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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 2015**

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 2015.

#### **Highlights**

	<b>Nine months ended 30 September</b>		
	<b>2015</b>	<b>2014</b>	<b>% change</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	
Turnover (RMB'000)	6,773,706	8,409,483	-19.5
Gross Profit (RMB'000)	510,926	527,281	-3.1
Gross profit margin (%)	7.5	6.3	
(Loss)/profit attributable to equity shareholders of the Company (RMB'000)	(35,725)	9,589	N/A
Basic (loss)/earnings per share (RMB)	(0.04)	0.01	

**CONSOLIDATED INCOME STATEMENT****For the nine months ended 30 September 2015 – unaudited***(Expressed in thousands of Renminbi)*

	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
<b>Turnover</b>	6,773,706	8,409,483
Cost of sales	6,262,780	(7,882,202)
<b>Gross profit</b>	510,926	527,281
Change in fair value of biological assets		
less cost to sell	(9,394)	7,790
Fair value of agricultural produce on initial recognition	20,437	27,517
Reversal of fair value of agricultural produce due to sales and disposals	(20,777)	(25,163)
Other operating income	6,330	10,392
Other net losses	(7,099)	(8,975)
Distribution costs	(288,155)	(273,672)
Administrative expenses	(181,851)	(198,047)
<b>Profit from operations</b>	30,417	67,123
Finance costs	(15,956)	(19,870)
Share of losses of equity-accounted investees	(2,062)	(3)
<b>Profit before taxation</b>	12,399	47,250
Income tax	(20,762)	(20,161)
<b>(Loss)/profit for the period</b>	(8,363)	27,089
<b>Attributable to:</b>		
Equity shareholders of the Company	(35,725)	9,589
Non-controlling interests	27,362	17,500
<b>(Loss)/profit for the period</b>	(8,363)	27,089
<b>(Loss)/earnings per share</b>		
– Basic (RMB)	(0.04)	0.01
– Diluted (RMB)	(0.04)	0.01

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****At 30 September 2015***(Expressed in thousands of Renminbi)*

	<b>At 30 September 2015 (unaudited)</b>	<b>At 31 December 2014 (audited)</b>
<b>Non-current assets</b>		
Fixed assets		
– property, plant and equipment	1,300,217	1,283,687
– lease prepayments	171,865	173,231
Interests in equity-accounted investees	116,421	116,609
Deferred tax assets	27,046	26,621
Other non-current assets	8,308	21,357
	<u>1,623,857</u>	<u>1,621,505</u>
<b>Current assets</b>		
Inventories	700,605	989,102
Biological assets	5,199	16,346
Trade receivables	360,886	354,586
Other receivables	494,748	486,886
Income tax recoverable	669	565
Cash and cash equivalents	568,333	459,443
	<u>2,130,440</u>	<u>2,306,928</u>
<b>Current liabilities</b>		
Trade payables	526,258	690,470
Other payables	412,313	468,469
Interest-bearing borrowings	185,797	110,100
Income tax payable	9,119	10,840
	<u>1,133,487</u>	<u>1,279,879</u>
<b>Net current assets</b>	<u>996,953</u>	<u>1,027,049</u>
<b>Total assets less current liabilities</b>	<u>2,620,810</u>	<u>2,648,554</u>
<b>Non-current liabilities</b>		
Interest-bearing borrowings	806,908	783,863
Deferred tax liabilities	1,287	364
	<u>808,195</u>	<u>784,227</u>
<b>Net assets</b>	<u>1,812,615</u>	<u>1,864,327</u>
<b>Capital and reserves</b>		
Share capital	97,500	97,396
Reserves	904,407	922,723
Retained profits	548,021	583,036
<b>Total equity attributable to equity shareholders of the Company</b>	<u>1,549,928</u>	<u>1,603,155</u>
Non-controlling interests	262,687	261,172
<b>Total equity</b>	<u>1,812,615</u>	<u>1,864,327</u>

Turnover of the Group for the first three quarters of 2015 amounted to approximately RMB6,773,706 thousand, representing a decrease of approximately 19.5% as compared with the same period last year. The gross profit margin was up by approximately 1.2% compared to the same period last year.

The significant decrease in turnover of the Group was mainly caused by the shrinkage of the meat product segment. As the chicken meat prices remained in depression, the Group decisively implemented measures to lower the standard production capacity of electric slaughtering of broilers. At the same time, the Group also proportionately reduced the volume of day-old chicks and the sales volume of contracted feeds at the upper stream of the electric slaughtering. Affected by the day-old chicks and chicken meat condition, the meat product segment recorded negative gross profit in the first three quarters. However, downsizing operational scale in a timely manner effectively contained the loss of the meat business.

Benefitted from the stable performance of the feed segment and food product segment, the gross profit margin of the Group increased. The sales volume of feeds in the first three quarters slightly decreased as compared with the same period last year due to the low pork prices in China in the first half of the year. Nonetheless, the gross profit margin rose marginally as a result of the positive impact from the brands of “Dr. Nupak”, “Green Knight” and “TSOS”. Leveraging on the effective marketing strategy of the key products, business volume of the professional catering business, which has a higher margin, recorded continuous growth and lifted up the gross profit margin of food business segment as a whole.

During the first three quarters of 2015, the Group continuously enhanced its operating efficiency and reduced the operating risks by adjusting the operating strategies and strengthening its internal management, and successfully turned its loss into profit in the third quarter. The loss for the period attributable to the equity shareholders of the Company decreased to approximately RMB35,725 thousand for the first three quarters from approximately RMB44,234 thousand for the first half of the year.

The Group maintained a stable amount of assets and liabilities. As of 30 September 2015, the net asset of the Group was around RMB1,812,615 thousand, which was substantially the same as that of around RMB1,864,327 thousand as of 31 December 2014. As of 30 September 2015, the cash and cash equivalents accounted for approximately 15.14% of total assets of the Group, and both the current ratio and bank gearing ratio were maintained at approximately 188% and approximately 54.0%, 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 (referred to 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.

This announcement is made for the purpose of disclosing the financial information of the Company to its shareholders and prospective investors to ensure compliance with the requirements of Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which requires 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 2015, including the accounting principles adopted by the Group.

On behalf of the Board

**Han Jia-Hwan**

*Chairman*

Hong Kong, 30 October 2015

*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.*