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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 NINE MONTHS ENDED 30 SEPTEMBER 2010

The board of directors (the “Board”) of DaChan Food (Asia) Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the nine months ended 30 September 2010.

Highlights

	Nine months ended 30 September		% change
	2010	2009	
	<i>(unaudited)</i>	<i>(unaudited)</i>	
Turnover (USD'000)	1,021,424	878,787	16.2
Gross profit (USD'000)	62,735	64,690	-3.0
Gross profit margin (%)	6.1	7.4	
Profit attributable to equity shareholders of the Company (USD'000)	6,031	11,326	-46.8
Earnings per share (US cents)	0.6	1.12	-46.4

CONSOLIDATED INCOME STATEMENT
for the nine months ended 30 September 2010

(Expressed in United States dollars)

	Nine months ended	
	30 September	
	2010	2009
	<i>USD'000</i>	<i>USD'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Turnover	1,021,424	878,787
Cost of sales	(958,688)	(814,097)
Gross profit	62,735	64,690
Change in fair value of biological assets less estimated point-of-sale costs	(208)	233
Fair value of agricultural produce on initial recognition	2,311	3,882
Reversal of fair value of agricultural produce due to sales and disposals	(2,514)	(3,868)
Other income	2,753	2,900
Distribution costs	(26,958)	(22,269)
Administrative expenses	(27,448)	(25,416)
Other operating expenses	(1,281)	(1,403)
Profit from operations	9,391	18,749
Finance costs	(1,708)	(1,576)
Share of losses of jointly controlled entities	(140)	(29)
Profit before taxation	7,543	17,144
Income tax	1,277	(2,695)
Profit for the year	8,820	14,449
Attributable to:		
Equity shareholders of the Company	6,031	11,326
Minority interests	2,789	3,123
Profit for the year	8,820	14,449
Dividends payable to equity shareholders of the Company attributable to the year:		
Dividend proposed	–	–
Earnings per share		
– Basic (cents)	0.60	1.12
– Diluted (cents)	0.60	1.12

CONSOLIDATED BALANCE SHEET*(Expressed in United States dollars)*

	30 September 2010 USD'000 (unaudited)	31 December 2009 USD'000 (audited)
Non-current assets		
Fixed assets		
– property, plant and equipment	163,295	156,801
– lease prepayments	16,371	16,417
Interests in jointly controlled entities	1,252	212
Deferred tax assets	6,247	2,133
	<u>187,165</u>	<u>175,563</u>
Current assets		
Inventories	98,849	97,200
Biological assets	1,360	1,748
Trade and other receivables	106,557	81,994
Income tax recoverable	0	1
Pledged bank deposits	254	979
Cash and cash equivalents	54,972	53,931
	<u>261,993</u>	<u>235,853</u>
Current liabilities		
Interest-bearing borrowings	53,407	26,417
Trade and other payables	130,113	121,265
Income tax payable	3,080	3,375
	<u>186,600</u>	<u>151,057</u>
Net current assets	<u>75,392</u>	<u>84,796</u>
Total assets less current liabilities	<u>262,557</u>	<u>260,359</u>
Non-current liabilities		
Interest-bearing borrowings	1,241	2,213
Deferred tax liabilities	16	14
	<u>1,257</u>	<u>2,227</u>
Net assets	<u>261,300</u>	<u>258,132</u>

CONSOLIDATED BALANCE SHEET

(Expressed in United States dollars)

	30 September 2010 USD'000 (unaudited)	31 December 2009 USD'000 (audited)
Capital and reserves		
Share capital	12,921	12,926
Reserves	218,664	214,307
Total equity attributable to equity shareholders of the Company	231,586	227,233
Minority interests	29,715	30,899
Total equity	261,300	258,132

As at 30 September 2010, the Group achieved revenue of approximately USD1,021.4 million, representing an increase of 16.2% compared to the same period last year. However, as impacted by an increase in materials costs, gross profit margin decreased to 6.1% from 7.4% in the same period last year. Profit attributable to equity shareholders of the Company was approximately USD6.0 million, representing a decrease of 46.8% compared to the same period last year. However, the Group's business rebounded significantly during the third quarter of 2010, achieving solid improvement in both operational performance and profitability. Among them, turnover rose 2.7% compared to the previous quarter. Gross profit margin also improved to 7.1% from 5.4% in the previous quarter.

The significant rebound in turnover and profitability during the period was attributable to (1) gradual recoveries in external markets and a steady improvement in the price of chicken meat; (2) continued growth in our processed food business. Our processed food business achieved impressive growth during the period thanks to an optimized product mix, diverse sales channels and outperformance by the brand business. Turnover and gross profit of this segment for the nine months ended 30 September 2010 increased by 49% and 35% from the same period of last year to approximately USD95.4 million and USD12.2 million respectively. To address consumers' concern about food safety, the Group has launched a product tracing system for its "Sisters' Kitchen" products that allows customers to check for details of the products they have purchased. This initiative has been met with good response from consumers since its launch and has boosted both our brand reputation and the popularity of our products. Our efforts to differentiate our products have enhanced our competitive edge as our sales network continued to expand, which in turn has provided support to our financial performance.

In 2010, the increase in the price of raw materials such as corn and soybean meal and labour costs has worsened the operating environment. However, with the steady improvement in the price of chicken meat and further strengthening of the spending power in the mainland market, we are confident that the market will bring with it new development opportunities. We will continue to increase the production capacity of processed foods and feeds and keep a tight lid on costs while making sure to strengthen internal controls to enhance our business performance. At the same time, we will take steps aimed at strengthening and expanding our food processing business.

The Group's balance sheet remains solid while our cash holdings are at a healthy level. Net assets increased to approximately USD261.3 million as at 30 September 2010 from approximately USD258.1 million as at 31 December 2009. As at 30 September 2010, the Group had a net cash position (cash and cash equivalents minus interest-bearing borrowings) of approximately USD1.7 million with a healthy current ratio of 1.4 times and gearing ratio of 20.3%.

As at the date of this announcement, the Company is a subsidiary of Great Wall Enterprise Co., Ltd. ("**Great Wall Enterprise**"), which is listed on the Taiwan Stock Exchange Corporation ("**TSEC**"). As Great Wall Enterprise indirectly holds approximately 52.32% equity interest in the Company, its operating results were incorporated into the financial statements of Great Wall Enterprise. Under the 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 its website.

The purpose of this announcement is to disclose the financial information of the Company to its shareholders and prospective investors in Hong Kong in order to ensure timely disclosure of information in compliance with Rule 13.09 of Hong Kong's 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 nine months ended 30 September 2010, including the principles adopted by the Group.

By Order of the Board
Han Jia-Hwan
Chairman

Hong Kong, 22 October 2010

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