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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 Nine Months ended 30 September 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 nine months ended 30 September 2025:

Highlights

	Nine Months ended 30 September		
	2025	2024	% change
	(unaudited)	(unaudited)	
Turnover (RMB'000)	4,495,321	4,316,818	4.1
Gross profit (RMB'000)	506,211	543,513	-6.9
Gross profit margin (%)	11.3	12.6	
(Loss)/profit attributable to shareholders of the Company (RMB'000)	(14,684)	36,910	-139.8
Basic (losses)/earnings per share (RMB)	(0.014)	0.036	

CONSOLIDATED INCOME STATEMENT
For the nine months ended 30 September 2025
(Expressed in RMB'000 unless stated otherwise)

	Nine Months ended 30 September	
	2025	2024
	(unaudited)	(unaudited)
Turnover	4,495,321	4,316,818
Cost of sales	<u>(3,989,110)</u>	<u>(3,773,305)</u>
Gross profit	506,211	543,513
Other operating income	15,555	16,635
Other net (losses)/gains	(7,120)	(2,081)
Distribution costs	(279,232)	(263,207)
Administrative expenses	<u>(208,643)</u>	<u>(211,779)</u>
Profit/(loss) from operations	26,771	83,081
Finance costs	(13,179)	(16,289)
Share of profits/(losses) of equity-accounted investees	<u>2,050</u>	<u>2,817</u>
Profit/(loss) before taxation	15,642	69,609
Income tax	<u>(14,323)</u>	<u>(12,606)</u>
Profit/(loss) for the period	<u><u>1,319</u></u>	<u><u>57,003</u></u>
Attributable to:		
Shareholders of the Company	(14,684)	36,910
Non-controlling interests	<u>16,003</u>	<u>20,093</u>
Profit/(loss) for the period	<u><u>1,319</u></u>	<u><u>57,003</u></u>
(Losses)/earnings per share		
– Basic and diluted (RMB)	<u><u>(0.014)</u></u>	<u><u>0.036</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**At 30 September 2025***(Expressed in RMB'000 unless stated otherwise)*

	At 30 September 2025 (unaudited)	At 31 December 2024 (audited)
Non-current assets		
Property, plant and equipment	1,730,787	1,785,595
Land use rights	111,883	115,167
Investment property	49,103	51,346
Intangible assets	8,167	8,917
Interests in equity-accounted investees	78,124	76,073
Other financial assets	1,948	1,948
Deferred tax assets	5,591	6,048
Long-term tax recoverable	98,179	98,179
Other non-current assets	48,881	66,062
	<u>2,132,663</u>	<u>2,209,335</u>
Current assets		
Inventories	480,900	587,915
Biological assets	109,864	110,990
Trade receivables	245,263	261,085
Other receivables and prepayments	216,177	238,158
Cash and cash equivalents	561,033	469,747
Restricted deposits	—	2,460
	<u>1,613,237</u>	<u>1,670,355</u>
Current liabilities		
Trade payables	414,086	445,873
Other payables	338,672	376,365
Contract liabilities	11,508	11,290
Interest-bearing borrowings	312,061	235,629
Lease liabilities	2,159	2,159
Income tax payable	12,825	8,048
	<u>1,091,311</u>	<u>1,079,364</u>
Net current assets	<u>521,926</u>	<u>590,991</u>

	At 30 September 2025 (unaudited)	At 31 December 2024 (audited)
Total assets less current liabilities	<u>2,654,589</u>	<u>2,800,326</u>
Non-current liabilities		
Interest-bearing borrowings	190,426	331,608
Lease liabilities	26,655	28,484
Deferred tax liabilities	<u>10,935</u>	<u>10,543</u>
	<u>228,016</u>	<u>370,635</u>
Net assets	<u>2,426,573</u>	<u>2,429,691</u>
Capital and reserves		
Share capital	97,920	97,920
Reserves	956,995	954,798
Retained profits	<u>1,103,310</u>	<u>1,117,994</u>
Total equity attributable to shareholders of the Company	2,158,225	2,170,712
Non-controlling interests	<u>268,348</u>	<u>258,979</u>
Total equity	<u>2,426,573</u>	<u>2,429,691</u>

RESULTS SUMMARY

Despite the results of the Company were under pressure for the first two quarters of 2025, the Company still successfully achieved profitable results in the third quarter through continuous optimisation in respect of areas such as structure of sales channels, value for money of products and lean production. The operating income and profit attributable to shareholders amounted to RMB1,585,483 thousand and RMB20,386 thousand respectively, representing a year-on-year increase of 4.1% and 282.1% respectively.

Business highlight for the third quarter: The processed food segment delivered an outstanding performance, with year-on-year increase in operating income and profit by 9.4% and 32.1% respectively for the third quarter, which demonstrated relatively strong business resilience and served as an essential support for the Group to navigate market fluctuations. Through refined management of cash flow, the net cash inflow from operating activities of the Company for the third quarter amounted to RMB210 million, providing a robust capital protection for the implementation of long-term strategies, including the production capacity expansion of processed food.

In the coming years, basing upon the existing Phase I and Phase II food production bases in Bengbu, the Company will continue to invest in the Phase III digital – intelligence food factory in Bengbu, thereby expanding the scale of its food products business in order to meet consumer demand for chicken products with high quality and high added value. The steady growth of the processed food business will also help mitigate the impact of cyclical fluctuations of the broiler industry on the meat products business of the Company.

For the first three quarters of 2025, the operating income of the Company amounted to RMB4,495,321 thousand, representing an increase of 4.1% over the corresponding period of last year. The loss attributable to shareholders amounted to RMB14,684 thousand, marking a turnaround from profit to loss year-on-year. Driven by rapid expansion in the domestic broiler industry, the supply of feather chickens and chicken meat surged significantly. However, the limited growth momentum of consumer demand as well as the significant year-on-year drop in chicken meat prices caused by imbalance between supply and demand, which briefly hit a five-year low, resulted in a relatively substantial loss for the slaughtering operations of the Company. During the first three quarters, processed food business, feeds business and meat products business accounted for 46%, 27.5%, and 26.5% respectively of the total operating income of the Company, and accounted for 76.5%, 17.6%, and 5.9% of its total gross profit respectively, under which processed food represented the largest source of operating income and profit of the Company.

For the first three quarters, the operating income of processed food business increased by 6.1% over the corresponding period of last year, but intense market competition has led to a year-on-year decline in gross profit margin and a decrease by 0.6% in gross profit. Currently, the upstream of the white feather broiler industrial chain remains susceptible to cyclical fluctuations and leading enterprises in the industry have been extending their operations downstream into the food processing sector, which intensified the competition in the market of processed food of chicken meat. Although the cost of raw meat declined, the price of processed foods fell more significantly, compressing the profit margin of this segment.

In the face of intensifying price competition, the domestic food sales team continued to drive cost reduction and efficiency improvement of its flagship products by cooperating with research and development, quality control, procurement, production and other departments, which resulted in the gradual improvement of gross profit margin in the third quarter. Simultaneously, by increasing investment in the fields of research and development, supply chain, quality control and digitalization, proactively introducing professionals, advanced equipment and systems, the Company continuously improved its development and service capabilities for chain catering customers.

While the abovementioned strategic investments focused on medium-to-long-term development (i.e. covering capacity building, talent reserves and digital systems) have placed certain pressure on the gross profit margin of the processed food in the short term, they will lay a stronger foundation for the scalable growth of the Company's food products business.

For the export market, the export sales team continued to further cultivate the Japanese market, proactively expanded into new product categories, new channels and new customers, and at the same time, it further increased its efforts in developing international markets in addition to Japan to mitigate market concentration risks. Leveraging the Company's strengths in the research and development of new products, the export sales team continued to optimize product design and production technologies, and strived to improve product quality and safety standards to better meet the diverse demands of global markets.

The operating income and gross profit from the feeds business for external sales decreased by 2.9% and 17.2% year-on-year in the first three quarters. 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 gradually decreased, leading to a shrinkage of the Company's traditional customer base for pig feeds and putting pressure on sales volume. In the face of structural market changes, the feeds business team continuously adjusted its operation strategy; on one hand, it deepened the cooperation with medium and large-scale hog breeding farms to stabilize its market share through the OEM model; on the other hand, it increased its efforts in the research and development of ruminant feeds and small-category feeds products as well as channel expansion in order to proactively cultivate new growth areas beyond pig feeds and achieved a diversified business layout in order to mitigate market 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 and technical services, etc., continuously promoted cost reduction and efficiency improvement through the promotion of online bulk procurement of raw materials and the use of alternative raw materials and other measures, in order to enhance the overall competitiveness of its products and services.

In the first three quarters, the operating income of the meat products business increased by 8.8% year-on-year, while its gross profit decreased by 35.5% over the corresponding period of last year. Currently, the white feather broiler industry in China exhibits the overall characteristic of "increased volume with declined price". Despite persistently low chicken prices due to oversupply, it is difficult for the industry's inertia in expanding production capacity to reverse in the short term. Moreover, the prices of pork kept hovering low, weakening the substitution effect of chicken meat and further intensified the

downward pressure on prices. In the face of the challenging market environment, the Company's meat products business proactively advanced the transformation of its business model, while establishing a synergy mechanism for production and sales, enhancing the flexibility of supply chain, and shifting from a production-oriented to a demand-driven approach, in order to continuously improve its market competitiveness. Specific measures include: 1) upstream level: optimizing cooperation model of contract breeding to achieve dynamic alignment between breeding costs with market prices; 2) midstream level: advancing automated production and lean management to effectively reduce processing costs and overhead expenses; 3) downstream level: implementing production and sales on a daily basis to increase sales of fresh meat products and reduce the inventory of frozen products; focusing on refined processing and the development of products with high added value to increase the output value per chicken; simultaneously collaborating with the food products business to expand premium channel customers such as membership stores and supermarket chains, and phasing out price-sensitive low-end customers gradually. Through optimizing customer and channel structures, the Company continuously enhanced its brand premium capacity.

Looking ahead to the fourth quarter, as the global economic growth is still subject to multiple uncertainties including trade conflicts, tariff barriers and geopolitical conflicts, the growth rate in trade may continue to slow down. However, as the government gradually implemented policies to boost domestic demands and support private economy, the momentum of consumption recovery is expected to be strengthened, with the long-term positive trend of China's economic fundamentals remain unchanged. As for the white feather broiler industry, although the oversupply situation persists in the short term, some small and medium-sized production capacity facilities have begun to withdraw from the market, and the supply-demand balance within the industry is expected to be restored gradually in the future. At the same time, the rising consumer demand for chicken meat products with high quality and high added value will create opportunities for structural upgrade within the industry.

In the face of a complex external environment, the Company will adhere to the following strategic directions: 1) taking the food products business as the core engine for growth, thereby continuously exploring the potential for cost reduction and efficiency enhancement in flagship products to improve the competitiveness and profitability of main products while proactively cultivating new areas of growth; 2) optimizing the operating model of meat products business, thereby allowing the effectiveness of transformation to be shown gradually by promoting the "demand-driven production" model and the development of products with high added value, coupled with the optimisation of channel structure, in order to increase the resilience of profitability and effectively address the price fluctuations in the industry; 3) developing new customer base by proactively expanding diversified channels for the feeds business, thereby leading to the increase in the sales volume and diversification of market risks.

With the synergy of "scale-up of food production, value-adding of meat products and diversification of feeds" working in tandem, the Company has been continuously optimizing its supply chain management system by progressing continuously on digitalization and smart transformation to enhance its operational efficiency and industrial competitiveness comprehensively as well as continuing to strengthen its overall risk resistance ability.

The Group maintains a healthy financial structure. As at 30 September 2025, net assets of the Group amounted to RMB2,426,573 thousand; cash and cash equivalents represented 15.0% of total assets. As at 30 September 2025, current ratio of the Group was 1.48, representing a slight decrease over the ratio of 1.55 as at 31 December 2024. The interest-bearing borrowings to equity ratio as at 30 September 2025 was 20.7%, 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 nine months ended 30 September 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 nine months ended 30 September 2025 which have not been audited by the independent auditor.

On behalf of the Board
James Chun-Hsien Wei
Chairman

Hong Kong, 31 October 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.