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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 2020**

The board of directors (the “Board”) of DaChan Food (Asia) Limited (the “Company”) 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 2020:

**Highlights**

	<b>Three months ended 31 March</b>		
	<b>2020</b>	<b>2019</b>	<b>% Change</b>
	(unaudited)	(unaudited)	
Turnover (RMB'000)	1,999,314	1,805,263	10.7
Gross profit (RMB'000)	249,085	185,152	34.5
Gross profit margin (%)	12.5	10.3	
Profit attributable to equity shareholders of the Company (RMB'000)	51,022	790	6,358.5
Basic earnings per share (RMB)	0.050	0.001	

**CONSOLIDATED INCOME STATEMENT  
FOR THREE MONTHS ENDED 31 MARCH 2020**

*(Expressed in RMB'000)*

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
	(unaudited)	(unaudited)
<b>Turnover</b>	1,999,314	1,805,263
Cost of sales	<u>(1,750,229)</u>	<u>(1,620,111)</u>
<b>Gross profit</b>	249,085	185,152
Other operating income	6,297	3,114
Other net gains/(losses)	2,194	(2,113)
Distribution costs	(90,858)	(87,510)
Administrative expenses	<u>(65,176)</u>	<u>(72,078)</u>
<b>Profit from operations</b>	101,542	26,565
Finance costs	(8,647)	(11,558)
Share of losses of equity-accounted investees	<u>(1,421)</u>	<u>(1,095)</u>
<b>Profit before taxation</b>	91,474	13,912
Income tax	<u>(15,428)</u>	<u>(7,403)</u>
<b>Profit for the period</b>	<u><u>76,046</u></u>	<u><u>6,509</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	51,022	790
Non-controlling interests	<u>25,024</u>	<u>5,719</u>
<b>Profit for the period</b>	<u><u>76,046</u></u>	<u><u>6,509</u></u>
<b>Earnings per share</b>		
– Basic (RMB)	<u><u>0.050</u></u>	<u><u>0.001</u></u>
– Diluted (RMB)	<u><u>0.050</u></u>	<u><u>0.001</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2020**

*(Expressed in RMB'000)*

	<b>At</b> <b>31 March</b> <b>2020</b> (unaudited)	<b>At</b> <b>31 December</b> <b>2019</b> (audited)
<b>Non-current assets</b>		
Fixed assets		
– property, plant and equipment	1,354,063	1,370,273
– lease prepayments	216,806	215,958
Interests in equity-accounted investees	76,655	78,019
Other non-current financial assets	1,948	1,948
Deferred tax assets	27,180	26,094
Long-term tax recoverable	97,762	97,762
Other non-current assets	7,242	8,430
	<u>1,781,656</u>	<u>1,798,484</u>
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<b>Current assets</b>		
Inventories	933,799	934,682
Biological assets	134,622	169,544
Trade receivables	305,958	295,843
Other receivables and prepayments	549,762	479,282
Cash and cash equivalents	410,053	370,102
	<u>2,334,194</u>	<u>2,249,453</u>
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<b>Current liabilities</b>		
Trade payables	588,865	557,080
Other payables	395,332	470,094
Contract liabilities	19,089	10,435
Interest-bearing borrowings	429,340	531,149
Lease liabilities	6,340	6,340
Income tax payable	18,302	19,417
Dividend payables	2,551	2,511
	<u>1,459,819</u>	<u>1,597,026</u>
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<b>Net current assets</b>	<u>874,375</u>	<u>652,427</u>
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	<b>At 31 March 2020</b> (unaudited)	<b>At 31 December 2019</b> (audited)
<b>Total assets less current liabilities</b>	<u>2,656,031</u>	<u>2,450,911</u>
<b>Non-current liabilities</b>		
Interest-bearing borrowings	496,289	351,473
Lease liabilities	84,685	86,506
Deferred tax liabilities	<u>3,235</u>	<u>450</u>
	<u>584,209</u>	<u>438,429</u>
<b>Net assets</b>	<u><u>2,071,822</u></u>	<u><u>2,012,482</u></u>
<b>Capital and reserves</b>		
Share capital	97,920	97,920
Reserves	911,637	920,724
Retained profits	<u>667,925</u>	<u>616,903</u>
<b>Total equity attributable to equity shareholders of the Company</b>	1,677,482	1,635,547
Non-controlling interests	<u>394,340</u>	<u>376,935</u>
<b>Total equity</b>	<u><u>2,071,822</u></u>	<u><u>2,012,482</u></u>

## Results Summary

The profit attributable to shareholders of the Company for the first quarter of 2020 amounted to approximately RMB51,022 thousand, representing an increase of approximately RMB50,232 thousand as compared with the same period last year.

As a result of the outbreak of novel coronavirus pneumonia, normal economic activity in the Mainland was seriously affected since February, causing the market demand for catering dropping suddenly. The downturn of catering market has posed a serious challenge to the operation of the food business. Under such adverse circumstances, the Group has seized the opportunity of an upsurge in online consumption in a timely manner, adjusted channel strategies quickly, and actively developed small-package products suitable for household consumption with focus on the layout of community group purchase channels so as to minimise the impact of the epidemic on the business performance to the greatest extent. The operating income of food business for the first quarter decreased by approximately 9.5% year-on-year. However, as the product structure are adjusted and the cost of raw materials are controlled properly, gross profit of food business increased by approximately 15.5% year-on-year.

In order to prevent the spread of the epidemic, different levels of crowd and logistic control have been imposed in various domestic regions after the Chinese New Year, which affected the transportation and breeding of day-old chicks, feeds and feather chickens. Various factories of the meat division have immediately formulated comprehensive prevention plans and actively adopted preventive measures after the Chinese New Year, and actively communicated with the local government. Except for one factory which has delayed the commencement of operation, all other factories have resumed operation after the Chinese New Year as scheduled, which ensured the supply of day-old chicks and feeds to contract farmers and the electrical slaughtering of feather chickens. The volume of day-old chicks, quantity of contractual feed and volume of chicken slaughtering for the first quarter increased significantly as compared with the same period last year, the operating income increased by approximately 8.7% year-on-year and the gross profit increased by approximately 78.9%.

The domestic feeds segment has been given opportunities in a crisis, the Group not only actively took measures to ensure the operation is resumed as scheduled, but also conducted advance procurement of bulk raw materials, which secured the normal supply of feeds to contract farmers when the surrounding feed factories cannot conduct normal operation due to lack of workers or lack of raw materials, and expanded new customers while enhancing the brand influence. The sales volume of domestic feeds segment for the first quarter increased by approximately 63.2% year-on-year, operating income increased by approximately 64.8%, and gross profit increased by approximately 123.4%. Feeds segment in Southeast Asia has maintained its consistent and stable performance. Although being affected by African Swine Fever, the operating income decreased slightly by approximately 0.4% with gross profit increased by 6.3% year-on-year. In summary, the overall gross profit of the feeds segment increased by approximately 34.6% year-on-year.

The novel coronavirus pneumonia epidemic continues to spread over the world, the risk of bulk agricultural product market intensified. Under the double blow of the African Swine Fever and the novel coronavirus pneumonia epidemic, the economy of the agricultural food market in Mainland China and Southeast Asia has become full of uncertainties. The Group will continue to focus on epidemic

prevention without slackness and the industry chain of balanced and highly efficient white feather broilers to provide consumers with reassuring and delicious food.

The Group maintained a healthy financial structure. As of 31 March 2020, the net assets of the Group amounted to approximately RMB2,071,822 thousand. Cash and cash equivalents accounted for about 10.0% of total assets. As at 31 March 2020, the Group's current ratio was approximately 1.60 times, increasing slightly as compared to the approximately 1.41 times as at 31 December 2019. As the Group increased its bank borrowings to cope with the need to meet capital expenditures, the interest-bearing borrowings to equity ratio was approximately 44.7% as at 31 March 2020, which increased slightly as compared with the relevant ratio as at 31 December 2019 (approximately 43.9%).

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 ("Taiwan Stock Exchange")), which indirectly holds approximately 52.04% of the issued shares in the Company. Therefore, the operating results of the Group will be consolidated into the financial statements of Great Wall Enterprise. According to the Securities and Exchange Act of Taiwan and the listing rules of Taiwan Stock Exchange, Great Wall Enterprise is required to prepare consolidated quarterly financial report and publish its quarterly operating results on its website.

The purpose of this announcement is to disclose 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**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the first quarter of 2020.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the Group's consolidated financial statements for the three months ended 31 March 2020 which have not been audited by the independent auditor.

By Order of the Board  
**Wei Anning**  
*Chairman*

Hong Kong, 24 April 2020

*As at the date of this announcement, Mr. Wei Anning (Chairman) and Mr. Han Chia-Yin are the executive directors of the Company, Mr. Harn Jia-Chen, Mr. Han Jia-Hwan, Mr. Han Chia-Yau and Mr. Chao Tien-Shin are the non-executive directors of the Company, and Mr. Way Yung-Do, Mr. Chen Chih and Mr. Ting Yu-Shan are the independent non-executive directors of the Company.*