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DACHAN FOOD (ASIA) LIMITED

大成食品(亞洲)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3999)

RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2010

The directors (the “Directors”) of DaChan Food (Asia) Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2010.

HIGHLIGHTS

	Three months ended		
	2010 (January to March) (unaudited)	2009 (January to March) (unaudited)	2009 (October to December) (unaudited)
Turnover (USD'000)	309,345	272,912	363,308
Gross profit (USD'000)	18,051	22,519	23,095
Gross profit margin (%)	5.8	8.3	6.4
Profit attributable to equity shareholders (USD'000)	1,499	3,368	4,492
Basic earnings per share (US cents)	0.15	0.33	0.44

This announcement is made as part of the Company’s adopted practice to publish its financial results quarterly and pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

CONSOLIDATED INCOME STATEMENT**for the three months ended 31 March 2010***(Expressed in United States dollars)*

	Three months ended		
	2010	2009	2009
	USD'000	USD'000	USD'000
	(January to	(January to	(October to
	March)	March)	December)
	(unaudited)	(unaudited)	(unaudited)
Turnover	309,345	272,912	363,308
Cost of sales	(291,294)	(250,393)	(340,213)
Gross profit	<u>18,051</u>	<u>22,519</u>	<u>23,095</u>
Change in fair value of biological assets			
less estimated point-of-sale costs	477	438	(661)
Fair value of agricultural produce on initial recognition	761	680	1,562
Reversal of fair value of agricultural produce due to sales and disposals	(988)	(1,004)	(1,666)
Other income	1,463	1,055	2,084
Investment income	294	415	441
Distribution costs	(8,883)	(7,667)	(8,678)
Administrative expenses	(8,192)	(9,812)	(7,424)
Other operating expenses	(749)	(631)	(1,499)
Profit from operations	<u>2,336</u>	<u>5,994</u>	<u>7,253</u>
Finance costs	(542)	(556)	(242)
Share of losses of jointly controlled entities	(41)	–	(84)
Profit before taxation	<u>1,753</u>	<u>5,438</u>	<u>6,928</u>
Income tax	(381)	(1,148)	(928)
Profit for the year	<u><u>1,372</u></u>	<u><u>4,290</u></u>	<u><u>6,000</u></u>
Attributable to:			
Equity shareholders of the Company	1,499	3,368	4,492
Minority interests	(126)	922	1,508
Profit for the year	<u><u>1,372</u></u>	<u><u>4,290</u></u>	<u><u>6,000</u></u>
Earnings per share			
– Basic (cents)	<u>0.15</u>	<u>0.33</u>	<u>0.44</u>
– Diluted (cents)	<u>0.15</u>	<u>N/A</u>	<u>0.44</u>

CONSOLIDATED BALANCE SHEET

(Expressed in United States dollars)

	31 March 2010 USD'000 (<i>unaudited</i>)	31 December 2009 USD'000 (<i>audited</i>)
Non-current assets		
Fixed assets		
– property, plant and equipment	159,854	156,801
– lease prepayments	18,064	16,417
Interests in jointly controlled entities	171	212
Deferred tax assets	2,332	2,133
	<hr/> 180,422	<hr/> 175,563
Current assets		
Inventories	104,366	97,200
Biological assets	2,084	1,748
Trade and other receivables	81,793	81,994
Amounts due from related companies	1,548	-
Income tax recoverable	-	1
Pledged bank deposits	1,773	979
Cash and cash equivalents	43,845	53,931
	<hr/> 235,410	<hr/> 235,853
Current liabilities		
Interest-bearing borrowings	52,298	26,417
Trade and other payables	100,326	121,265
Amounts due to related companies	1,011	-
Income tax payable	2,822	3,375
	<hr/> 156,457	<hr/> 151,057
Net current assets	<hr/> 78,953	<hr/> 84,796
Total assets less current liabilities	<hr/> 259,374	<hr/> 260,359
Non-current liabilities		
Interest-bearing borrowings	1,242	2,213
Deferred tax liabilities	15	14
	<hr/> 1,257	<hr/> 2,227
Net assets	<hr/> 258,118	<hr/> 258,132

CONSOLIDATED BALANCE SHEET

(Expressed in United States dollars)

	31 March 2010 USD'000 (unaudited)	31 December 2009 USD'000 (audited)
Capital and reserves		
Share capital	12,931	12,926
Reserves	214,960	214,307
Total equity attributable to equity shareholders of the Company	227,891	227,233
Minority interests	30,227	30,899
Total equity	258,118	258,132

During the first quarter of 2010, the Group faced with a continuous rise in the price of corn, one of the key ingredients of our feed. As a result, the Group experienced a decline in terms of operational performance and profitability. Gross profit decreased by 21.8% to USD 18.1 million, while gross profit margin decreased by 0.6% point to 5.8% in the quarter from the quarter ended 31 December 2009.

Despite the declines, the Group achieved a 13.3% growth in turnover to USD 309.3 million in comparison with the same period of last year on higher average selling price and volume. Profit attributable to equity shareholders of the Company for the three months ended 31 March 2010 was USD1.5 million

The lower financial performance during the period was mainly the result of (1) rising raw material costs of feeds and chicken meats, and (2) the increase in raw material costs exceeded the rise in average selling prices.

The Group's balance sheet remains solid and its cash holdings are at a healthy level. Net assets stood at approximately USD258.1 million as at 31 March 2010, almost the same as at 31 December 2009. As at 31 March 2010, the Group's cash and cash equivalents stood at 10.5% of total assets, while current ratio and gearing ratio held steady at healthy levels, at 1.5 times and 20.7%, respectively.

In 2010, the Group will focus on strengthening its competitive edge and consolidate its leadership position in quality chicken meat and livestock feeds production. With the continued increase in income nationally and the stimulus package introduced by the Chinese government to boost consumer spending, we expect the food and consumption market will continue to grow in China. The Group is well-positioned to capitalize on the industry's promising growth prospect in the long run. In addition, the Group will continue to maintain stringent control on operating costs and enhance the internal control system.

As at the date of this announcement, the Company is a subsidiary of Great Wall Enterprise Co., Ltd, (“**Great Wall Enterprise**”), a company listed on the Taiwan Stock Exchange Corporation (“**TSEC**”), holding approximately 52.32% equity interest in the Company through two of its wholly owned subsidiaries, namely, Waverley Star Limited (holding approximately 37.19%) and Asia Nutrition Technologies Corporation (holding approximately 15.13%). Pursuant to Taiwan Securities and Exchange Act and the listing rules of TSEC, Great Wall Enterprise is required to prepare its consolidated quarterly financial reports and to announce its quarterly operating results on the website. As the Company is an indirect subsidiary of Great Wall Enterprise, the operating results of the Group were incorporated into the financial statements of Great Wall Enterprise.

The purpose of this announcement is to disclose the financial information of the Company to the shareholders of the Company and prospective investors in Hong Kong in order to ensure timely disclosure of information in compliance with Rule 13.09 of the Listing Rules.

PURCHASES, SALE OR REDEMPTION OF SECURITIES

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 three months ended 31 March 2010, including the principles adopted by the Group.

By Order of the Board
Han Jia-Hwan
Chairman

Hong Kong, 23 April 2010

As at the date of this announcement, Mr. Han Jia-Hwan (Chairman), Mr. Chen Fu-Shih and Mr. Shu Cho-Shen 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. Liu Fuchun, Dr. Chen Chih and Mr. Way Yung-Do are the independent non-executive Directors.