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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 2021**

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 2021:

**Highlights**

	<b>Three months ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>% Change</b>
	(unaudited)	(unaudited)	
Turnover (RMB'000)	2,462,490	1,999,314	23.2
Gross profit (RMB'000)	265,507	249,085	6.6
Gross profit margin (%)	10.8	12.5	
Profit attributable to equity shareholders of the Company (RMB'000)	68,768	51,022	34.8
Basic earnings per share (RMB)	0.068	0.050	

**CONSOLIDATED INCOME STATEMENT  
FOR THREE MONTHS ENDED 31 MARCH 2021**

*(Expressed in RMB'000)*

	<b>Three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	(unaudited)	(unaudited)
<b>Turnover</b>	2,462,490	1,999,314
Cost of sales	<u>(2,196,983)</u>	<u>(1,750,229)</u>
<b>Gross profit</b>	265,507	249,085
Other operating income	5,996	6,297
Other net gains	1,260	2,194
Distribution costs	(100,748)	(90,858)
Administrative expenses	<u>(70,695)</u>	<u>(65,176)</u>
<b>Profit from operations</b>	101,320	101,542
Finance costs	(5,903)	(8,647)
Share of losses of equity-accounted investees	<u>(263)</u>	<u>(1,421)</u>
<b>Profit before taxation</b>	95,154	91,474
Income tax	<u>(7,769)</u>	<u>(15,428)</u>
<b>Profit for the period</b>	<u><u>87,385</u></u>	<u><u>76,046</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	68,768	51,022
Non-controlling interests	<u>18,617</u>	<u>25,024</u>
<b>Profit for the period</b>	<u><u>87,385</u></u>	<u><u>76,046</u></u>
<b>Earnings per share</b>		
– Basic (RMB)	<u><u>0.068</u></u>	<u><u>0.050</u></u>
– Diluted (RMB)	<u><u>0.068</u></u>	<u><u>0.050</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2021**

*(Expressed in RMB'000)*

	<b>At 31 March 2021</b> (unaudited)	<b>At 31 December 2020</b> (audited)
<b>Non-current assets</b>		
Fixed assets		
– property, plant and equipment	1,364,820	1,380,016
– lease prepayments	200,957	202,627
Interests in equity-accounted investees	80,544	80,727
Other non-current financial assets	1,948	1,948
Deferred tax assets	31,910	29,327
Long-term tax recoverable	135,865	135,865
Other non-current assets	15,218	6,055
	<u>1,831,262</u>	<u>1,836,565</u>
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<b>Current assets</b>		
Inventories	949,195	941,995
Biological assets	219,161	180,073
Trade receivables	322,306	301,522
Other receivables and prepayments	629,572	437,759
Cash and cash equivalents	568,652	631,370
	<u>2,688,886</u>	<u>2,492,719</u>
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<b>Current liabilities</b>		
Trade payables	660,689	541,618
Other payables	442,544	513,503
Contract liabilities	35,011	39,097
Interest-bearing borrowings	494,380	477,264
Lease liabilities	8,917	8,917
Income tax payable	7,815	12,792
Dividend payables	2,366	2,349
	<u>1,651,722</u>	<u>1,595,540</u>
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<b>Net current assets</b>	<u>1,037,164</u>	<u>897,179</u>
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	<b>At 31 March 2021</b> (unaudited)	<b>At 31 December 2020</b> (audited)
<b>Total assets less current liabilities</b>	<u>2,868,426</u>	<u>2,733,744</u>
<b>Non-current liabilities</b>		
Interest-bearing borrowings	374,942	327,387
Lease liabilities	126,894	130,613
Deferred tax liabilities	<u>6,100</u>	<u>3,441</u>
	<u>507,936</u>	<u>461,441</u>
<b>Net assets</b>	<u>2,360,490</u>	<u>2,272,303</u>
<b>Capital and reserves</b>		
Share capital	97,920	97,920
Reserves	946,073	944,446
Retained profits	<u>867,818</u>	<u>799,050</u>
<b>Total equity attributable to equity shareholders of the Company</b>	1,911,811	1,841,416
Non-controlling interests	<u>448,679</u>	<u>430,887</u>
<b>Total equity</b>	<u>2,360,490</u>	<u>2,272,303</u>

## Results Summary

The profit attributable to shareholders of the Company for the first quarter of 2021 amounted to approximately RMB68,768 thousand, representing an increase of approximately RMB17,746 thousand or approximately 34.8% as compared with the same period last year.

In the first quarter of 2021, the GDP of China grew by 18.3% year-on-year and 0.6% from the fourth quarter of 2020. The national economy showed a sustained and stable recovery. As the COVID-19 pandemic is gradually under control in the Mainland, the pent-up consumer demand last year showed an explosive growth. The Group seized the opportunity of the consumption rebound in terms of the food segment, accelerated the development of distributors in various channels, and at the same time, continuously launched new products through national distributor conferences and various exhibitions, striving to create more hit products. The Group has also concentrated its resources in the food segment to continuously strengthen the promotion of family-sized products in retail channels such as e-commerce livestreaming, community group buying, community convenience stores and farmer's markets to further improve channel construction and regional layout. Affected by the COVID-19 pandemic, export sales to Japan declined in the first quarter. However, owing to the strong growth in the domestic market, the overall operating income of the food segment has grown by approximately 23% year-on-year.

Around the Chinese New Year, natural variants of African swine fever with a low fatality rate and illegal vaccines for African swine fever appeared in some parts of the Mainland, the year-on-year growth of live pig and domestic sow stocks was narrowed. In order to reduce breeding risks, large pigs were put into slaughter in panic, light-weight live pigs were slaughtered ahead of schedule, and the concentrated slaughter of live pigs caused price shocks and declines. The increase in pork supply and the sluggish price of pigs have affected the consumption market's substitute demand for chicken meat products to a certain extent. The price of chicken meat has dropped by approximately 6% year-on-year. Due to the early elimination of parent breeding chickens in the fourth quarter of last year to reduce production capacity, the supply of day-old chicks decreased after February 2021. During the first quarter, the comprehensive price of day-old chicks increased by approximately 13% year-on-year. Meanwhile, due to the continued high prices of corn and soybean meal, being bulk raw materials of feeds, the cost of meat chicken's breeding feeds increased by approximately 29% year-on-year. The increase in feed costs and the drop in chicken meat prices have compressed the profitability of the meat product segment. However, the Group's business model of cooperative breeding with broiler farms that began in 2019 has fixed part of the cost of day-old chicks, thus to a certain extent reduces the risk caused by rising prices of day-old chicks. In addition, improvement in the efficiency brought about by the continuous improvement of equipment automation is also appearing. Although the price of chicken meat fell in the first quarter, the volume of day-old chicks, quantity of contractual feeds and volume of chicken slaughtering of the meat product segment were all increased compared with the same period last year, and the operating income decreased by approximately 2% year-on-year only.

Although the African swine fever epidemic in the Mainland rebounded in the first quarter of 2021 under the influence of multiple factors, at the end of the first quarter, the live pig and sow stocks increased by approximately 30% and approximately 28% year-on-year as compared with the same period last year, respectively. The Group firmly grasps the opportunity of market recovery in the domestic feed segment, actively develops new customers, and strives to provide customers with feed products with stronger immunity and higher cost performance. Through promotion and use of functional products and a comprehensive range of animal health services, the Group assists customers to improve their ability to combat the epidemic. The sales of pig feeds in the first quarter increased by approximately 47% year-on-year, and the proportion of pig feeds in sales of external feeds also increased from approximately 45% to approximately 58% year-on-year. Faced with the dual challenges of the COVID-19 pandemic and African swine fever by the Southeast Asia's feeds segment, the Group continued to adjust its product structure to diversify market risks, and further consolidated its market position with the help of the extension of the industrial chain. Although the profit from Southeast Asia's feeds has declined due to the increase in the cost of bulk raw materials, the feed sales from such segment grew by approximately 19% year-on-year through customer development and product strength enhancement. In summary, the overall operating income of the feed segment grew by approximately 32% year-on-year.

For the food segment, being the leader in the strategic development of the Group, providing customers with safe and traceable products has always been a solemn commitment of the Group to the consumers. The Group will continue to keep a close watch on epidemic prevention. While ensuring safe production, the Group will offer consumers with safe products.

The Group maintained a healthy financial structure. As of 31 March 2021, the net assets of the Group amounted to approximately RMB2,360,490 thousand. Cash and cash equivalents accounted for about 12.6% of total assets. As at 31 March 2021, the Group's current ratio was approximately 1.63 times, increasing slightly as compared to the approximately 1.56 times as at 31 December 2020. 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 36.8% as at 31 March 2021, which increased slightly as compared with the relevant ratio as at 31 December 2020 (approximately 35.4%).

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 2021.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the Group's consolidated financial statements for the three months ended 31 March 2021 which have not been audited by the independent auditor.

By Order of the Board  
**Wei, Chun-hsien**  
*Chairman*

Hong Kong, 23 April 2021

*As at the date of this announcement, Mr. Wei, Chun-hsien (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. Way Yung-Do, Mr. Chen Chih, Mr. Ting Yu-Shan and Mr. Hsia, Li-Yan are the independent non-executive directors of the Company.*