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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 2016

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 2016.

Highlights

	Nine months ended 30 September		
	2016	2015	% change
	(unaudited)	(unaudited)	
Turnover (RMB'000)	5,794,394	6,773,706	-14.5
Gross Profit (RMB'000)	547,088	510,926	7.1
Gross profit margin (%)	9.4	7.5	
Profit/(loss) attributable to equity shareholders of the Company (RMB'000)	26,426	(35,725)	174.0
Basic earnings/(loss) per share (RMB)	0.03	(0.04)	

CONSOLIDATED INCOME STATEMENT**For the nine months ended 30 September 2016 – unaudited***(Expressed in thousands of Renminbi)*

	Nine months ended	
	30 September	
	2016	2015
Turnover	5,794,394	6,773,706
Cost of sales	<u>(5,247,306)</u>	<u>(6,262,780)</u>
Gross profit	547,088	510,926
Change in fair value of biological assets less cost to sell	(909)	(9,394)
Fair value of agricultural produce on initial recognition	12,594	20,437
Reversal of fair value of agricultural produce due to sales and disposals	(12,808)	(20,777)
Other operating income	23,669	6,330
Other net gains/(losses)	45,436	(7,099)
Distribution costs	(286,326)	(288,155)
Administrative expenses	<u>(205,537)</u>	<u>(181,851)</u>
Profit from operations	123,207	30,417
Finance costs	(34,290)	(15,956)
Share of losses of equity-accounted investees	<u>(1,066)</u>	<u>(2,062)</u>
Profit before taxation	87,851	12,399
Income tax	<u>(13,980)</u>	<u>(20,762)</u>
Profit/(loss) for the period	<u><u>73,871</u></u>	<u><u>(8,363)</u></u>
Attributable to:		
Equity shareholders of the Company	26,426	(35,725)
Non-controlling interests	<u>47,445</u>	<u>27,362</u>
Profit/(loss) for the period	<u><u>73,871</u></u>	<u><u>(8,363)</u></u>
Earnings/(loss) per share		
– Basic (RMB)	<u><u>0.03</u></u>	<u><u>(0.04)</u></u>
– Diluted (RMB)	<u><u>0.03</u></u>	<u><u>(0.04)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**At 30 September 2016***(Expressed in thousands of Renminbi)*

	At 30 September 2016 (unaudited)	At 31 December 2015 (audited)
Non-current assets		
Fixed assets		
– property, plant and equipment	1,172,561	1,221,483
– lease prepayments	190,097	171,095
Interests in equity-accounted investees	123,069	116,018
Deferred tax assets	30,077	24,251
Long-term tax recoverable	73,391	73,391
Other non-current assets	8,297	12,666
	<u>1,597,492</u>	<u>1,618,904</u>
Current assets		
Inventories	790,354	825,963
Biological assets	5,140	4,241
Trade receivables	268,439	322,296
Other receivables	531,853	423,021
Cash and cash equivalents	312,366	530,151
	<u>1,908,152</u>	<u>2,105,672</u>
Current liabilities		
Trade payables	503,800	516,427
Other payables	434,967	465,033
Bank loans	371,352	319,947
Income tax payable	6,981	10,402
	<u>1,317,100</u>	<u>1,311,809</u>
Net current assets	<u>591,052</u>	<u>793,863</u>
Total assets less current liabilities	<u>2,188,544</u>	<u>2,412,767</u>
Non-current liabilities		
Bank loans	444,954	707,932
Deferred tax liabilities	335	314
	<u>445,289</u>	<u>708,246</u>
Net assets	<u>1,743,255</u>	<u>1,704,521</u>
Capital and reserves		
Share capital	97,688	97,502
Reserves	923,768	929,096
Retained profits	455,359	428,933
Total equity attributable to equity shareholders of the Company	<u>1,476,815</u>	<u>1,455,531</u>
Non-controlling interests	266,440	248,990
Total equity	<u>1,743,255</u>	<u>1,704,521</u>

Turnover of the Group for the first three quarters of 2016 amounted to approximately RMB5,794,394 thousand, representing a decrease of approximately 14.5% as compared with the same period last year. The gross profit was up by approximately 7.1% compared to the same period last year.

A decrease in turnover was mainly affected by the meat product segment. Since the implementation of the streamlined planning last year, the meat product segment has been maintaining its stable operation with a suitable scale in 2016. Although there was a decrease in turnover by approximately 41.7% as compared with the same period last year, the gross profit of the meat product segment increased by approximately RMB72,975 thousand as compared with the same period last year due to (i) the continuous expansion of branded and valued distribution channels, (ii) the significant decrease of production cost of electrical slaughter plant and (iii) the phasing out of farmers with poor performance.

Although there was a decrease in turnover and gross profit of the domestic feed segment caused by fierce market competition, the adjustment of marketing strategy optimized the structure of the feed segment. The sales of mother and child feeds have increased to 50% of the total sales of pig feed from 40% in the same period last year. The further consolidation of the Group's status in the feed market in Southeast Asia enabled the business scale of the entire feed segment to remain the same as the same period last year.

The food segment still achieved the highest growth rate as compared to the Group's other segments. Due to the significant growth of hit products achieved by expanding the sales team with plan and further developing the food segment in key cities, turnover and gross profit achieved a growth of approximately 12.7% and 9.1%, respectively, as compared to the same period last year.

Providing consumers with safe and traceable products is always our solemn commitment. The Group will continue to improve its operating efficiency by adjusting its operating strategies and strengthening its internal management. While reducing its operation risks, the Group enhances its overall profitability by steadily increasing the proportion of food productisation.

The Group maintained a stable amount of assets and liabilities. As of 30 September 2016, the net assets amount of the Group was around RMB1,743,255 thousand, which was substantially the same as that of around RMB1,704,521 thousand as of 31 December 2015. As of 30 September 2016, the cash and cash equivalents accounted for approximately 8.91% of the total assets of the Group, and both the current ratio and bank gearing ratio were maintained at approximately 145% and approximately 47.4%, 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 (referred to as the "Taiwan Stock Exchange")), which indirectly holds approximately 52.04% of the entire issued 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 2016 and does not have any disagreement with the accounting treatment adopted by the Group.

On behalf of the Board

Han Jia-Hwan

Chairman

Hong Kong, 2 November 2016

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 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.