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 Annual Results For 2025

The board of directors (the "Board") of DaChan Food (Asia) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2025, prepared in conformity with the basis of presentation as stated in note 2 below, together with the comparative figures for the year ended 31 December 2024 as follows:

Highlights

	2025	**2024**	**% change**
Turnover (RMB'000)	6,002,251	5,834,604	2.9
Gross profit (RMB'000)	713,912	733,407	-2.7
Gross profit margin (%)	11.9	12.6	
(Loss)/Profit attributable to equity shareholders of the Company (RMB'000)	(1,558)	58,831	-102.6
Profit attributable to equity shareholders after deducting impairment of investment property (RMB'000)	21,793	58,831	-63.0
Basic earnings per share (RMB)	(0.002)	0.058	

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2025
(Expressed in thousands of Renminbi unless otherwise stated)

	Note	**2025**	**2024**
Turnover	3	6,002,251	5,834,604
Cost of sales		(5,288,339)	(5,101,197)
Gross profit		713,912	733,407
Other operating income		24,035	24,930
Other net loss		(29,254)	(1,833)
Distribution costs		(371,924)	(356,405)
Administrative expenses		(278,253)	(283,620)
Profit from operations		58,516	116,479
Finance costs	4(a)	(18,096)	(23,168)
Share of profits of equity-accounted investees		3,150	5,167
Profit before taxation	4	43,570	98,478
Income tax	5	(20,977)	(14,166)
Profit for the year		22,593	84,312
Attributable to:			
Equity shareholders of the Company		(1,558)	58,831
Non-controlling interests		24,151	25,481
Profit for the year		22,593	84,312
Dividends payable to shareholders of the Company attributable to the year:			
Final dividend proposed after the end of the reporting period	6	0	0
Earnings per share	7		
– Basic and diluted (RMB)		(0.002)	0.058

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2025
(Expressed in thousands of Renminbi unless otherwise stated)

	Note	**2025**	**2024**
Non-current assets			
Property, plant and equipment		1,698,672	1,785,595
Land use rights		134,911	115,167
Investment property		24,997	51,346
Intangible assets		7,917	8,917
Interests in equity-accounted investees		79,223	76,073
Other financial assets		1,948	1,948
Deferred tax assets		5,453	6,048
Long-term tax recoverable	9	85,805	98,179
Other non-current assets		18,606	66,062
		2,057,532	2,209,335
Current assets			
Inventories		508,060	587,915
Biological assets		95,490	110,990
Trade receivables	8	234,127	261,085
Other receivables and prepayments	9	210,585	238,158
Cash and cash equivalents		532,358	469,747
Restricted deposits		–	2,460
		1,580,620	1,670,355
Current liabilities			
Trade payables	10	401,803	445,873
Other payables	11	303,030	376,365
Contract liabilities		10,795	11,290
Interest-bearing borrowings		210,724	235,629
Lease liabilities		1,581	2,159
Income tax payable		14,042	8,048
		941,975	1,079,364
Net current assets		638,645	590,991
Total assets less current liabilities		2,696,177	2,800,326

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2025

	Note	**2025**	**2024**
Non-current liabilities			
Interest-bearing borrowings		228,568	331,608
Lease liabilities		27,274	28,484
Deferred tax liabilities		10,935	10,543
		266,777	370,635
Net assets		2,429,400	2,429,691
Capital and reserves			
Share capital		97,920	97,920
Reserves		963,889	954,798
Retained profits		1,111,200	1,117,994
Total equity attributable to equity shareholders of the Company		2,173,009	2,170,712
Non-controlling interests		256,391	258,979
Total equity		2,429,400	2,429,691

SUPPLEMENTARY NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi unless otherwise stated)

1 General information

DaChan Food (Asia) Limited was incorporated in the Cayman Islands on 18 May 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (collectively referred to as the "Group" and individually as the "Group entity") is primarily involved in manufacturing and trading of feeds, poultry and chilled meat and processed food.

The Company publicly offered its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 4 October 2007.

2 Basis of preparation

The annual results have been reviewed by the audit committee of the Company.

(a) Statement of compliance

These financial statements have been prepared in accordance IFRS Accounting Standards. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules").

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(d) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of measurement

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– derivative financial instruments are measured at fair value; and

– investments in unlisted equity securities.

(c) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The consolidated financial statements are presented in Renminbi ("RMB") ("presentation currency"), which is different from the functional currency of the Company. The Company's functional currency is United Stated dollars ("USD"). The functional currency of those subsidiaries in People's Republic of China ("PRC") is RMB. As its principal subsidiaries are located in PRC, the directors of the Company consider that it is appropriate to present the consolidated financial statements in RMB. All financial information presented in RMB has been rounded to the nearest thousand except when otherwise indicated.

(d) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*, issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Turnover and segment information

Turnover mainly represents the sales value of goods sold to customers but excludes value added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the chief executive officer of the Company ("CEO") for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Processed food: The processed food segment processes meat (mainly chicken meat) into further processed or instant food (half-cooked/fully-cooked) products for production and distribution.

Feeds: The feeds segment manufactures and distributes complete feeds, base mix feeds and pre-mix feeds for swine, layer, broiler, duck, and breeder poultry under the brands of "Dr. Nupak", "DaChan" and "Green Knight".

Meat: The meat segment carries on business of broiler farming, hatching of broiler breeder eggs, contract farming, processing and marketing of chilled and frozen chicken meat marketed under the brands of "DaChan" and "Sisters' Kitchen".

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources among segments, the CEO monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of deferred tax assets and other corporate assets. Segment liabilities include trade creditors, accruals attributable to the manufacturing and sales activities of the individual segments and bank borrowings managed directly by the segments.

Turnover and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is gross profit.

In addition to receiving segment information concerning gross profit, the CEO is provided with segment information concerning turnover (including inter-segment sales), depreciation and amortisation. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the CEO for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below:

	Processed food		**Feeds**		**Meat**		**Total**	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Turnover from external customers	2,770,990	2,571,851	1,620,622	1,720,637	1,610,639	1,542,116	6,002,251	5,834,604
Inter-segment turnover	–	–	727,776	851,997	442,062	530,625	1,169,838	1,382,622
Total	2,770,990	2,571,851	2,348,398	2,572,634	2,052,701	2,072,741	7,172,089	7,217,226
Segment result	542,656	522,021	121,682	143,933	49,574	67,453	713,912	733,407
Unallocated operating income and expenses	–	–	–	–	–	–	(655,396)	(616,928)
Profit from operations	–	–	–	–	–	–	58,516	116,479
Finance costs	–	–	–	–	–	–	(18,096)	(23,168)
Share of profit of equity-accounted investees	–	–	–	–	–	–	3,150	5,167
Income tax	–	–	–	–	–	–	(20,977)	(14,166)
Profit for the year	–	–	–	–	–	–	22,593	84,312
Depreciation and amortisation for the year	95,420	67,127	19,115	18,611	86,868	85,958	201,403	171,696
Reportable segment assets	1,353,519	1,408,487	328,996	399,655	1,224,843	1,395,845	2,907,358	3,203,987
Additions to non-current segment assets during the year	133,363	260,287	8,220	12,983	27,117	64,067	168,700	337,337
Reportable segment liabilities	639,016	553,835	115,277	145,910	133,096	359,994	887,389	1,059,739

(b) *Reconciliations of reportable segment turnover, profit or loss, assets and liabilities*

	2025	**2024**
Turnover		
Total turnover for reportable segments	7,172,089	7,217,226
Elimination of inter-segment turnover	(1,169,838)	(1,382,622)
Consolidated turnover	6,002,251	5,834,604
Profit before tax		
Total profit before tax for reportable segment	43,570	98,478
Consolidated profit before tax	43,570	98,478
Assets		
Reportable segment assets	2,907,358	3,203,987
Deferred tax assets	5,453	6,048
Cash and cash equivalents and restricted deposits	532,358	472,207
Unallocated head office and corporate assets	192,983	197,448
Consolidated total assets	3,638,152	3,879,690
Liabilities		
Reportable segment liabilities	887,389	1,059,739
Income tax payable	14,042	8,048
Deferred tax liabilities	10,935	10,543
Interest-bearing borrowings	180,880	232,163
Unallocated head office and corporate liabilities	115,506	139,506
Consolidated total liabilities	1,208,752	1,449,999

(c) Geographical information

The following table sets out information about the geographical location of the Group's turnover from external customers and the Group's tangible assets and interests in equity-accounted investees ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment and the location of operations, in the case of interests in equity-accounted investees.

	Turnover from external customers		**Specified non-current assets**	
	2025	**2024**	**2025**	**2024**
Mainland China	5,687,133	5,519,176	1,931,412	2,042,897
Japan	265,831	259,289	–	–
Hong Kong and other overseas regions	49,287	56,139	–	–
	6,002,251	5,834,604	1,931,412	2,042,897

4 Profit before taxation

Profit before taxation is arrived at after charging:

	2025	**2024**
(a) Finance costs		
Interest on interest-bearing borrowings	16,692	21,705
Interest on lease liabilities	1,404	1,463
	18,096	23,168
(b) Staff costs		
Salaries, wages, bonuses and other benefits	742,617	699,873
Contributions to retirement schemes	38,928	36,879
	781,545	736,752

The Group is required to participate in pension schemes organised by the respective municipal governments of the PRC whereby the Group is required to pay annual contributions for PRC based employees at a rate of 16% (2024: 16%) of the standard wages determined by the relevant authorities in the PRC during the year. The Group has no other material obligation for payment of retirement benefits to the PRC based employees beyond the annual contributions described above.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the Group is required to make contributions to the scheme at 6% (2024: 6%) of the employees' relevant income and its employees are required to make contributions to the scheme at 5% (2024: 5%) of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest to the employees immediately.

Save for the above schemes, the Group has no other material obligation for payment of retirement benefits beyond the contributions.

(c) Other items

	2025	**2024**
Auditors' remuneration		
– annual audit services	3,700	3,700
– other services	120	120
	3,820	3,820
Depreciation charge		
– owned property, plant and equipment	190,338	162,633
– right-of-use assets	8,067	6,063
– investment property	2,998	3,000
	201,403	171,696
Depreciation of biological assets	4,705	8,113
(Reversal of)/provision for impairment losses of trade receivables recognised	(941)	2,343
Reversal of write-down of inventories	(7,039)	(6,627)
Research and development costs	1,038	1,008
Cost of inventories	5,285,716	5,093,433

5 Income tax in the consolidated income statement

	2025	**2024**
Current tax		
Provision for the year	20,410	16,010
Over-provision in respect of prior years	(420)	(3,457)
	19,990	12,553
Deferred tax		
Origination and reversal of temporary differences	987	1,613
Tax expense	20,977	14,166

(i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

(ii) The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

The provision for Hong Kong Profits Tax for 2025 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2024/25 subject to a maximum reduction of HK$1,500 for each business (2024: a maximum reduction of HK$3,000 was granted for the year of assessment 2023/24 and was taken into account in calculating the provision for 2024).

(iii) Pursuant to the income tax rules and regulations of the PRC, the Group entities incorporated in the PRC are liable to PRC Corporate Income Tax at a rate of 25% during the year (2024: 25%).

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025	**2024**
Profit before taxation	43,570	98,478
Income tax calculated at PRC's Corporate Income Tax rate of 25% (2024: 25%) (note)	10,893	24,620
Effect of different tax rates of the Company and subsidiaries operating in different tax jurisdictions	(2,422)	937
Tax effect of non-deductible expenses	977	1,466
Tax effect of non-taxable income	(2,755)	(8,718)
Tax effect of the movement of tax losses and temporary difference not recognised	14,704	(682)
Over-provision in respect of prior years	(420)	(3,457)
Actual tax expense	20,977	14,166

Note: The income tax rate of 25% (2024: 25%) represents the domestic tax rate in the jurisdiction where the operations of the Group are substantially based.

6 Dividends

	2025	**2024**
Final dividend proposed after the end of the reporting period	0	0

On 10 March 2026, the Board decides not to distribute any final dividend in respect of the year ended 31 December 2025 (2024: No distribution).

7 Earning per share

The calculation of basic earnings per share for the year ended 31 December 2025 is based on the loss attributable to ordinary equity shareholders of the Company of RMB1,558 thousand (2024: profit attributable to shareholders RMB58,831 thousand) and the weighted average of 1,016,189,000 ordinary shares (2024: 1,016,189,000) in issue during the year.

The Group has no potential dilutive ordinary shares outstanding for the years ended 31 December 2025 and 2024. Therefore, there was no difference between diluted and basic earnings per share.

8 Trade receivables

As of the end of the reporting period, the ageing analysis of trade receivables is as follows:

	2025	2024
Current	221,314	243,896
1-180 days past due	13,195	19,292
181-365 days past due	524	2,437
More than 365 days past due	5,697	4,509
Amounts past due	19,416	26,238
Less: allowance of doubtful debts	(6,603)	(9,049)
	234,127	261,085

The Group normally allows a credit period ranging from 30 days to 60 days to its customers.

9 Other receivables and prepayments

	2025	2024
VAT recoverable	233,689	245,785
Deposits and prepayments	55,340	77,964
Advances to staff	3,782	3,262
Others	3,579	9,326
	296,390	336,337
Less: non-current VAT recoverable	(85,805)	(98,179)
Current	210,585	238,158

Except for non-current VAT recoverable, all other receivables (including amounts due from related parties) are expected to be recovered within one year.

10 Trade payables

As of the end of the reporting period, the ageing analysis of trade payables is as follows:

	2025	**2024**
Current	304,213	234,542
Less than 30 days past due	55,769	182,338
31-60 days past due	23,605	18,961
61-90 days past due	7,182	4,056
More than 90 days past due	11,034	5,976
Amounts past due	97,590	211,331
	401,803	445,873

11 Other payables and amounts due to related parties

	2025	**2024**
Sales rebate	19,840	23,859
Salaries, wages, bonuses and other benefits payable	63,362	67,375
Accrued expenses	109,532	100,458
Contract performance deposits	38,632	64,168
Payables for purchase of property, plant and equipment	22,348	66,270
Amounts due to related parties	42,600	42,600
Others	6,716	11,635
	303,030	376,365

All of other payables and amount due to related parties are expected to be settled within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Operating Performance Overview and Transformation Results

	2025	2024	% change
Turnover (RMB'000)	6,002,251	5,834,604	2.9
Gross profit (RMB'000)	713,912	733,407	-2.7
Gross profit margin (%)	11.9	12.6	
(Loss)/profit attributable to equity shareholders of the Company (RMB'000)	(1,558)	58,831	-102.6
Impairment losses on investment property	(23,351)	–	
Profit attributable to equity shareholders after deducting impairment of investment property (RMB'000)	21,793	58,831	-63.0

In the fourth quarter of 2025, the Group achieved profit attributable to equity shareholders after deducting impairment of investment property of RMB36,477 thousand, representing a significant year-on-year increase of 66.4%. This was driven by refined management and the strong performance of the processed food segment, demonstrating significantly enhanced core profitability. In line with the principle of accounting prudence, the Group recognised an impairment losses on investment property of RMB23,351 thousand during the quarter. After accounting for this non-recurring item, the Group recorded operating income of RMB1,506,930 thousand (representing a slight year-on-year decline of 0.7%) and profit attributable to equity shareholders of RMB13,126 thousand. Notably, fueled by the robust recovery of the processed food segment in the second half of the year and the continuous release of benefits from refined management, the Group successfully turned losses into profits in the second half of the year, showing strong operational resilience and turnaround momentum.

Reviewing the full year of 2025, the Group recorded operating income of RMB6,002,251 thousand, representing a year-on-year increase of approximately 2.9%. Excluding the factor of non-recurring impairment losses on investment property of RMB23,351 thousand, profit attributable to equity shareholders after deducting impairment of investment property for the year was RMB21,793 thousand. Although the persistent oversupply in the white feather broiler industry led to increasing losses in the slaughtering business of the Company, resulting in a modest loss of RMB1,558 thousand to the profit attributable to equity shareholders for the year, the profitable turnaround in the second half of the year clearly demonstrated the effectiveness of business structure optimization and enhanced risk-resilience of the Company.

In terms of turnover composition in 2025, the processed food, feeds and meat businesses accounted for 46.2%, 27.0% and 26.8% of total operating income, respectively, maintaining a diversified business portfolio. However, profit contribution varied significantly across different businesses: the processed food business, benefiting from its high value-added characteristics, contributed 76.0% of the Group's gross profit, further strengthening its position as the core profit source.

Business highlights: The processed food segment recorded year-on-year operating income growth of 13% and gross profit growth of 17.3% in the fourth quarter, becoming a key buffer against cyclical fluctuations. At the same time, the Company refined cash flow management, generating net operating cash inflow of RMB356 million for the full year, providing a solid financial foundation for long-term strategies such as expanding food processing capacity.

II. Industry Environment and Strategic Response

In 2025, the global economy remained in a low-growth trajectory amid intensifying trade frictions, geopolitical conflicts and rising technological barriers. Domestically, the economy faced dual pressures of structural overcapacity and insufficient effective demand. Weak consumer confidence and sluggish recovery in the catering channel exacerbated supply–demand imbalance in the chicken market.

According to data from Boyar, the domestic volume of white feather broiler increased by 8.9% year-on-year in 2025, reaching a new historical high. With the rising of domestic volume of broiler, the production volume of chicken meat increased by 12.9% year-on-year. Meanwhile, the average price of chicken meat declined by approximately 6.1% for the full year and at one point fell to a five-year low. Although oversupply has depressed the chicken price, industry's capacity expansion momentum proved difficult to halt in the short term. This supply-demand imbalance has intensified the industry's characteristic of "increasing volume but decreasing price". In addition, the chain store penetration rate of the downstream catering sector continued to climb (reaching 23% in 2024 according to data from the China Chain Store & Franchise Association). Leading chain store brands leveraged scale advantages to reduce procurement costs, passing pricing pressure upstream and further squeezing profit margin of the industry. As reported by iiMedia Research, the consumer demand growth for ready-to-eat and pre-made chicken products in 2025 is expected to outpace that for traditional fresh products, indicating that consumption upgrades and scenario diversification are reshaping industry value distribution and creating opportunities for structural transformation.

In the face of the challenging external environment, the Group maintained a strategy of "making progress while maintaining stability" and continued to advance a business model transformation led by the processed food segment. In terms of industrial chain layout, the Group increased investment in food production capacity, research and development, supply chain and marketing to solidify the competitive advantage of the processed food segment, while moderately reducing resources allocated to breeding, slaughtering and feed processing. In terms of organizational capability, the Group expedited the agile adjustment of the organization structure, digital system upgrades and establishment of the professional talent pipeline to build long-term competitiveness. Although these foundational investments exert short-term pressure on financial performance, they are essential to breaking cyclical constraints and achieving sustainable growth.

III. Business Segment Performance and Strategic Progress

1. *Processed Food: Core Growth Engine with Strengthening Resilience*

	2025	2024	% change
Turnover (RMB'000)			
– Mainland China	2,455,872	2,256,289	8.8
– Export	315,118	315,562	-0.1
Total	2,770,990	2,571,851	7.7
Gross profit (RMB'000)			
– Mainland China	485,854	466,351	4.2
– Export	56,802	55,670	2.0
Total	542,656	522,021	4.0
Gross profit margin (%)			
– Mainland China	19.8	20.7	
– Export	18.0	17.6	
Total	19.6	20.3	

For the full year of 2025, operating income from the processed food segment increased by 7.7% year-on-year, while gross profit rose by 4.0%. The segment contributed 76.0% of the Group's total gross profit, reaffirming its position as the Company's primary profit driver. Performance in the fourth quarter was particularly robust, with operating income growing 13.0% year-on-year and gross profit rising 17.3% year-on-year – both significantly higher than the growth rates recorded in the first half of the year.

As 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 processed food of chicken meat. 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, the Company continuously improves the development and service capabilities for major chain catering customers. While these strategic plans focus on medium to long-term development, including investments in production capacity building, talent reserves and digital systems, which will put certain pressure on the profit of the processed food 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 apart from Japan to mitigate market concentration risks. Moreover, in reliance on its own advantages in new product development, the food export sales team continued to optimize product design and production technologies, and strived to improve product quality and safety to better meet the demands for various international markets.

2. *Feeds: Diversified Channels and Product Portfolio to Actively Address Market Changes*

	2025	**2024**	**% change**
Turnover (RMB'000)	1,620,622	1,720,637	-5.8
Gross profit (RMB'000)	121,682	143,933	-15.5
Gross profit margin (%)	7.5	8.4	

For the full year of 2025, operating income from the feeds segment decreased by 5.8% year-on-year, while gross profit declined by 15.5%. In the fourth quarter, operating income dropped 14.2% year-on-year and gross profit fell by 10.2% year-on-year. The downturn was primarily attributable to the ongoing consolidation of the domestic pig breeding industry, which resulted in a shrinking target customer base.

In response to these challenges, the feeds business team actively adjusted its operation strategy; on one hand, deepening the Company's cooperation with medium and large-scale breeding farms to stabilize its market share through the OEM model; on the other hand, increasing its investment in the research and development of ruminant feeds and small-category feeds products as well as channel expansion efforts, to cultivate incremental markets 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, achieved cost reduction and efficiency improvement through the use of alternative raw materials and other measures to continuously enhance the market competitiveness of products and services.

3. *Meat: Initial Progress in Business Model Transformation with Narrowing Gross Profit Declines in the Fourth Quarter*

	2025	**2024**	**% change**
Turnover (RMB'000)	1,610,639	1,542,116	4.4
Gross profit (RMB'000)	49,574	67,453	-26.5
Gross profit margin (%)	3.1	4.4	

For the full year of 2025, operating income from the meat segment increased by 4.4% year-on-year, while gross profit declined by 26.5%, mainly due to continued declines in the market price of chicken meat. In the fourth quarter, operating income decreased by 6.3% year-on-year and gross profit declined by 6.4%. However, the decline in gross profit was significantly narrower than in the first half of the year, indicating that transformation initiatives have begun to yield results.

To counter unfavourable market conditions, the meat product team accelerated the business model transformation from "basing sales on production" to "basing production on sales", increasing the flexibility of its supply chain. In the upstream of the industrial chain, the meat product team optimized the cooperation mode with contract farmers to enable benefits and risk sharing. In the midstream of the industrial chain, the meat product team advanced automated production and lean management to reduce processing costs. In the downstream of the industrial chain, the meat product team focused on the development of fine processing and differentiated products, and worked alongside the food business to expand into quality channels such as membership stores and chain supermarkets while gradually phasing out low-end customers to strengthen brand premium.

IV. Outlook And Strategic Focus

Looking ahead to 2026, the global economy is expected to remain subject to various uncertainties, while the domestic economy is likely to continue improving. With the implementation of policies to boost domestic demand and promote private economy, the consumer demand recovery momentum will be strengthened. As for the white feather broiler industry, despite the persistent pressure from oversupply in the short term, some small and medium-sized production capacity facilities have begun to withdraw from the market, and there is a chance that the supply-demand balance will gradually improve. The demand for high-quality, high-value-added chicken meat products is on the rise, leaving room for structural upgrade within the industry.

The Group will adhere to the following strategic directions:

1. Taking the food product business as the engine for performance growth, thereby exploring opportunities for cost reduction and efficiency enhancement in core flagship products and cultivating new areas of growth in products and channels to increase profit resilience.

2. Consolidating the competitive advantage of export sales in Japan while actively expanding into international markets outside Japan.

3. Optimizing the operating model of the meat product business, continuously advancing the "basing production on sales" approach, the development of high-value-added products as well as the optimisation of channel structure, with the view to mitigating the impact of price fluctuations.

4. Developing new customers by expanding diversified products and 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, internationalization of export sales, value-adding of meat products and diversification of feeds" developing in tandem, the Company will optimize its supply chain management system by digitalization and intelligent transformation to enhance its operational efficiency and industrial competitiveness.

In the coming years, the Group will continue investing in the phase III intelligent food processing plant in Bengbu on the foundation of the existing Phase I and Phase II food production base of Bengbu. This will expand the scale of the food business and meet consumer demand for high-quality and high value-added chicken products. The stable growth of the processed food segment will also help buffer cyclical volatility in the broiler industry, delivering sustainable value and returns for shareholders.

Financial Review:

1) Other Operating Income and Operating Expenses

In 2025, the Group recorded other operating income of RMB24,035 thousand (2024: RMB24,930 thousand) which mainly comprised of interest income and government subsidies. The decrease in other operating income was mainly due to the decrease in government subsidies.

In 2025, other net losses of the Group amounted to RMB29,254 thousand (2024: other net losses of RMB1,833 thousand). Other net losses mainly includes impairment losses on investment property.

Distribution costs accounted for 6.20% of total turnover (2024: 6.11%).

Administrative expenses accounted for 4.64% of turnover (2024: 4.86%).

2) Liquidity, Financial Resources and Capital Structure

As at 31 December 2025, the Group's cash and bank deposit balances amounted to RMB532,358 thousand, representing an increase of RMB62,611 thousand from 2024. In 2025, the Group's net cash generated from operations amounted to RMB356,128 thousand, representing an increase of RMB49,975 thousand from 2024. The Group's interest-bearing borrowings decreased by RMB127,945 thousand to RMB439,292 thousand (2024: RMB567,237 thousand). As at 31 December 2025, the interest-bearing borrowings to equity ratio was 18.1% (2024: 23.3%). Current ratio was maintained at a healthy level of 1.68 times (2024: 1.55 times).

3) Capital Expenditure

In 2025, the Group's capital expenditure on the acquisition of properties, machinery and equipment amounted to RMB163,709 thousand which was primarily paid from internal resources and bank borrowings.

4) Exchange Rate

The Group's business transactions are mainly denominated in RMB and USD. During the year under review, RMB against USD appreciated by 2.22%.

5) Interest

In 2025, the Group's interest expense amounted to RMB18,096 thousand (2024: RMB23,168 thousand), representing a decrease of 21.9% from 2024. The decrease in interest expenses was mainly due to the decrease in the average outstanding borrowings and the decline in borrowing rates.

6) Dividends

To reserve the resources for the Group's business development, the Board decides not to distribute any dividend for the year 2025 (2024: no distribution).

7) Charge on Assets

As at 31 December 2025, the Group has charged land and plant valued at RMB17,805 thousand as collateral for bank credit facilities totaling RMB10,000 thousand. As at 31 December 2025, the credit facilities remained unused.

8) Capital Commitment

As at 31 December 2025, the capital expenditure of the Group contracted for but not provided in the financial statements was RMB18,168 thousand (2024: RMB45,114 thousand) and the capital expenditure authorised but not contracted for was RMB58,028 thousand (2024: RMB93,814 thousand).

EMPLOYEE COMPENSATION AND TRAINING

As at 31 December 2025, the Group had a total of 8,356 employees (31 December 2024: 8,324). The Group has paid remuneration to its staff with reference to the industry practice, the financial performance of the Group and the employee's work performance in order to form a team of professional staff and management to fulfil the development needs of the Company. The Group places great emphasis on the training and development of employees and regards excellent employees as the Group's core competitiveness. With a view to constantly enhancing their job skills and industry knowledge, the Group has offered various training programs to its members of management and other employees. The Group implemented these programs not only to enhance the quality of its staff, but also to give best chances for development of their personal career. The Group regularly reviews compensation and benefit policies according to industry benchmarks, financial results as well as the individual performance of employees so as to offer fair and competitive compensation packages to the employees. Other fringe benefits including insurance, medical benefits and provident fund are also provided to retain loyal employees.

OTHER INFORMATION

Annual General Meeting ("AGM")

The 2025 AGM of the Company will be held on 26 June 2026 (Friday) and the notice of AGM will be published and, if necessary, dispatched to shareholders in the manner as required by the Listing Rules.

Closing of Register of Members

The Hong Kong branch register of members of the Company will be closed from 22 June 2026 (Monday) to 26 June 2026 (Friday) (both dates inclusive), for the purposes of determining the entitlements of the shareholders to attend and vote at the AGM. No transfer of the shares may be registered during the said period. In order to qualify to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. (Hong Kong time) on 18 June 2026 (Thursday).

Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Compliance with the Corporate Governance Code

The Company is committed to achieving good corporate governance standard including having a quality Board, sound internal control and risk management, high transparency and accountability to its shareholders of the Company. Except for the following two immaterial deviations, the Company has complied with the Code provisions (the "Code Provisions") set out in Part II of Appendix C1 of the Listing Rules throughout the year ended 31 December 2025:

Under Code Provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

In 2025, Mr. James Chun-Hsien Wei performed both of the roles as the Chairman and the Chief Executive Officer. The Board considers that this structure would not impair the balance of power and authority between the Board and the management of the Company. The Board comprises two executive Directors (including Mr. James Chun-Hsien Wei), five non-executive Directors and four independent non-executive Directors and therefore has a fairly strong independence in its composition and they meet regularly to discuss issues relating to the operation of the Company in order to provide adequate safeguards and protect the interests of the Company and its shareholders. In addition, after taking into account the past experience of Mr. James Chun-Hsien Wei, the Board is of the opinion that vesting the roles of the Chairman and the Chief Executive Officer in Mr. James Chun-Hsien Wei could facilitate the execution of the Group's business strategies and enhance the effectiveness of its operation. Hence, the aforesaid deviation is appropriate and in the best interest of the Company at the present stage.

In addition, under Code Provision C.6.1, the company secretary should be an employee of the Company and have the day-to-day knowledge of the Company's affairs.

Since 8 August 2016, Ms. Cho Yi Ping ("Ms. Cho"), a partner of the Company's legal advisers, Wong & Tang Solicitors, has been appointed as the company secretary of the Company (the "Company Secretary").

The Company has assigned a member of the senior management, Ms. Feng Yuxia, the head of legal department of the Company as the contact person with Ms. Cho. Ms. Cho is a practicing solicitor of Hong Kong with understanding of the Listing Rules. Her qualifications meet the requirements of the Listing Rules in terms of a company secretary of a listed issuer. Further, whenever necessary, the contact person assigned will promptly deliver information regarding the performance, financial positions and other major development and affairs of the Group to Ms. Cho. Having in place a mechanism that enables Ms. Cho to get hold of the Group's development promptly without material delay and with her expertise and experience, the Board is confident that having Ms. Cho as the Company Secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established with written terms of reference in accordance with the Listing Rules. The Audit Committee is authorized by the Board to assess matters relating to the financial statements and to provide recommendations and advice on matters including review of relationships with external auditors, the Company's financial reporting (including the review of the annual results for the year ended 31 December 2025), the internal control and risk management system. There was no disagreement between the Audit Committee and the external auditors on the accounting policies adopted by the Company.

The Audit Committee comprises Mr. Ting Yu-Shan (chairman of the Audit Committee), Mr. Hsia Li-Yan, Ms. Lee Tsai, Yu-Ling and Mr. Kao Koong-Lian, who are all independent non-executive directors of the Company.

By order of the Board
James Chun-Hsien Wei
Chairman

Hong Kong, 10 March 2026

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. Harn Jia-Chen, Mr. Han Chia-Yau, 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.