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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)

Announcement of Results for the Three Months ended 31 March 2025

The board of directors (the “Board”) of DaChan Food (Asia) Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the three months ended 31 March 2025:

Highlights

	Three months ended 31 March		
	2025	2024	% change
	(unaudited)	(unaudited)	
Turnover (RMB'000)	1,404,526	1,406,070	-0.1
Gross profit (RMB'000)	150,138	190,370	-21.1
Gross profit margin (%)	10.7	13.5	
(Loss)/profit attributable to shareholders of the Company (RMB'000)	(12,286)	26,850	-145.8
Basic (losses)/earnings per share (RMB)	(0.012)	0.026	

CONSOLIDATED INCOME STATEMENT
For the three months ended 31 March 2025
(Expressed in RMB'000 unless stated otherwise)

	Three months ended 31 March	
	2025	2024
	(unaudited)	(unaudited)
Turnover	1,404,526	1,406,070
Cost of sales	<u>(1,254,388)</u>	<u>(1,215,700)</u>
Gross profit	150,138	190,370
Other operating income	4,433	5,608
Other net (losses)/gains	(3,299)	(117)
Distribution costs	(88,219)	(82,570)
Administrative expenses	<u>(69,359)</u>	<u>(67,441)</u>
(Loss)/profit from operations	(6,306)	45,850
Finance costs	(850)	(7,319)
Share of gains/(losses) of equity-accounted investees	<u>1,106</u>	<u>713</u>
(Loss)/profit before taxation	(6,050)	39,244
Income tax	<u>(2,988)</u>	<u>(4,096)</u>
(Loss)/profit for the period	<u><u>(9,038)</u></u>	<u><u>35,148</u></u>
Attributable to:		
Shareholders of the Company	(12,286)	26,850
Non-controlling interests	<u>3,248</u>	<u>8,298</u>
(Loss)/profit for the period	<u><u>(9,038)</u></u>	<u><u>35,148</u></u>
(Losses)/earnings per share		
– Basic and diluted (RMB)	<u><u>(0.012)</u></u>	<u><u>0.026</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**At 31 March 2025***(Expressed in RMB'000 unless stated otherwise)*

	At 31 March 2025 (unaudited)	At 31 December 2024 (audited)
Non-current assets		
Property, plant and equipment	1,766,795	1,785,595
Land use rights	114,097	115,167
Investment property	50,598	51,346
Intangible assets	8,667	8,917
Interests in equity-accounted investees	77,179	76,073
Other financial assets	1,948	1,948
Deferred tax assets	5,584	6,048
Long-term tax recoverable	98,179	98,179
Other non-current assets	65,925	66,062
	<u>2,188,972</u>	<u>2,209,335</u>
Current assets		
Inventories	581,373	587,915
Biological assets	115,077	110,990
Trade receivables	230,374	261,085
Other receivables and prepayments	236,441	238,158
Cash and cash equivalents	365,808	469,747
Restricted deposits	2,460	2,460
	<u>1,531,533</u>	<u>1,670,355</u>
Current liabilities		
Trade payables	368,626	445,873
Other payables	319,385	376,365
Contract liabilities	15,251	11,290
Interest-bearing borrowings	303,414	235,629
Lease liabilities	2,159	2,159
Income tax payable	6,845	8,048
	<u>1,015,680</u>	<u>1,079,364</u>
Net current assets	<u>515,853</u>	<u>590,991</u>

	At 31 March 2025 (unaudited)	At 31 December 2024 (audited)
Total assets less current liabilities	<u>2,704,825</u>	<u>2,800,326</u>
Non-current liabilities		
Interest-bearing borrowings	245,309	331,608
Lease liabilities	27,875	28,484
Deferred tax liabilities	<u>10,576</u>	<u>10,543</u>
	<u>283,760</u>	<u>370,635</u>
Net assets	<u>2,421,065</u>	<u>2,429,691</u>
Capital and reserves		
Share capital	97,920	97,920
Reserves	955,244	954,798
Retained profits	<u>1,105,708</u>	<u>1,117,994</u>
Total equity attributable to shareholders of the Company	2,158,872	2,170,712
Non-controlling interests	<u>262,193</u>	<u>258,979</u>
Total equity	<u>2,421,065</u>	<u>2,429,691</u>

RESULTS SUMMARY

For the first quarter of 2025, the operating income of the Company amounted to RMB1,404,526 thousand, basically remaining at the same level as the corresponding period of last year. The profit attributable to shareholders amounted to a loss of RMB12,286 thousand. The main reason for the loss is due to the rapid expansion of the white feather broiler industry in recent years, there was a significant increase in the domestic supply of chicken meat, but the growth rate of consumer demand was weak, resulting in oversupply in the market, fierce industry competition and decrease in the year-on-year prices of chicken meat products. However, the Company's sales in the processed foods business maintained its growth in an unfavorable market environment.

In the first quarter, the processed foods business, feeds business and meat product business accounted for 44.6%, 29.5% and 25.9% of the Group's total operating income, and 71.1%, 18.9% and 10.0% of its total gross profit, respectively. Processed foods were the Group's largest source of operating income and profit.

In the first quarter, the sales of the processed foods business increased by 5.1%, but due to a year-on-year decrease in prices as a result of oversupply in the market, the operating income and gross profit decreased by 0.3% and 24% respectively over the corresponding period of last year. The domestic catering market in China has been recovering slowly with a significant trend of consumption downgrade, which has put certain pressure on the development of the foods business. At the same time, since the upstream of the white feather broiler industrial chain is more susceptible to periodic market fluctuations, leading enterprises in the industry have been extending to the downstream food end in recent years, resulting in increasingly fierce competition in the field of chicken meat processed foods. In the face of intensifying price competition, the domestic food sales team continued to promote cost reduction and efficiency improvement of its flagship products by cooperating with the research and development, quality control, procurement, production and other departments, simultaneously by increasing its investment in the fields of research and development, supply chain, quality control and digitalization, introducing professionals, advanced equipment and software, to continuously improve the development and service capabilities for major chain catering customers. While these strategic plans focus on medium to long-term development, including investments in capacity building, talent reserves and digital systems, which will put certain pressure on the profit of the processed foods business in the short term, they will lay a stronger foundation for the Company's food business to scale up. For the export market, the food export sales team continued to further cultivate the Japanese market, actively expanded into new product categories, new channels and new customers, and at the same time, it further increased its efforts in developing export markets in addition to Japan to mitigate market concentration risks. Moreover, the food export sales team leveraged its own advantages in new product development, continued to optimize product design and production technologies, and strived to improve product quality and safety to better meet the demands of various international markets.

In the first quarter, the operating income and gross profit of feeds business for external sales decreased by 3.7% and 25.6% respectively year-on-year. In recent years, the industry consolidation of domestic pig breeding continued to increase, large-scale breeding enterprises accelerated their expansion while the number of free-range farmers and family farms continued to decrease, leading to a shrinkage of the Company's traditional customer base for pig feeds and putting pressure on the sales. In the face

of market changes, the feeds business team actively adjusted its operation strategy, on the one hand, it deepened cooperation with medium and large-scale hog breeding farms to stabilize its market share through the OEM model; on the other hand, it also increased its investment in the research and development of ruminant feeds and small-category feeds products as well as channel expansion efforts, actively cultivated incremental markets beyond pig feeds and achieved a diversified business layout to mitigate risks. At the same time, the Company accelerated the integration of the middle office functions, strengthened cross-department collaborations in research and development, procurement, production, quality control, technical services, etc., achieved cost reduction and efficiency improvement through the use of alternative raw materials and other measures and continuously enhanced the market competitiveness of products and services.

In the first quarter, the operating income and gross profit of the meat product business increased by 4.7% and 28.2% respectively over the corresponding period of last year. Due to the sluggish recovery of the domestic market, the white feather broiler industry as a whole showed an oversupply, with the broiler price falling to the lowest level in recent five years in February. In the face of such critical market environment, the Company's meat product business accelerated the promotion of business model transformation, increased the flexibility of its supply chain through the establishment of a production and marketing coordination mechanism, achieved the transformation from being production oriented to being demand-driven, and continued to enhance market competitiveness. Specific measures include: 1) upstream level: optimizing the cooperation model of contract breeding to keep the breeding cost of feather chickens basically at the same level as the market price; 2) midstream level: promoting automated production and lean management to effectively reduce processing costs and various indirect fees; 3) downstream level: focusing on the development of fine processing and high-value-added products and continuously increasing the output value of each chicken, while working together with the foods business to develop high-quality distributor customers such as membership stores and supermarket chains, gradually eliminating low-end price-sensitive customers, and continuously enhancing its brand premium capabilities through channel structure optimization.

Looking ahead to 2025, global economic growth will be challenged by multiple uncertainties such as trade conflicts, tariff barriers and geopolitical conflicts. As for the domestic economy, while the conflict between structural overcapacity and insufficient effective demand has not been fundamentally resolved and the pressure of industrial restructuring remains, yet, with the gradual implementation of government policies and measures to boost domestic demands, promote private economy, etc., the economic fundamentals will continuously improve and the long-term positive developmental trend will not change. In the face of the new development environment, the Company will adhere to the following strategic directions: 1) taking the foods business as the engine for performance growth and continuing to cultivate new growth areas; 2) consolidating the development foundation of the feeds business and effectively diversifying its market risks by the optimization of product structure and diversification of channels; 3) optimizing the operating model of meat products business, focusing on the development of high-value customers and continuously increasing the output value of each chicken. With the synergy of "scale-up of food production, diversification of feeds and meat product value-adding" developing in tandem, the Company has been optimizing its supply chain management system by progressing continuously on digital and smart transformation to comprehensively enhance its operational efficiency and industrial competitiveness as well as continuing to strengthen its risk resistance.

The Group maintains a healthy financial structure. As at 31 March 2025, net assets of the Group amounted to RMB2,421,065 thousand; cash and cash equivalents represented 9.8% of total assets. As at 31 March 2025, current ratio of the Group was 1.51, representing a slight decrease over the ratio of 1.55 as at 31 December 2024. The interest-bearing borrowings to equity ratio as at 31 March 2025 was 22.7%, representing a slight decrease over the relevant ratio (23.3%) as at 31 December 2024.

OTHERS

As at the date of this announcement, the Company is a subsidiary of Great Wall Enterprise Co. Ltd. (“Great Wall Enterprise”, the shares of which are listed on Taiwan Stock Exchange Corporation (the “Taiwan Stock Exchange”)), which indirectly holds approximately 61.61% of the issued shares of the Company; therefore, the operating results of the Group will be consolidated into the financial statements of Great Wall Enterprise. In accordance with the Taiwan Securities and Exchange Act and the listing rules of the Taiwan Stock Exchange, Great Wall Enterprise is required to prepare its own consolidated quarterly financial reports and publish its quarterly operating results on its website.

This announcement is made for the purpose of disclosing the financial information of the Company to its shareholders and potential investors in a timely manner in compliance with the requirements of Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PURCHASES, SALE OR REDEMPTION OF SECURITIES

For the three months ended 31 March 2025, the Company and any of its subsidiaries have not purchased, redeemed or sold any of the Company’s listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group’s consolidated financial statements for the three months ended 31 March 2025 which have not been audited by the independent auditor.

On behalf of the Board
James Chun-Hsien Wei
Chairman

Hong Kong, 29 April 2025

As at the date of this announcement, Mr. James Chun-Hsien Wei (Chairman) and Mr. Han Chia-Yin are the executive directors of the Company, Mr. Han Chia-Yau, Mr. Harn Jia-Chen, Mr. Han Jia-Hwan, Mr. Chao Tien-Shin and Mr. Wei Anning are the non-executive directors of the Company, and Mr. Ting Yu-Shan, Mr. Hsia, Li-Yan, Ms. Lee Tsai, Yu-Ling and Mr. Kao Koong-Lian are the independent non-executive directors of the Company.