



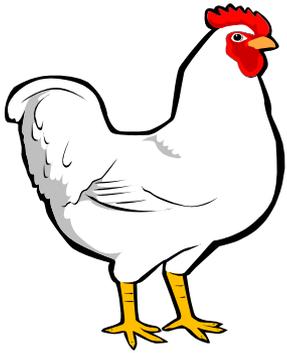
Integrated Transparency, Ensuring Safety

DaChan Food Asia



What is DFA?

- What do we sell?



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What is DFA?

- What do we sell?



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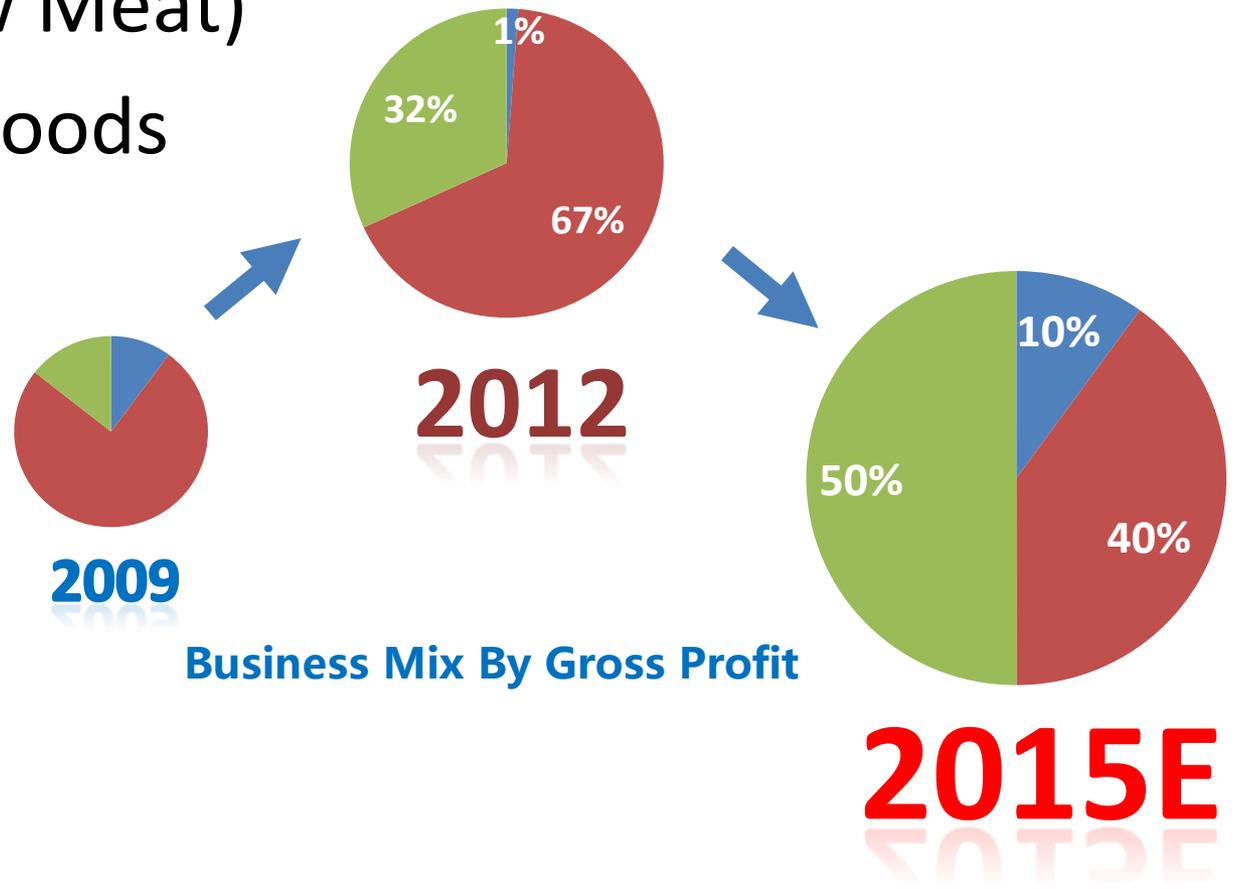
- DFA Overview
- Opportunities and the “Smile” Curve
- Feed Segment
- Broiler (Raw Meat) Segment
- Food Segment
- Integrated Traceability

DFA Overview

- One of the largest chicken meat processing companies in China
- Annual turnover 11B RMB (1.75B USD)
- 2.1MM tons of feed manufactured
- 180MM chickens slaughtered annually
- 10K tons of processed food manufactured
- 31 manufacturing sites in China, Vietnam and Malaysia

DFA Business Segments and Vision

- Feed
- Broiler (Raw Meat)
- Processed Foods

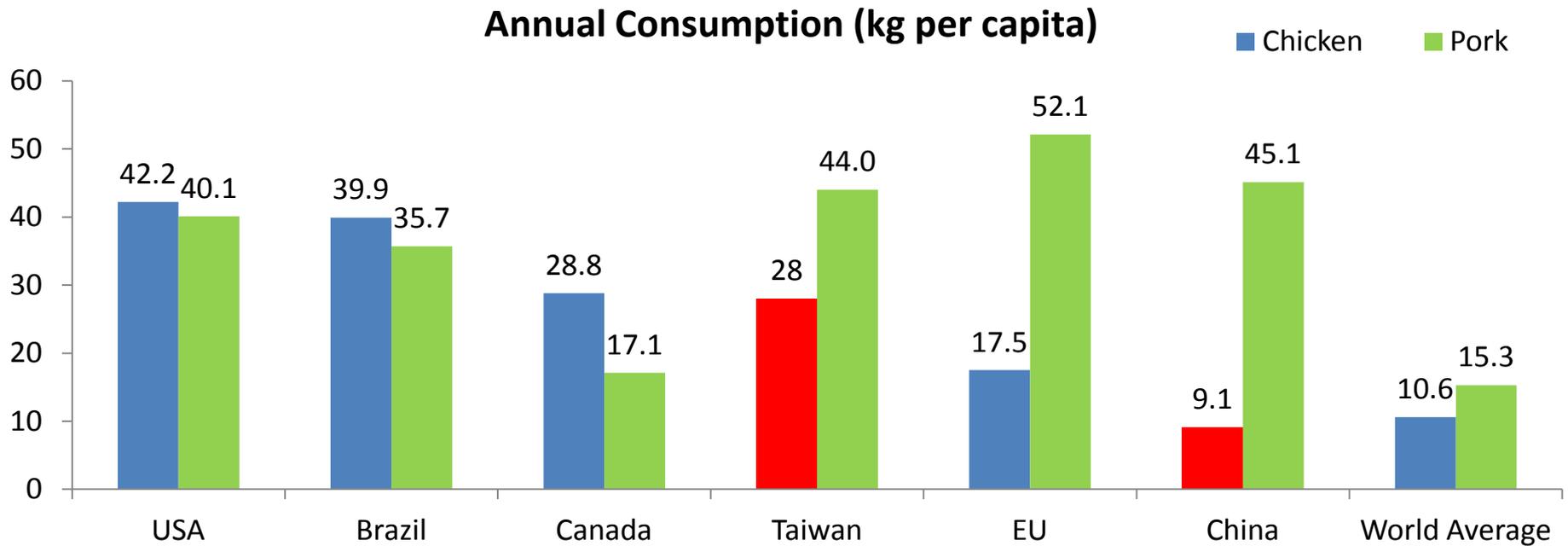


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Opportunities in China Chicken

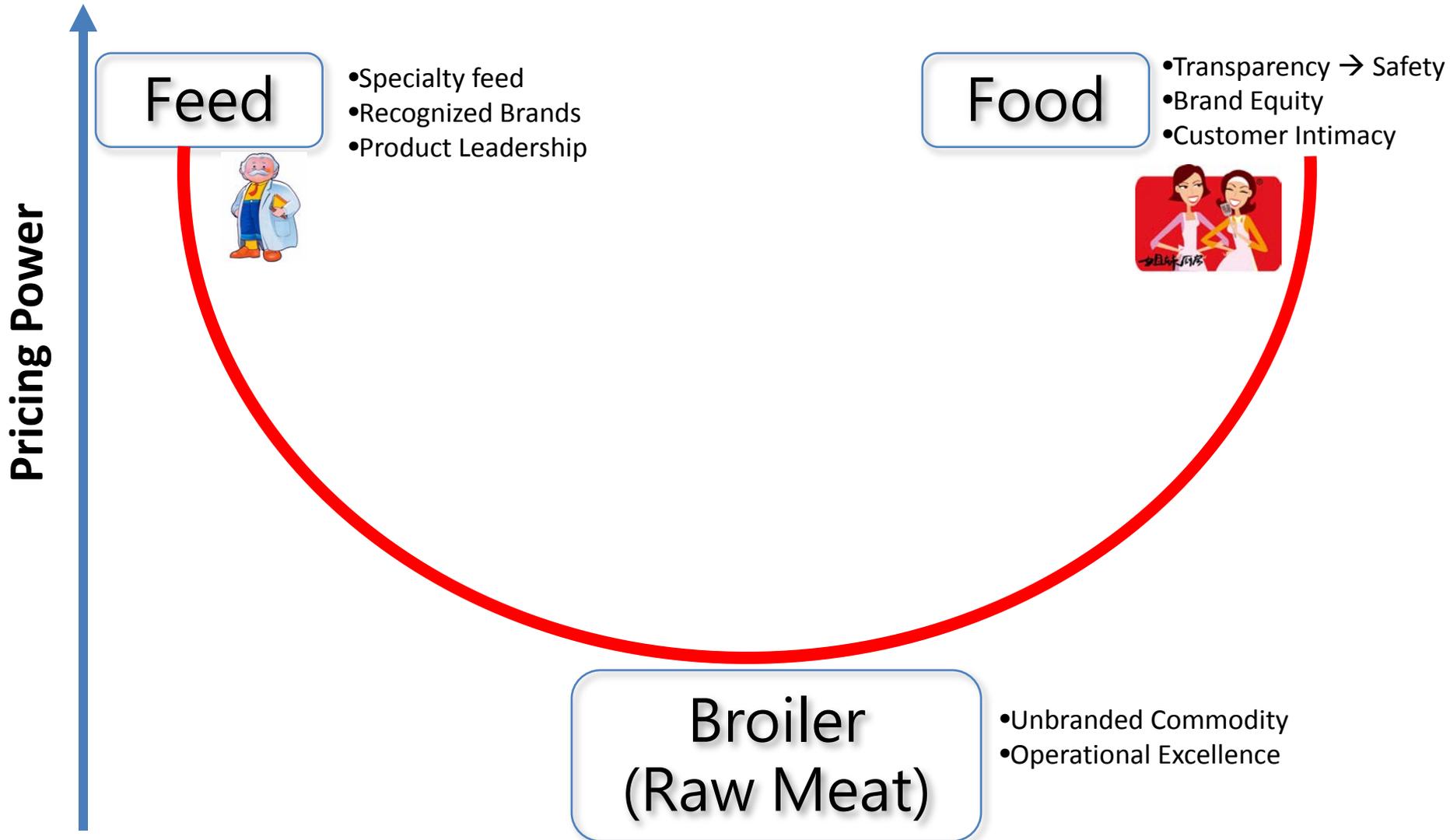


Source: USDA, World Population

- Pork is the dominant animal protein in China
 - But chicken still has a higher growth potential
- Feed Conversion Rate advantage (1:2 vs. 1:3 vs. 1:10)
- No religious barriers

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The “Smile” Curve of Pricing Power



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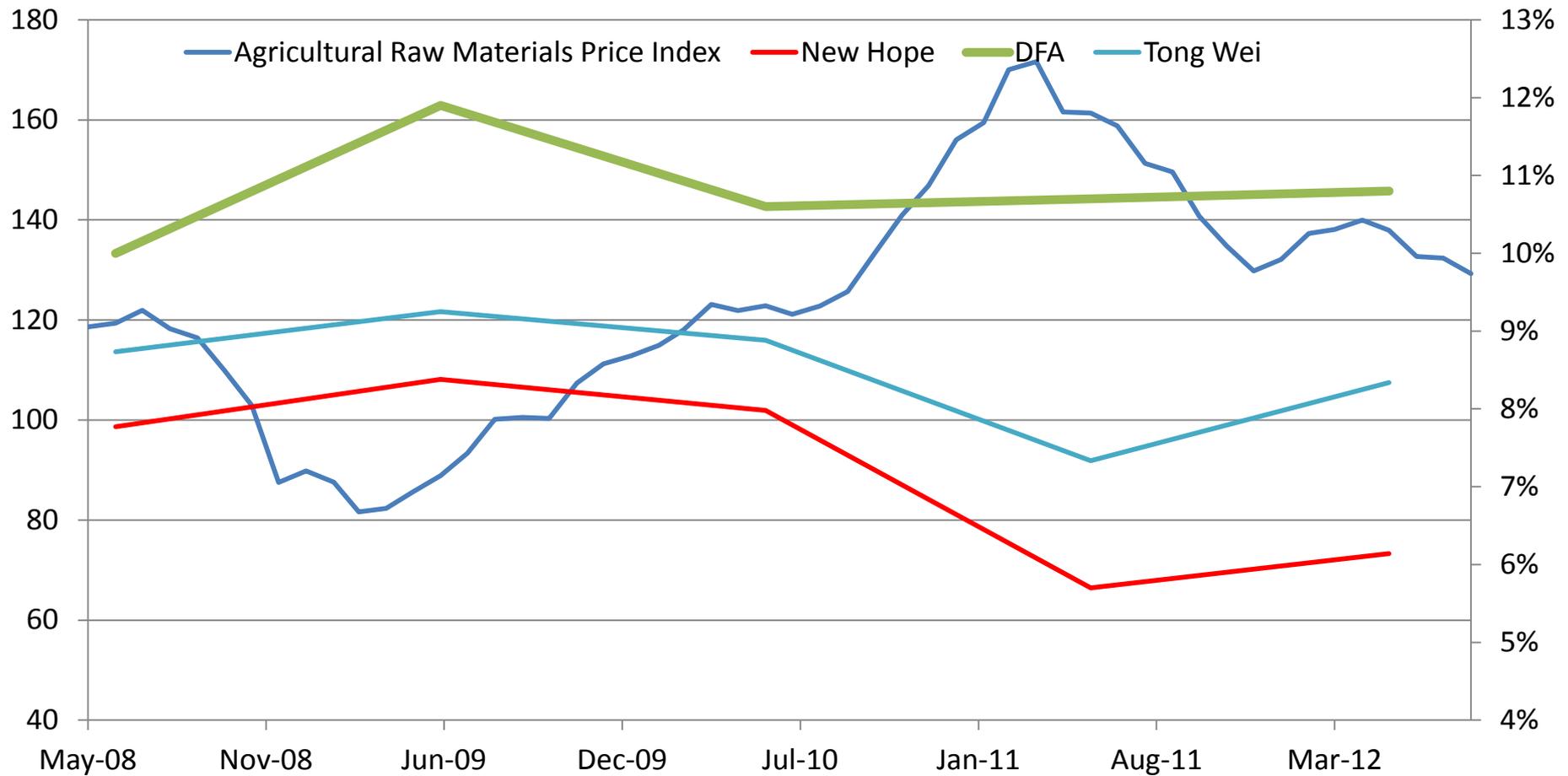
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Feed

- Specialty Feed vs. Complete Feed
 - Specializing in piglets and pregnant sows
 - Brand strength maintaining margins
- Key Risks
 - Input prices (Corn, soybean meal = 60%)
 - Pork prices, affecting demand
- Growth Trends
 - Industry consolidation
 - 2005 to 2010 number of feed companies reduced by 30% (15.5k companies to 11k)
 - The >500k ton companies contribute to 42% of China's total output of 180MM tons vs. 2005 they only contribute to 25%

Feed: Maintained Margins



Source: Index Mundi, Annual Reports of Respective Companies

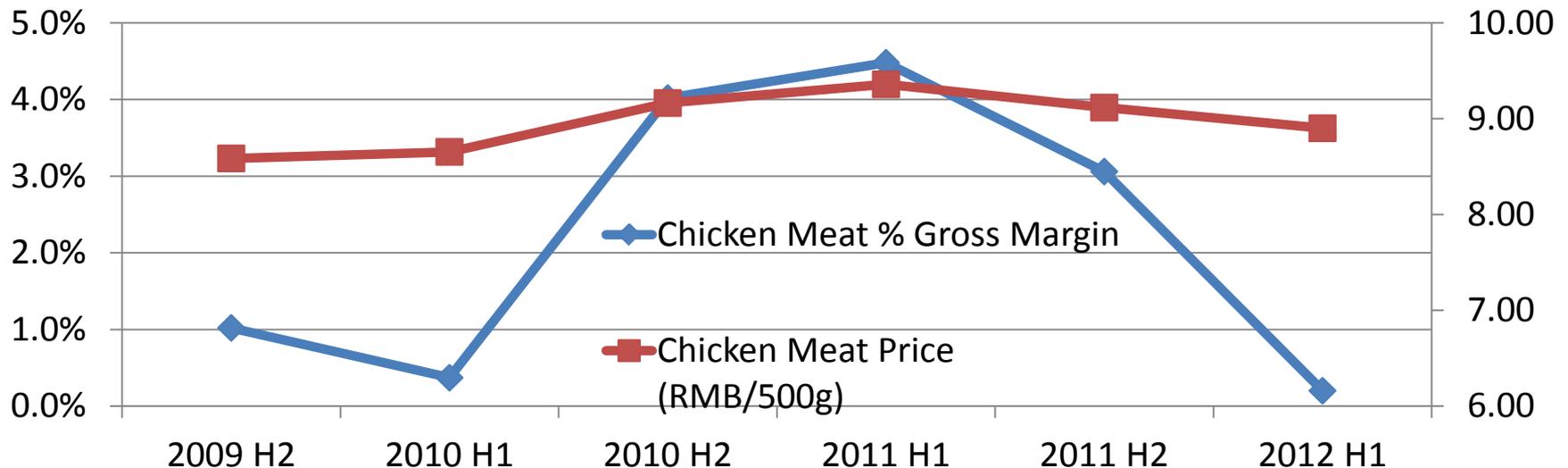
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Broiler (Raw Meat)

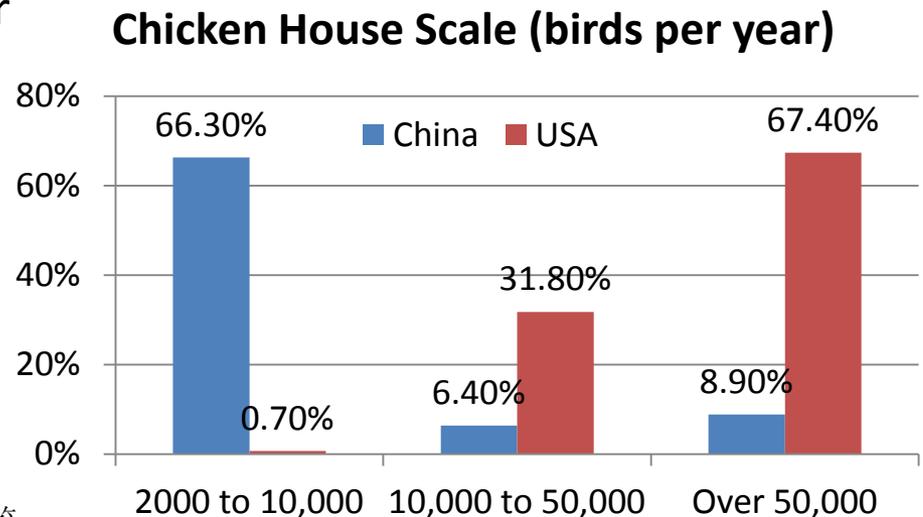
- Vertical Integration
 - Feed → Day-Old-Chicks → Contract Farming → Slaughtering → Further processing
- Key Risks:
 - Poultry-related prices not in our control
 - Political risk, weather risk, etc



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What is Contract Farming?

- Forming partnerships with local farmers
 - Sell DOC and feed to farmers, buy back grown chicken at contracted price
 - Bring wealth to the farming villages
 - Reduce intense capital needs
 - Share risk and maintain quality
- Issues of contract farming in China
 - Individual farmers not yet reaching economies of scale
 - Distributors' growing power
 - Higher contracting cost



Source: USDA, 畜牧业年鉴

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Food



- Tapping downstream markets with a single-brand strategy
- Professional Market
- Consumer Market
- Branded Raw Meat
- Key Accounts



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Key Accounts

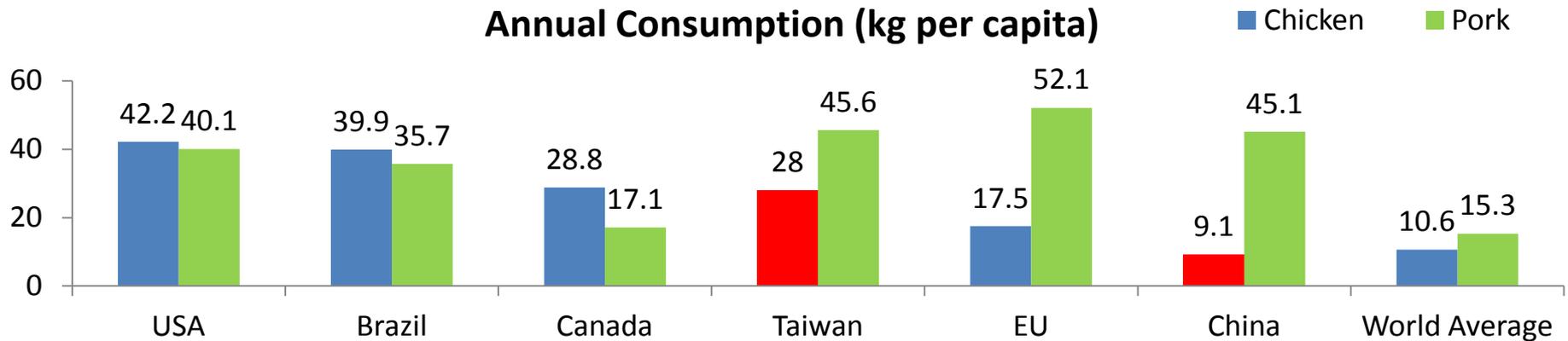


全家 FamilyMart.



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Recall Poultry's Growth Potential



- Additionally, currently chilled and processed meat only take up 30% of China's meat consumption share.
 - Compare to developed countries, where 90+% of meat consumption is in the form of chilled and processed meat
- Meat products market still relatively fragmented
 - Top 12 players has 34% market share, top player 6%
- Growth and consolidation means more opportunities in entering markets dominated by incumbents

B2B Professional Market

- Market Segmentation
 - School meals, factory cafeteria, catering, restaurants, 5-star hotels, etc
- Distributor management, understanding demand
 - Chef Membership Database + Customer Support



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B2C Consumer Market



- Room temperature and frozen processed meat products, direct to consumers
- Distribution channels: Supermarkets, wet markets
- Challenge: Advertising and promotion
 - High risk
 - How to predict and observe returns?
 - Historically not our expertise



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Integrated Traceability



姐妹厨房

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“多此一举”的检验

电宰

为你安心

尽管国家并没有规定鸡肉产品必须检测三聚氰胺,但我们一直坚持源头检测。

VIDEO PROMOTION

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Integrated Traceability



农场透明



饲料透明



鲜肉透明



品名: 优质鸡块
安心码: 1500009423

- 1 农场来源透明
- 2 饲料来源透明
- 3 鲜肉来源透明
- 4 食品来源透明

农场主: 侯琳娜

背景	加拿大温哥华昆廷兰理工大学毕业
食品安全的信念	我比消费者更在乎他们所吃的鸡肉安全。
农场规模	50000只鸡
出栏时间	2009年2月24日
农场地点	大连普兰店市元台

Farm, Feed, Slaughter,
and Processing
Transparency

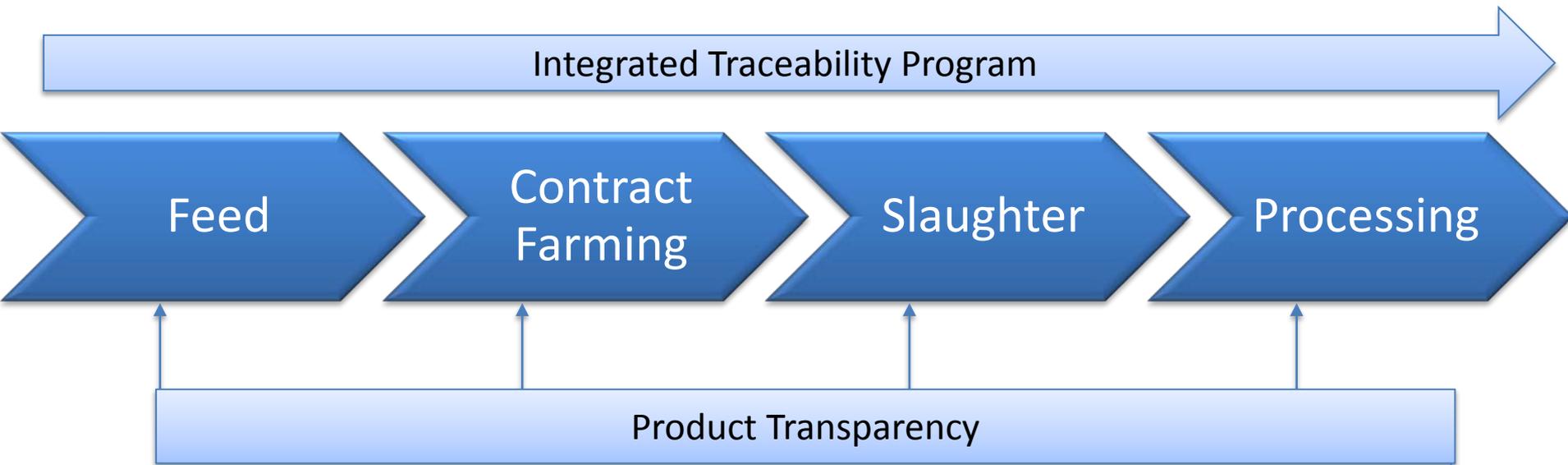
饲料来源: 大成大连饲料厂

一期料	1月3日, 1月15日
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Integrated Traceability

- Why DFA has the advantage:
 - Upstream infrastructure already in place



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