and cash equivalents	435,450	459,443
	<u>2,188,917</u>	<u>2,306,928</u>
<b>Current liabilities</b>		
Trade payables	575,113	690,470
Other payables	412,203	468,469
Interest-bearing bank borrowings	203,442	110,100
Income tax payable	9,609	10,840
	<u>1,200,367</u>	<u>1,279,879</u>
<b>Net current assets</b>	<u>988,550</u>	<u>1,027,049</u>
<b>Total assets less current liabilities</b>	<u>2,612,927</u>	<u>2,648,554</u>
<b>Non-current liabilities</b>		
Interest-bearing bank borrowings	786,600	783,863
Deferred tax liabilities	346	364
	<u>786,946</u>	<u>784,227</u>
<b>Net assets</b>	<u>1,825,981</u>	<u>1,864,327</u>
<b>Capital and reserves</b>		
Share capital	97,396	97,396
Reserves	919,678	922,723
Retained profits	543,602	583,036
<b>Total equity attributable to equity shareholders of the Company</b>	<u>1,560,676</u>	<u>1,603,155</u>
Non-controlling interests	265,305	261,172
<b>Total equity</b>	<u>1,825,981</u>	<u>1,864,327</u>

## Results Summary

In the first quarter of 2015, the Group recorded turnover of approximately RMB2,314,343 thousand, representing a decrease of approximately 13.5% over the same period of last year. The gross profit margin decreased by approximately 0.9%. As the prices of commoditized pork did not recover in the first quarter of 2015, the chicken meat prices were incidentally affected and remained in depression since the fourth quarter of 2014. In addition, despite the significant decline in chicken meat prices as compared to that of the same period of last year, the market prices of day-old chicks increased, leading to the increase in costs of day-old chicks and further compression of the gross profit margin of meat product segment. In order to cope with this market condition, the Group assertively implemented responsive measures to shrink the standard productivity of electric slaughtering of feather chickens in the medium and long term, reduce the sales proportion to customers with low contribution, shortlist contract farmers with the best competitiveness as the long-term cooperation partners and reduce the variable costs per unit of electric slaughtering factories. Leveraging on the adverse market condition to improve our capability, the Group strengthened its competitive edges and reinforced its capacity to withstand the pricing risks in China market. As such, even though the prices of chicken meat remain its depressing trend in the future, the Group is confident to improve the results of meat product segment through our management means.

The sales volume, revenue and total gross profit of feed segment decreased slightly as compared to those of the same period of 2014 due to the consistently low pork prices in China. However, benefited from the brand influences of “Dr. Nupak”, “Green Knight” and “TSOS”, the gross profit margin remained at about 11% stably. Food safety incidents in Shanghai occurred in mid-2014 continued to affect the sales of food product segment to the major customers, resulting in the decline in overall revenues and total gross profit of food product segment. However, the professional catering business, which is a development focus of the Group, maintained a rapid development and the business volume continued to expand. Meanwhile, the Group made continuous investment in sales channels and brand establishment, and incurred certain one-off expenses for productivity adjustments of meat product segment, so the overall expenses slightly increased. As compared with the last quarter, the loss of the Group has been under control, and the management will continue to improve the operating efficiency and increase our relative competitive advantages. The market condition of pork and chicken will eventually rebound from the trough. The Group will well-positioned itself for the arrival of the next favourable cycle of animal protein industry in China.

The Group maintained a healthy financial structure. As at 31 March 2015, net assets of the Group were approximately RMB1,825,981 thousand. Cash and cash equivalents accounted for about 11.42% of total assets. Both the current ratio and gearing ratio maintained at healthy levels of about 1.82 times and 54% respectively. The rise of gearing ratio compared to that as at 31 December 2014 was mainly due to the increase in bank borrowings, which were made to meet the demand on capital expense and working capital of the Group.

The purpose of this announcement is to disclose the financial information of the Company to its shareholders and prospective investors in Hong Kong in a timely manner in compliance with the requirements of Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at the date of this announcement, the Company is a subsidiary of Great Wall Enterprise Co. Ltd. (“Great Wall Enterprise”, the shares of which are listed on Taiwan Stock Exchange Corporation), which indirectly holds approximately 52.04% of the issued shares in the Company; therefore, the operating results of the Group will be consolidated into the financial statements of Great Wall Enterprise.

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

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the first quarter of 2015.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the Group’s consolidated financial statements for the three months ended 31 March 2015 which have not been audited by the auditors.

By Order of the Board  
**Han Jia-Hwan**  
*Chairman*

Hong Kong, 23 April 2015

*As at the date of this announcement, Mr. Han Jia-Hwan (Chairman) and Mr. Han Chia-Yin are the executive directors of the Company, Mr. Han Chia-Yau, Mr. Harn Jia-Chen, Mr. Nicholas William Rosa and Mr. Chao Tien-Shin are the non-executive directors of the Company, and Mr. Way Yung-Do, Mr. Chen Chih and Mr. Wei Anning are the independent non-executive directors of the Company.*