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(Hong Kong Stock Code : 834)

(Singapore Stock Code: P74)

**THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

This announcement is made pursuant to the disclosure obligation under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This announcement is originally prepared in English. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

This quarterly report is prepared in accordance with relevant regulations of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial information set out in this report has been prepared in accordance with International Financial Reporting Standard and has not been audited nor reviewed by auditors. Shareholders of the Company and public investors should exercise caution when trading in the shares of the Company.

CHINA KANGDA FOOD COMPANY LIMITED
(Incorporated in Bermuda)

**THIRD QUARTER STATEMENT ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	Three months period ended			Nine months period ended		
	30/9/2012	30/9/2011		30/9/2012	30/9/2011	
	Unaudited	Unaudited	Change	Unaudited	Unaudited	Change
	RMB'000	RMB'000	+ / (-) %	RMB'000	RMB'000	+ / (-) %
Revenue	397,979	369,020	7.8	1,060,160	939,742	12.8
Cost of sales	(369,094)	(338,106)	9.2	(983,544)	(863,778)	13.9
Gross profit	28,885	30,914	(6.6)	76,616	75,964	0.9
Other income	3,248	8,423	(61.4)	25,884	27,712	(6.6)
Selling and distribution expenses	(8,402)	(7,474)	12.4	(24,780)	(21,701)	14.2
Administrative expenses	(14,218)	(17,123)	(17.0)	(49,845)	(49,747)	0.2
Other operating expenses	(1,376)	(210)	555.2	(2,530)	(520)	386.5
Profit from operations	8,137	14,530	(44.0)	25,345	31,708	(20.1)
Finance costs	(8,672)	(8,824)	(1.7)	(24,015)	(21,918)	9.6
Share of loss of associates	(38)	(75)	(49.3)	(178)	(311)	(42.8)
(Loss)/profit before taxation	(573)	5,631	(110.2)	1,152	9,479	(87.8)
Income tax credit/(expense)	2,220	(116)	2,013.8	1,572	(24)	6,650.0
Profit for the period	1,647	5,515	(70.1)	2,724	9,455	(71.2)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	1,647	5,515	(70.1)	2,724	9,455	(71.2)
Total comprehensive income attributable to:						
Owners of the Company	3,206	6,861	(53.3)	5,426	11,503	(52.8)
Non-controlling interests	(1,559)	(1,346)	(15.8)	(2,702)	(2,048)	(31.9)
	1,647	5,515	(70.1)	2,724	9,455	(71.2)

Earnings per share				
- Basic (RMB cents)	0.74	1.58	1.25	2.66
The group's profit before taxation is arrived at after charging/(crediting):				
Amortisation of intangible assets	135	1,661	1,624	5,215
Amortisation of prepaid premium for land leases	479	1,079	1,797	2,697
Depreciation of property, plant and equipment	8,593	10,104	30,332	30,946
Loss on disposal of property, plant and equipment	-	381	-	834
Exchange loss	1,302	1,015	1,697	1,730
Interest expenses on interest-bearing bank borrowings	8,672	8,824	24,015	21,918
Interest income on bank deposits	(1,072)	(317)	(1,995)	(1,305)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/9/2012	31/12/2011	30/9/2012	31/12/2011
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	605,153	595,347	7	8
Prepaid premium for land leases	124,052	125,849	-	-
Intangible assets	1,547	3,171	-	-
Investments in subsidiaries	-	-	84,144	84,144
Interest in associates	3,281	3,459	-	-
Biological assets	34,766	32,935	-	-
Goodwill	59,428	59,428	-	-
Deferred tax assets	15,033	14,549	-	-
	843,260	834,738	84,151	84,152
Current assets				
Biological assets	33,139	31,384	-	-
Inventories	185,121	191,552	-	-
Trade receivables	124,941	102,592	-	-
Prepayments, other receivables and deposits	52,690	53,849	95	95
Amount due from a related company	5,447	-	-	-
Amounts due from subsidiaries	-	-	242,323	133,682
Pledged deposits	-	4,171	-	-
Cash and bank balances	221,103	310,934	1,003	113,521
	622,441	694,482	243,421	247,298
Current liabilities				
Trade and bills payables	164,958	135,223	-	-
Accrued liabilities and other payables	59,627	86,408	586	586
Interest-bearing bank borrowings	519,000	500,430	-	-
Amount due to a related company	-	86,527	-	-
Deferred government grants	891	891	-	-
Tax payables	1,222	1,869	-	-
	745,698	811,348	586	586
Net current (liabilities)/assets	(123,257)	(116,866)	242,835	246,712
Total assets less current liabilities	720,003	717,872	326,986	330,864
Non-current liabilities				
Deferred government grants	12,431	13,024	-	-
Total non-current liabilities	12,431	13,024	-	-
Net assets	707,572	704,848	326,986	330,864

EQUITY**Equity attributable to owners of the Company**

- Share capital	112,176	112,176	112,176	112,176
- Reserves	558,455	553,029	214,810	218,688
	670,631	665,205	326,986	330,864
Non-controlling interests	36,941	39,643	-	-
Total equity	707,572	704,848	326,986	330,864

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30/9/2012		As at 31/12/2011	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
220,000	299,000	205,000	295,430

Amount repayable after one year

As at 30/9/2012		As at 31/12/2011	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of collateral:

As at 30 September 2012, approximately RMB220.0 million of the interest-bearing bank borrowings was secured by the pledge of certain of the Group's property, plant and equipment and land use rights.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of cash flows	Group			
	Three months period ended		Nine months period ended	
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit before taxation	(573)	5,631	1,152	9,479
Adjustments for:				
Interest income	(1,072)	(317)	(1,995)	(1,305)
Interest expenses	8,672	8,824	24,015	21,918
Depreciation of property, plant and equipment	8,593	10,104	30,332	30,946
Amortisation of prepaid premium for land leases	479	1,079	1,797	2,697
Amortisation of intangible assets	135	1,661	1,624	5,215
Loss/(gain) arising from change in fair value less estimated point-of-sale costs of biological asset, net	461	164	(5,453)	(4,985)
Amortisation of deferred income on government grants	(197)	(197)	(593)	(593)
Loss on disposal of property, plant and equipment	-	381	-	834
Share of loss of associates	38	75	178	311
Operating profit before working capital changes	16,536	27,405	51,057	64,517
Decrease/(increase) in inventories	14,143	(2,908)	6,431	(38,536)
(Increase)/decrease in trade receivables	(13,719)	(17,866)	(22,349)	(27,660)
Decrease/(increase) in biological assets	4,956	(6,404)	1,867	(16,345)
Decrease in prepayments, other receivables and deposits	4,339	16,187	1,159	9,742
(Decrease)/increase in amount due to a related company	(302)	(2,382)	(11,974)	16,053
(Decrease)/increase in trade and bills payables	(73,702)	(37,755)	29,735	23,912
Decrease in accrued liabilities and other payables	(1,506)	(107)	(26,781)	(23,550)
Cash (used in)/generated from operations	(49,255)	(23,830)	29,145	8,133
Interest paid	(8,672)	(8,824)	(24,015)	(21,918)
Income taxes refunded/(paid)	2,285	(647)	441	(1,871)
<i>Net cash (used in)/generated from operating activities</i>	<i>(55,642)</i>	<i>(33,301)</i>	<i>5,571</i>	<i>(15,656)</i>

Cash flows from investing activities

Purchases of property, plant and equipment	(12,844)	(16,585)	(40,138)	(54,411)
Decrease in pledged deposits	1,504	-	4,171	-
Proceeds from disposal of property, plant and equipment	-	24	-	81
Interest received	1,072	317	1,995	1,305
<i>Net cash used in investing activities</i>	<i>(10,268)</i>	<i>(16,244)</i>	<i>(33,972)</i>	<i>(53,025)</i>

Cash flows from financing activities

Addition of bank loans	157,000	249,000	544,000	553,900
Repayment of bank loans	(107,000)	(224,900)	(525,430)	(529,802)
Capital injection from the non-controlling interests	-	-	-	2,000
Advance from a related company	-	-	-	100,000
Repayment to a related company	-	-	(80,000)	-
<i>Net cash generated from/(used in) financing activities</i>	<i>50,000</i>	<i>24,100</i>	<i>(61,430)</i>	<i>126,098</i>

Net (decrease)/increase in cash and cash equivalents	(15,910)	(25,445)	(89,831)	57,417
Cash and cash equivalents at beginning of financial period	237,013	199,505	310,934	116,643
Cash and cash equivalents at end of financial period	221,103	174,060	221,103	174,060

Analysis of balances of cash and cash equivalents

Cash and bank balances	221,103	174,060	221,103	174,060
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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Equity attributable to equity holders of the Company								Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Capital redemption reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2012 (Audited)	112,176	257,073	(41,374)	2,374	44,117	290,839	665,205	39,643	704,848
Profit/(loss) for the period (Unaudited)	-	-	-	-	-	5,426	5,426	(2,702)	2,724
Other comprehensive income for the period (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	5,426	5,426	(2,702)	2,724
At 30 September 2012 (Unaudited)	112,176	257,073	(41,374)	2,374	44,117	296,265	670,631	36,941	707,572
At 1 July 2012 (Unaudited)	112,176	257,073	(41,374)	2,374	44,117	293,059	667,425	38,500	705,925
Profit/(loss) for the period (Unaudited)	-	-	-	-	-	3,206	3,206	(1,559)	1,647
Other comprehensive income for the period (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	3,206	3,206	(1,559)	1,647
At 30 September 2012 (Unaudited)	112,176	257,073	(41,374)	2,374	44,117	296,265	670,631	36,941	707,572
At 1 January 2011 (Audited)	112,176	257,073	(41,374)	2,374	41,818	280,898	652,965	36,970	689,935
Contribution from a non-controlling shareholder (Unaudited)	-	-	-	-	-	-	-	2,000	2,000
Transactions with owners (Unaudited)	-	-	-	-	-	-	-	2,000	2,000
Profit/(loss) for the period (Unaudited)	-	-	-	-	-	11,503	11,503	(2,048)	9,455
Other comprehensive income for the period (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	11,503	11,503	(2,048)	9,455
At 30 September 2011 (Unaudited)	112,176	257,073	(41,374)	2,374	41,818	292,401	664,468	36,922	701,390
At 1 July 2011 (Unaudited)	112,176	257,073	(41,374)	2,374	41,818	285,540	657,607	38,268	695,875
Profit/(loss) for the period (Unaudited)	-	-	-	-	-	6,861	6,861	(1,346)	5,515
Other comprehensive income for the period (Unaudited)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	6,861	6,861	(1,346)	5,515
At 30 September 2011 (Unaudited)	112,176	257,073	(41,374)	2,374	41,818	292,401	664,468	36,922	701,390

Company	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Capital redemption reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2012 (Audited)	112,176	257,073	6,143	2,374	(46,902)	330,864
Transactions with owners (Unaudited)	-	-	-	-	-	-
Loss for the period (Unaudited)	-	-	-	-	(3,878)	(3,878)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	(3,878)	(3,878)
At 30 September 2012 (Unaudited)	112,176	257,073	6,143	2,374	(50,780)	326,986
At 1 July 2012 (Unaudited)	112,176	257,073	6,143	2,374	(49,404)	328,362
Transactions with owners (Unaudited)	-	-	-	-	-	-
Loss for the period (Unaudited)	-	-	-	-	(1,376)	(1,376)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	(1,376)	(1,376)
At 30 September 2012 (Unaudited)	112,176	257,073	6,143	2,374	(50,780)	326,986
At 1 January 2011 (Audited)	112,176	257,073	6,143	2,374	(40,790)	336,976
Transactions with owners (Unaudited)	-	-	-	-	-	-
Loss for the period (Unaudited)	-	-	-	-	(5,929)	(5,929)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	(5,929)	(5,929)
At 30 September 2011 (Unaudited)	112,176	257,073	6,143	2,374	(46,719)	331,047
At 1 July 2011 (Unaudited)	112,176	257,073	6,143	2,374	(45,382)	332,384
Transactions with owners (Unaudited)	-	-	-	-	-	-
Loss for the period (Unaudited)	-	-	-	-	(1,337)	(1,337)
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income for the period (Unaudited)	-	-	-	-	(1,337)	(1,337)
At 30 September 2011 (Unaudited)	112,176	257,073	6,143	2,374	(46,719)	331,047

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued share excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary shares of HK\$0.25 each	Number of shares '000	Amount HK\$'000
Authorised:		
At 31 December 2011 and 30 September 2012	2,000,000	500,000
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Issued and fully paid:		
At 31 December 2011 and 30 September 2012	432,948	108,237
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Note:

The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 30 September 2012 and 31 December 2011.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30/9/2012 '000	31/12/2011 '000
Total number of ordinary shares excluding treasury shares	432,948	432,948
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Note:

There were no treasury shares held by the Company as at 30 September 2012 and 31 December 2011.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computations as stated in the audited financial statements for the year ended 31 December 2011.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Three months period ended		Nine months period ended	
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
	Unaudited	Unaudited	Unaudited	Unaudited
Earnings per share				
- Basic (RMB cents)	0.74	1.58	1.25	2.66

Notes:

- The calculation of basic earnings per share for the three months and nine months ended 30 September 2012 and three months and nine months ended 30 September 2011 are computed by dividing the Group's net profit attributable to owners of the Company by the weighted average number of 432,948,000 shares in issue during the period.
 - Diluted earnings per share for the three months and nine months ended 30 September 2012 and three months and nine months ended 30 September 2011 have not been presented as there was no dilutive potential share during the periods.
7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

In RMB cents	Group		Company	
	30/9/2012	31/12/2011	30/9/2012	31/12/2011
Net asset value per ordinary share based on issued share capital at the end of:	163.43	162.80	76.29	76.42

Note:

The number of ordinary shares of the Company as at 30 September 2012 was 432,948,000 (2011: 432,948,000).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVENUE BY PRODUCTS

	Three months ended 30/9/2012	Three months ended 30/9/2011	%	Nine months ended 30/9/2012	Nine months ended 30/9/2011	%
	3Q2012	3Q2011	Change	9M2012	9M2011	Change
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	+/(-)	RMB'000	RMB'000	+/(-)
Processed food products	177,746	118,323	50.2	494,704	331,497	49.2
Chilled and frozen rabbit meat	101,119	97,242	4.0	180,653	206,620	(12.6)
Chilled and frozen chicken meat	112,081	141,178	(20.6)	259,456	295,814	(12.3)
Other products	7,033	12,277	(42.7)	125,347	105,811	18.5
Total	397,979	369,020	7.8	1,060,160	939,742	12.8

Processed Food Products

Revenue derived from processed food products increased by 49.2% to approximately RMB494.7 million for the nine months ended 30 September 2012 ("9M2012") and increased by 50.2% to approximately RMB177.7 million for the three months ended 30 September 2012 ("3Q2012").

The Group had successfully launched various new product ranges under its own brand, such as vegetables and roasted bowl. Based on the Group's reputation and track record in the processed food products market, a sterling growth in revenue was achieved with the expansion of its production capacity.

Chilled and Frozen Meat Products

The rabbit and chicken meat segments contributed 41.5% and 53.6% to the Group's total revenue for 9M2012 and 3Q2012 respectively. The revenue of the rabbit and chicken meat segments registered a 12.4% decrease to RMB440.1 million in 9M2012 and a 10.6% decrease to RMB213.2 million in 3Q2012.

Given the economic uncertainty emanating from Europe, there was a decrease in demand for rabbit meat. Revenue derived from the sale of rabbit meat decreased by 12.6% to approximately RMB180.7 million in 9M2012 and slightly increased by 4.0% to RMB101.1 million in 3Q2012.

Revenue of the chicken meat segment contributed 24.5% to the Group's total revenue for 9M2012 and 28.2% to total revenue for 3Q2012. Revenue decreased by 12.3% to RMB259.5 million in 9M2012 and 20.6% to RMB112.1 million in 3Q2012. The decrease was due mainly to the intense competition of frozen chicken meat products in PRC market.

Other Products

Revenue derived from the production and sale of other products increased by 18.5% to RMB125.3 million in 9M2012 due mainly to increased demand for the Group's pet food products from the PRC and Korea markets. Pet food sales contributed over 50% to this segment, with growth generated from the Beijing and Shanghai markets in the PRC and overseas markets in Japan and Korea.

REVENUE BY GEOGRAPHICAL MARKETS

	3Q2012	3Q2011	% Change	9M2012	9M2011	% Change
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	+/(-)	RMB'000	RMB'000	+/(-)
Export	105,543	120,078	(12.1)	379,965	353,736	7.4
PRC	292,436	248,942	17.5	680,195	586,006	16.1
Total	397,979	369,020	7.8	1,060,160	939,742	12.8

On a geographical basis, revenue from export sales increased by 7.4% to RMB380.0 million in 9M2012 and decreased by 12.1% to RMB105.5 million in 3Q2012. Although the revenue from export sales in 9M2012 increased, compared with in the export sales for the six months ended 30 September 2012 ("6M2012") of 17.4% increase, the sales momentum slowed down as a result of economic uncertainty emanating from Europe. The decrease in export sales in 9M2012 was attributable mainly to the decrease in the demand of rabbit meat products from Europe.

PRC sales increased by 16.1% to RMB680.2 million in 9M2012 and by 17.5% to RMB292.4 million in 3Q2012. PRC sales achieved a remarkable growth as the Group continuously increasing its market share by optimizing its sales channels and stepping up its brand promotion.

PROFITABILITY**Gross Profit and Margin**

	9M2012		9M2011		Change	% Change	3Q2012	3Q2011
	GP	Margin	GP	Margin	GP		GP	
	RMB'000	%	RMB'000	%	RMB'000	%	%	%
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Processed food	54,867	11.1	28,125	8.5	26,742	95.1	10.4	9.4
Rabbit meat	11,146	6.2	35,217	17.0	(24,071)	(68.4)	6.5	18.8
Chicken meat	8,853	3.4	10,971	3.7	(2,118)	(19.3)	5.0	4.7
Other products	1,750	1.4	1,651	1.6	99	6.0	(24.6)	(41.8)
Total	76,616	7.2	75,964	8.1	652	0.9	7.3	8.4

Gross profit margin declined from 8.1% to 7.2% in 9M2012 which was due mainly to the increase in raw materials prices, particularly the rise in corn price, increase in labour costs and the intense competition of chicken meat products in the PRC market.

In 9M2012, the salary level of employees in PRC had generally been rising at a growth rate of more than 10% per annum in compliance with the revised requirements in minimum wages and social security regulations. The revision of the employees' salaries is also to ensure competitiveness and maintain their commitment and loyalty to the Group.

Processed Food Products

Processed food products were the major income source in 9M2012. Benefitting from the economy of scale as a result of the expansion of the Group's existing production capacity, gross profit increased by 95.1% to RMB54.9 million in 9M2012.

Chilled and Frozen Rabbit Meat

The gross profit margin of chilled and frozen rabbit meat significantly declined from 17.0% to 6.2% for 9M2012 due to the decrease in selling price resulting from the decrease of rabbit meat demand in Europe market.

Chilled and Frozen Chicken Meat

The decline in gross profit of chilled and frozen chicken meat segment was due mainly to the increase in raw material prices and intense price competition. Competition became more intense when industry peers began to offer deeper discounts to tap into the lower-price market. As a result of the oversupply of chicken meat products from smaller plants in the PRC, the bargaining power on

discount for mass-purchase of raw materials had weakened. The extent of increase in the cost of the chicken meat products was higher than the increase in selling price of the chicken meat products.

Other Products

Other products are mainly chicken and rabbit meat by-products and pet food products, which are not the core profit drivers of the Group. Due to the fluctuation in prices of chicken and rabbit meat by-products, gross profit margin decreased to 1.4% in 9M2012 and gross profit slightly increased from RMB1.7 million to RMB1.8 million.

Other Income

Other income comprised mainly government grants, gain on change in fair value of biological assets and interest income from bank deposits amounting to RMB13.9 million, RMB5.5 million and RMB2.0 million respectively. The rest was mainly minor income generated from sale of raw materials, mainly vegetables and food ingredients, to factories in Qingdao. The increase in other income was due to the increase of government grants provided by the Chinese government in support of the Group's operations and business in Shandong and Jilin Provinces. The government grants were recognized in according with IAS 20.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly transportation costs, promotion costs and salary and welfare. The increase in selling and distribution expenses by 14.2% to approximately RMB24.8 million was primarily due to the increase in the transportation expenses related to the sales of its products and marketing expenses in promotion to increase the Group's market share in the PRC.

Administrative Expenses

Administrative expenses comprised mainly staff costs, professional fees, travelling expenses and other miscellaneous administrative expenses. The slight increase by 0.2% was due mainly to salaries and allowance expenses increment and an increase in number of administrative staff in 9M2012.

Other Operating Expenses

Other operating expenses represented miscellaneous expenses relating to the disposal of damaged packaging materials, which had increased with the increase of sales during the period, and exchange loss in connection with the appreciation of Renminbi.

Finance Costs

Finance costs increased by 9.6% to RMB24.0 million for 9M2012 due mainly to the higher average bank borrowings level during the period.

Taxation

Income tax expense comprised the accrued PRC corporate income tax during the period offsetting by the deferred tax credit arose from the fair value adjustment on property, plant and equipment, intangible assets and land use rights upon business combination of the Shandong Kaijia Food Company Limited and its subsidiary, Shandong Kaijia International Trade Co., Ltd. (collectively known as the "Kaijia Group").

Also in 9M2012, there was a tax refund amounting to RMB4.3 million received from the Inland Revenue Department of Hong Kong in relation to an excess tax charged for the period from 2005 to 2007.

Review of the Group financial position as at 30 September 2012

The Group's property, plant and equipment were mainly leasehold buildings and plant and machinery. The slight increase by 1.6% to approximately RMB605.2 million as at 30 September 2012 was due mainly to an acquisition of equipment of approximately RMB40.2 million. This was offset by a depreciation charge of RMB30.3 million.

The reduction in prepaid premium for land leases and intangible assets for 9M2012 amounting to approximately RMB1.8 million and approximately RMB1.6 million respectively. This was due mainly to amortisation.

The intangible assets refer to the export licenses and hygiene registration certificates awarded by the relevant authorities in Japan and European Union ("EU"), where the registered products produced by the Group are allowed to be exported to these countries.

Goodwill arose from the acquisitions of subsidiaries in the past.

Biological assets refer to progeny rabbits and chickens held for sale and breeder rabbits and chickens held for breeding purpose. These biological assets were valued by the directors of the Group as at 30 September 2012 based on market-determined prices of rabbits/chickens of similar size, species and age. The valuation methodology is in compliance with IAS 41 to determine the fair values of biological assets in their present location and condition.

With the efficient inventory management control in place, inventories decreased by approximately RMB6.4 million to approximately RMB185.1 million. The inventory turnover day for 9M2012 was 56 days compared to 49 days for the year ended 31 December 2011 ("FY2011"). The increase in the average inventory turnover day resulted from the decrease in rabbit meat demand in the Europe market.

Trade receivables increased by approximately RMB22.3 million or 21.8% to approximately RMB124.9 million in 9M2012. The increase was attributable to higher level of credit sales in line with the increase in revenue. The trade receivable turnover days was 30 days in 9M2012 compared with 26 days in FY2011.

Prepayments, other receivables and deposits decreased slightly by approximately RMB1.2 million to approximately RMB52.7 million as at 30 September 2012.

Trade and bills payables increased by approximately RMB29.7 million from approximately RMB135.2 million as at 31 December 2011 to approximately RMB165.0 million as at 30 September 2012 due to longer payment terms granted by some suppliers.

Accrued liabilities and other payables represented payables for construction and facilities, salaries and welfare payables, accrued expenses and deposits received. The decrease was due to the decrease of deposits placed by customers compared to 31 December 2011.

The interest-bearing bank borrowings increased by approximately RMB18.6 million to approximately RMB519.0 million after taking into account the additional bank borrowings of approximately RMB544.0 million and the loan repayment of approximately RMB525.4 million.

To provide for the Group's additional working capital, Qingdao Kangda Foreign Trade Group Limited ("KD Group") had advanced approximately RMB100.0 million in March 2011 to the Group which was unsecured and interest-free. Approximately RMB20.0 million had been repaid before 31 December 2011 and RMB80.0 million had been repaid to KD Group in January 2012. The outstanding balance of amount due from/to a related company was as a result of trading and other transactions.

Tax payables decreased from RMB1.9 million as at 31 December 2011 to RMB1.2 million as at 30 September 2012. This was due to the settlement of income tax during 9M2012.

Statement of Cash Flow

Operating activities

Cash generated from operating activities was approximately RMB5.6 million in 9M2012 compared with cash used in of RMB15.7 million in 9M2011. The increase was in tandem with the increase in business activities of the Group.

Investing activities

Net cash used in investing activities amounted to approximately RMB34.0 million due mainly to the purchase of property, plant and equipment.

Financing activities

Net cash generated mainly represented the additional bank borrowings of approximately RMB544.0 million, the bank borrowings repayment of approximately RMB525.4 million and the repayment to KD Group of approximately RMB80.0 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The announcement is in line with the profit warning announcement released by the Company on 30 October 2012.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Significant trends and competitive conditions of the industry

Due to the Eurozone debt crisis and the sluggish economy in the United States, the macro-economic growth across the globe has slowed down. The global macro-environment has also affected the economic growth in China.

In addition, the increase in labour and raw materials costs, the appreciation of the Renminbi ("RMB") and the intense price competition in the PRC market have contributed to the challenging market environment in PRC in 9M2012 and impacted the Group's profitability.

The Group's gross profit margin declined from 8.1% to 7.2% and the comprehensive income attributable to owners of the Company declined by 52.8% to RMB5.4 million in 9M2012.

Notwithstanding the above, the Group has continued to optimise its sales channels in the PRC domestic market and raised its brand profile through advertisements and launching diversified product mix in response to the market demand. With the continuing increase in its production capacity and focusing on its products quality, turnover for the Group surged by 12.8% to RMB1,060.1 million in 9M2012.

Looking ahead, the Group will continue to improve its inventory management and implement measures to tighten cost controls over various operating expenses to improve its profitability and to increase the cash inflow generated from its operations.

To mitigate the increasing prices of raw materials, the Group will increase its efforts in the research and development ("R&D") of new products. The Group will also look for opportunities that may bring steady long term growth and fit with its strategy, such as, continue to increase its existing production capacity and control its products quality to increase its market penetration and diversify its business to quick service restaurants business in the PRC market.

The Board remains positive that the Group's financial position is stable and it has sufficient cash resources to meet its present and future cash flow requirements. The Group is well-positioned to tackle the challenges imposed by the global economic environment and believes that the commitment to healthier, safer and quality meat products will place it ahead of its fellow competitors.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Not applicable.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded for 9M2012.

13. Interested Person Transactions

The Group does not have an IPT mandate.

BY ORDER OF THE BOARD

Fong William
CFO & Company Secretary

8 November 2012

As at the date of this announcement, the executive directors of the Company are Mr. Gao Yanxu and Mr. An Fengjun; the non-executive directors of the Company are Mr. Gao Sishi (Chairman), Mr. Zhang Qi and Mr. Naoki Yamada; the independent non-executive directors of the Company are Mr. He Dingding, Mr. Lau Choon Hoong and Mr. Yu Chung Leung; and the chief executive officer of the Company is Mr. Wang Baowang.

CHINA KANGDA FOOD COMPANY LIMITED
(Incorporated in Bermuda)

Confirmation By Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST.

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of China Kangda Food Company Limited which may render the financial statements for the third quarter ended 30 September 2012 to be false or misleading, in any material aspects.

For and on behalf of the
Board of Directors of
China Kangda Food Company Limited

Gao Sishi
Chairman

Gao Yanxu
Executive Director

8 November 2012