

**DACHAN FOOD (ASIA) LTD:
FOOD FOR THOUGHT**

It looks, very much, as though DaChan Food (Asia) Ltd ([]) (Code: 3999, Main Board, The Stock Exchange of Hongkong Ltd) will easily meet the forecasted Net Profit Attributable to Shareholders of the Current Financial Year, ending December 31, 2007.

But, no doubt, Senior Management was well aware of that fact when the Company's Initial Public Offering (IPO) Prospectus was put to bed on September 20, 2007.

On Wednesday, October 24, 2007, DaChan Food (Asia) produced its unaudited financial results for the 9 months, ended September 30, 2007 (10 days after the publication of the IPO Prospectus).

The financial results, briefly, were that the Net Profit Attributable to Shareholders for the 9 months, ended September 30, 2007, were about \$US22.08 million (about \$HK172.22 million).

That Bottom Line came in on a Turnover of about \$US629.74 million (about \$HK4.91 billion).

Annualising the first 9 months of the 2007-Year would suggest that the Net Profit Attributable to Shareholders for the entire Year should be about \$US29.44 million (about \$HK229.63 million) while the Turnover should come in at about \$US839.65 million (about \$HK6.55 billion).

The Prospectus of DaChan Food (Asia) stated, at Page 256, that the Net Profit Attributable to Shareholders was unlikely to be less than \$US22.60 million.

It would appear to this medium that the Prospectus had been very conservative in forecasting its 2007 Bottom Line.

The business of DaChan Food (Asia) is, simply put, food, its processing, packaging and selling of the stuff, with emphasis on sales to the consuming public of the People's Republic of China (PRC).

Page 101 of the Prospectus explains the Company's operations as follows:

'We are one of the leading meat products and feed suppliers in the PRC with a particular focus on chicken meat products. According to China Meat Association (), we were the largest chicken meat processor in the PRC in terms of the number of chickens slaughtered in 2005. According to China Feed Industry Association (), we were one of the 10 largest feed enterprises in the PRC in both 2005 and 2006 in terms of the feed production and sales. We operate a highly vertically integrated business model encompassing (i) manufacture of feeds, (ii) chicken meat production and (iii) supply of processed foods.

'We sell our chicken meat products under "DaChan" () and "" brands and sell our processed chicken products under "Snow Yaki" () and "DaChan" () brands. We uphold strictly the quality, safety and high standard of hygiene of our "DaChan" (), "Snow Yaki" (), "" and "Dr. Nupak" () branded products. Our "" was awarded "China's Famous Brand Product" () by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC () in 2005.

'We are the largest chicken meat supplier to KFC (Kentucky Fried Chicken []) in the PRC and the largest processed chicken product supplier in the PRC to the Ito-Yokado (Ito-Yokado Company Ltd) and 7-Eleven chains in Japan. We were also one of the largest chicken meat

suppliers to Hushi (Shanghai Hushi Food Company Ltd []) and McKey (McKey Food Services Ltd []), the exclusive chicken meat sourcing agents of McDonald's in the PRC in 2006. For domestic sales of chicken meat, apart from our direct sales to KFC, Hushi, McKey, Dicos (Dicos Foods Development Company Ltd []) and other retail and quick-service restaurant chains, we sell our products through a distribution network of over 600 independent distributors, over 200 authorised retail outlets and 3 self-operated retail stores. We are currently capable of slaughtering approximately 267,000 tonnes of broilers per year, and in 2006 we slaughtered approximately 242,000 tonnes of broilers. We make use of our vertically integrated business model to ensure a stable supply of high quality broilers for the production of our chicken meat as well as our processed food products. At present, we have 7 chicken meat production facilities in the PRC, which are strategically situated along the corn belt in the PRC. Corn is the main source of ingredients for our feed products. We currently have 4 processed food production facilities in the PRC, and our processed food products have passed the stringent hygiene and quality standards of Japan and Korea where such products are sold. In addition to the chicken meat production facilities, we currently have 12, 2 and 1 feed production facilities in the PRC, Vietnam and Malaysia, respectively, and have the capability of producing a total of approximately 1.9 million tonnes of feeds per year. According to the Vietnam Feed Association, our complete feeds ranked number 3 in Vietnam in 2006 in terms of the volume produced, and according to the Federation of Livestock Farmers' Association of Malaysia, our layer and pig feeds ranked number 2 in Malaysia in 2006 in terms of the volume produced.'

The Flotation

The Prospectus, dated September 20, 2007, was, in effect, the launch of a Global Offering, aimed, most likely, at putting this Taiwan-controlled company on the international food map.

DaChan Food (Asia) Offered a total of 250 million, 10-cent (Hongkong) Shares at \$HK2.90 per Share.

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