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**YuanShengTai Dairy Farm Limited**  
**原生態牧業有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1431)**

**ANNOUNCEMENT OF ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of YuanShengTai Dairy Farm Limited (the “**Company**” or “**YuanShengTai**”) announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Year**”) together with the comparative figures for the year ended 31 December 2021.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*Year ended 31 December 2022*

|   | <i>Notes</i> | <b>2022</b><br><b>RMB'000</b> | 2021<br><i>RMB'000</i>      |
|---|--------------|-------------------------------|-----------------------------|
| <b>REVENUE</b>  | 3            | <b>2,090,343</b>              | 1,776,538                   |
| Cost of sales   |              | <b>(1,568,628)</b>            | (1,297,213)                 |
| Gross profit  |              | <b>521,715</b>                | 479,325                     |
| Other income and gains  | 3            | <b>90,999</b>                 | 73,126                      |
| Administrative expenses   |              | <b>(135,112)</b>              | (116,234)                   |
| Other expenses  |              | <b>(54,962)</b>               | (37,954)                    |
| Finance costs   |              | <b>(10,196)</b>               | (3,532)                     |
| Changes in fair value less costs to sell of biological assets                                       |              | <b>(389,603)</b>              | (237,741)                   |
| <b>PROFIT BEFORE TAX</b>  | 4            | <b>22,841</b>                 | 156,990                     |
| Income tax expense  | 5            | <u>—</u>                      | <u>—</u>                    |
| <b>PROFIT FOR THE YEAR</b>  |              | <b><u>22,841</u></b>          | <b><u>156,990</u></b>       |
| <b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>  |              |                               |                             |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods: |              |                               |                             |
| Exchange differences on translation of foreign operations   |              | <u>2,839</u>                  | <u>(688)</u>                |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>  |              | <b><u>25,680</u></b>          | <b><u>156,302</u></b>       |
| Attributable to:  |              |                               |                             |
| Owners of the Company   |              | <b><u>25,680</u></b>          | <b><u>156,302</u></b>       |
| <b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>                    |              |                               |                             |
| Basic and diluted   | 7            | <b><u>RMB0.49 cent</u></b>    | <b><u>RMB3.35 cents</u></b> |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

|   | <i>Notes</i> | <b>2022</b><br><b>RMB'000</b> | 2021<br>RMB'000  |
|---|--------------|-------------------------------|------------------|
| <b>NON-CURRENT ASSETS</b>                       |              |                               |                  |
| Property, plant and equipment                   |              | 3,831,079                     | 3,206,392        |
| Investment properties                           |              | 109,812                       | 77,469           |
| Right-of-use assets                             |              | 74,776                        | 78,117           |
| Prepayments, other receivables and other assets |              | 271,571                       | 58,124           |
| Biological assets                               |              | <u>2,025,292</u>              | <u>1,707,317</u> |
| Total non-current assets                        |              | <u>6,312,530</u>              | <u>5,127,419</u> |
| <b>CURRENT ASSETS</b>                           |              |                               |                  |
| Inventories                                     |              | 787,544                       | 543,306          |
| Trade receivables                               | 8            | 26,017                        | 52,874           |
| Prepayments, other receivables and other assets |              | 6,578                         | 5,305            |
| Time deposits                                   |              | 232,332                       | –                |
| Cash and cash equivalents                       |              | <u>576,309</u>                | <u>959,411</u>   |
| Total current assets                            |              | <u>1,628,780</u>              | <u>1,560,896</u> |
| <b>CURRENT LIABILITIES</b>                      |              |                               |                  |
| Trade payables                                  | 9            | 388,667                       | 282,252          |
| Other payables and accruals                     |              | 1,132,462                     | 682,244          |
| Interest-bearing bank and other borrowings      | 10           | 120,000                       | –                |
| Lease liabilities                               |              | <u>20,293</u>                 | <u>11,563</u>    |
| Total current liabilities                       |              | <u>1,661,422</u>              | <u>976,059</u>   |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>         |              | <u>(32,642)</u>               | <u>584,837</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>    |              | <u>6,279,888</u>              | <u>5,712,256</u> |
| <b>NON-CURRENT LIABILITIES</b>                  |              |                               |                  |
| Other payables and accruals                     |              | 383,134                       | 402,411          |
| Interest-bearing bank and other borrowings      | 10           | 716,534                       | 190,000          |
| Lease liabilities                               |              | <u>92,082</u>                 | <u>67,047</u>    |
| Total non-current liabilities                   |              | <u>1,191,750</u>              | <u>659,458</u>   |
| Net assets                                      |              | <u>5,088,138</u>              | <u>5,052,798</u> |
| <b>EQUITY</b>                                   |              |                               |                  |
| Issued capital                                  |              | 37,674                        | 37,674           |
| Reserves  |              | <u>5,050,464</u>              | <u>5,015,124</u> |
| Total equity                                    |              | <u>5,088,138</u>              | <u>5,052,798</u> |

## NOTES TO FINANCIAL STATEMENTS

### 1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”), and Interpretations) issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for biological assets and agricultural produce which have been measured at fair value less costs to sell. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

In the preparation of the consolidated financial statements for the Year, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s total current liabilities exceeded its total current assets by RMB32,642,000 (2021: net current assets of RMB584,837,000). Taking into account, (i) the available credit facilities of approximately RMB478,466,000, which remain unutilised as at 31 December 2022, obtained from licensed banks; (ii) the expected net cash inflows generated from the Group’s operations for the next twelve months, the Directors are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

### 1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year’s financial statements.

|  |  |
|--|--|
| Amendments to IFRS 3                                   | <i>Reference to the Conceptual Framework</i>   |
| Amendments to IAS 16                                   | <i>Property, Plant and Equipment: Proceeds before Intended Use</i>                   |
| Amendments to IAS 37                                   | <i>Onerous Contracts – Cost of Fulfilling a Contract</i>                             |
| <i>Annual Improvements to IFRS Standards 2018-2020</i> | Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 |

The nature and impact of the revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or International Financial Reporting Interpretations Committee (“**IFRIC**”) Interpretation 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC Interpretation 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g. direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to IFRS Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:
- *IFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the Year, the amendment did not have any impact on the financial position or performance of the Group.

## 2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the production and sale of raw milk. During the Year, the Group commenced the business of sale of raw goat milk, after the acquisition of certain assets from an unaffiliated party, which is regarded as a new operating segment by the chief operating decision maker. As the new operating segment has similar economic characteristics with the existing operating segment, and both operating segments are similar in respect of the nature of products and service, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the service, and the nature of the regulatory environment, both operating segments are aggregated for financial reporting purposes.

The Group's revenue from external customers is derived solely from its operations in Mainland China.

All external sales of milk produced by the Group during the Year are attributable to customers located in Mainland China.

All non-current assets were located in Mainland China.

During the Year, the Group made sales to major customers, the revenue from which individually contributed to more than 10% of the Group's total revenue for that year. The analysis for 2022 and 2021 is as follows:

|            | <b>2022</b>      | 2021      |
|------------|------------------|-----------|
|            | <b>RMB'000</b>   | RMB'000   |
| Customer A | <b>1,741,264</b> | 1,545,277 |
| Customer B | <b>311,180</b>   | 162,349   |
| Others     | <b>37,899</b>    | 68,912    |
|            | <b>2,090,343</b> | 1,776,538 |

### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

|  | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <i>Revenue from contracts with customers</i> |                        |                        |
| Sale of raw milk                             | <u>2,090,343</u>       | <u>1,776,538</u>       |

#### Revenue from contracts with customers

##### (a) *Disaggregated revenue information*

##### For the year ended 31 December

| Segments                                    | 2022<br>Sale of raw milk<br><i>RMB'000</i> | 2021<br>Sale of raw milk<br><i>RMB'000</i> |
|---|--|--|
| <b>Types of goods</b>                       |  |  |
| Sale of raw milk                            | <u>2,090,343</u>                           | <u>1,776,538</u>                           |
| Total revenue from contracts with customers | <u>2,090,343</u>                           | <u>1,776,538</u>                           |
| <b>Geographical market</b>                  |  |  |
| Mainland China                              | <u>2,090,343</u>                           | <u>1,776,538</u>                           |
| Total revenue from contracts with customers | <u>2,090,343</u>                           | <u>1,776,538</u>                           |
| <b>Timing of revenue recognition</b>        |  |  |
| Goods transferred at a point in time        | <u>2,090,343</u>                           | <u>1,776,538</u>                           |
| Total revenue from contracts with customers | <u>2,090,343</u>                           | <u>1,776,538</u>                           |

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

|  | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: |                        |                        |
| Sale of raw milk   | <u>347,519</u>         | <u>–</u>               |

(b) **Performance obligation**

Information about the Group's performance obligation is summarised below:

*Sale of raw milk*

The performance obligation is satisfied upon delivery of the raw milk and payment is generally due within 30 days from delivery.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

|   | 2022<br><b>RMB'000</b> | 2021<br><b>RMB'000</b> |
|---|------------------------|------------------------|
| Amounts expected to be recognised as revenue: |                        |                        |
| Within one year                               | <u>694,692</u>         | <u>347,519</u>         |
|   | 2022<br><b>RMB'000</b> | 2021<br><b>RMB'000</b> |
| <b>Other income and gains</b>                 |                        |                        |
| Government subsidies                          | 47,793                 | 45,741                 |
| Bank interest income                          | 19,553                 | 13,027                 |
| Gross rental income from investment property  |                        |                        |
| operating leases                              | 21,026                 | 13,926                 |
| Others  | <u>2,627</u>           | <u>432</u>             |
|   | <u>90,999</u>          | <u>73,126</u>          |

#### 4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

|   | 2022<br><i>RMB'000</i>  | 2021<br><i>RMB'000</i>  |
|---|-------------------------|-------------------------|
| Breeding costs to produce   | 1,148,864               | 927,758                 |
| Production costs for raw milk   | <u>419,764</u>          | <u>369,455</u>          |
| Cost of sales   | <u><b>1,568,628</b></u> | <u><b>1,297,213</b></u> |
| Depreciation of property, plant and equipment   | 195,449                 | 154,993                 |
| Less: Capitalised in biological assets  | <u>(98,809)</u>         | <u>(64,893)</u>         |
| Depreciation recognised in the consolidated statement of profit or loss and other comprehensive income*   | <u><b>96,640</b></u>    | <u><b>90,100</b></u>    |
| Depreciation of right-of-use assets   | 5,385                   | 5,141                   |
| Depreciation of investment properties   | 19,700                  | 12,474                  |
| Lease payments for short-term leases  | 131                     | 87                      |
| Auditors' remuneration  | 2,900                   | 3,300                   |
| Changes in fair value less costs to sell of biological assets   | 389,603                 | 237,741                 |
| Employee benefit expenses excluding directors' and chief executive's remuneration:  |                         |                         |
| Wages and salaries  | 180,499                 | 137,679                 |
| Pension scheme contributions  | 52,462                  | 29,220                  |
| Equity-settled share option expense   | 4,810                   | –                       |
| Less: Capitalised in biological assets  | <u>(78,529)</u>         | <u>(54,466)</u>         |
| Employee benefit expenses excluding directors' and chief executive's remuneration recognised in the consolidated statement of profit or loss and other comprehensive income** | <u><b>159,242</b></u>   | <u><b>112,433</b></u>   |
| Loss on disposal of items of property, plant and equipment  | 18,693                  | 1,790                   |
| Foreign exchange differences, net   | <u><b>67</b></u>        | <u><b>12,695</b></u>    |

\* Depreciation of approximately RMB95,016,000 (2021: RMB88,843,000) is included in the cost of sales on the face of the consolidated statement of profit or loss and other comprehensive income for the Year.

\*\* Employee benefit expenses of approximately RMB113,689,000 (2021: RMB91,859,000) is included in the cost of sales on the face of the consolidated statement of profit or loss and other comprehensive income for the Year.



## 5. INCOME TAX

No provision for Hong Kong profits tax has been made for the Year as the Group did not generate any assessable profits arising in Hong Kong during the Year (2021: nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

According to the prevailing tax rules and regulations, certain subsidiaries of the Company operating in the agricultural business are exempted from enterprise income tax.

## 6. DIVIDENDS

No dividend was paid or proposed during the Year, nor has any dividend been proposed since the end of the reporting period.

## 7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the Year attributable to ordinary equity holders of the Company of RMB22,841,000 (2021: RMB156,990,000) and the weighted average number of ordinary shares in issue of 4,690,496,400 (2021: 4,690,496,400).

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

## 8. TRADE RECEIVABLES

|                   | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|-------------------|------------------------|------------------------|
| Trade receivables | <u>26,017</u>          | <u>52,874</u>          |

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date, is as follows:

|                | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|----------------|------------------------|------------------------|
| Within 1 month | 25,828                 | 52,874                 |
| 1 to 2 months  | 147                    | –                      |
| 2 to 3 months  | <u>42</u>              | <u>–</u>               |
|                | <u>26,017</u>          | <u>52,874</u>          |

No loss allowance for impairment of trade receivables for each of the reporting periods was made.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

## 9. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

|                 | <b>2022</b>           | 2021           |
|-----------------|-----------------------|----------------|
|                 | <b>RMB'000</b>        | RMB'000        |
| Within 2 months | <b>317,841</b>        | 230,298        |
| 2 to 6 months   | <b>52,231</b>         | 35,874         |
| 6 to 12 months  | <b>10,962</b>         | 9,787          |
| Over 1 year     | <b>7,633</b>          | 6,293          |
|                 | <u><b>388,667</b></u> | <u>282,252</u> |

Trade payables are non-interest-bearing and are normally settled on terms of two to six months.

## 10. INTEREST-BEARING BANK AND OTHER BORROWINGS

|                        | <b>2022</b>                                |                 |                       | 2021                              |           |                |
|------------------------|--|-----------------|-----------------------|-----------------------------------|-----------|----------------|
|                        | <b>Effective<br/>interest<br/>rate (%)</b> | <b>Maturity</b> | <b>RMB'000</b>        | Effective<br>interest rate<br>(%) | Maturity  | RMB'000        |
| <b>Current</b>         |  |                 |                       |                                   |           |                |
| Bank loan – unsecured  | <b>2.95-3.00</b>                           | <b>2023</b>     | <u><b>120,000</b></u> | –                                 | –         | <u>–</u>       |
| <b>Non-current</b>     |  |                 |                       |                                   |           |                |
| Bank loans – secured   | <b>3.80-3.85</b>                           | <b>2027</b>     | <b>716,534</b>        | –                                 | –         | –              |
| Other loan – unsecured | –  | –               | <u>–</u>              | 5.22                              | 2024-2025 | <u>190,000</u> |
|                        |  |                 | <u><b>836,534</b></u> |                                   |           | <u>190,000</u> |

|  | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>Analysed into:</b>                  |                        |                        |
| Bank loans repayable:                  |                        |                        |
| Within one year or on demand           | 120,000                | –                      |
| In the third to fifth years, inclusive | 716,534                | –                      |
|  | <u>836,534</u>         | <u>–</u>               |
| Other borrowing repayable:             |                        |                        |
| In the third to fifth years, inclusive | –                      | 190,000                |
|  | <u>–</u>               | <u>190,000</u>         |
|  | <u><b>836,534</b></u>  | <u><b>190,000</b></u>  |

- (a) Other borrowing represents loan due to an independent third party. During the Year, Heilongjiang Jinyuan Dairy Farming Co., Ltd \* (黑龍江金源牧業有限公司) (“**Heilongjiang Jinyuan**”), a wholly-owned subsidiary of the Company, repaid the loan to the independent third party in advance. The loan was acquired from the independent third party due to the asset transfer in 2021. According to the asset transfer agreement, the bank loan borrowed by this independent third party shall be transferred to Heilongjiang Jinyuan together with certain assets. The novation agreement with the bank had not been signed before the repayment.
- (b) As at 31 December 2022, all bank borrowings were denominated in RMB.
- (c) Certain of the Group’s bank loan facilities up to RMB875,000,000 (2021: Nil) as at 31 December 2022 were guaranteed by the Group’s chief executive officer and his wife, and certain subsidiaries of the Company, and were also secured by receivables in the next 5 years of certain subsidiaries of the Company from certain subsidiaries of a major customer, of which RMB434,582,000 (2021: Nil) have been utilised.
- (d) Certain of the Group’s bank loan facilities up to RMB320,000,000 (2021: Nil) as at 31 December 2022 were guaranteed by certain subsidiaries of the Company, of which RMB281,952,000 (2021: Nil) have been utilised.

\* *For identification purposes*

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET REVIEW

Looking back to 2022, China's economy continued to recover steadily. Despite the outbreak of the COVID-19 pandemic (the “**Pandemic**”), production demand kept increasing, pointing to a recovery of the economy. According to the economic data for 2022 released by the National Bureau of Statistics, the annual gross domestic product (“**GDP**”) exceeded RMB121 trillion, representing an increase of 3.0% over the previous year. By quarter, the GDP recorded a year-on-year growth of 4.8% in the first quarter, a year-on-year growth of 0.4% in the second quarter, a year-on-year growth of 3.9% in the third quarter, and a year-on-year growth of 2.9% in the fourth quarter. China's adjustment and optimization of the Pandemic prevention and control policies fueled the recovery of the overall consumer market.

In terms of the dairy products, the raw milk industry picked up as a whole, and the excess demand for high-end raw milk products is expected to continue. With the shift in residents' health awareness and consumption patterns, the development of new purchasing channels, the upgrading of residents' consumption and the acceleration of the demand for nutritious food due to demographic changes, the target consumer group and market scale of dairy consumption in China are constantly expanding. On the other hand, there is still a huge gap between China's per capita dairy consumption and other dairy consumption countries, which indicates that China's dairy market still has great growth potential. Meanwhile, China introduced a series of policies which facilitated the revitalization of the dairy industry. Driven by the favorable policies of the state, large-scale dairy enterprises and dairy farming enterprises will have access to greater development opportunities in the industry.

In terms of feed, due to the general rise in global commodity prices in 2022, coupled with the tight supply of feed ingredients, feed costs experienced an across-the-board increase. According to statistics from China Customs, China imported a total of 1,761,100 tonnes of alfalfa hay from January to November 2022, representing a decrease of 1.6% as compared with 2021, with an import value of US\$888 million, representing a year-on-year increase of 32.8%, with an average insurance and freight cost of US\$504.05 per tonne, representing a year-on-year increase of 35.0%. As a result of the rising price of imported hay feed, the business cost of the animal farming increased as well.

As a leading dairy farming company in the People's Republic of China (the “**PRC**”), the Group will continue to achieve better economies of scale by adjusting the size of the herd and improving the breeding and production technology. In order to pursue its goal of producing high-quality raw milk, YuanShengTai will continue to make more efforts on standardized raw milk production and conduct rigorous quality supervision, so as to satisfy the society's increasingly diversified needs for dairy products and offer raw milk of best quality.

### BUSINESS REVIEW

In terms of herd size and production volume, YuanShengTai is one of the leading dairy farming companies in the PRC. During the Year, the total sales volume of raw milk of the Group increased by 10.6% to 411,438 tonnes from 372,089 tonnes in 2021. The total revenue amounted to RMB2,090.3 million, representing an increase of 17.7% as compared with the same period of 2021. During the Year, the Group recorded net profits of RMB22.8 million.

Since its early business development, the Group has built long-term and stable relationships with China's leading dairy manufacturers. In 2022, the three major customers of the Company were Feihe Dairy Group, Mengniu Group and Yili Group. All of the three major customers continued to expand their product portfolio and develop the international market with the support of preferential policies of the PRC government, which will definitely continue to benefit the development of the Group's business. Revenue from these three major customers accounted for approximately 99.0% of the Group's revenue. In the future, the Group expects to continue to supply raw milk products to these three major customers on a long-term basis, and is committed to providing raw milk with the highest safety and nutritional standards in China, in line with China's rising demand for high-end raw milk, and further consolidating the Group's customer base.

### Construction of Farms

As of 31 December 2022, we had eight dairy cow farms in Heilongjiang Province, one dairy cow farm in Jilin Province, and one dairy goat farm in Shaanxi Province, respectively. Each dairy cow farm had an actual designed capacity ranging from 1,960 to 30,000 dairy cows, and the total site area of the nine dairy cow farms amounted to approximately 7,791,700 square metres. The dairy goat farm had an actual designed capacity of 20,000 dairy goats, and the site area of the dairy goat farm amounted to 429,133 square metres. The new farms of the Group under construction are Yi'an Farm and Bei'an Farm, respectively. With certain cow houses completed, the new farms have started raising heifers since early 2023.

|                            | <b>Actual Designed<br/>Capacity</b><br><i>(Number of<br/>Cows/Head)</i> | <b>Actual Inventory<br/>Number</b> | <b>Area</b><br><br><i>(m<sup>2</sup>)</i> |
|----------------------------|---|------------------------------------|---|
| Gannan Farm                | 12,000  | 11,751                             | 986,333                                   |
| Kedong Heping Farm         | 6,000   | 6,262                              | 384,000                                   |
| Kedong Ruixinda Farm       | 18,000  | 10,411                             | 784,000                                   |
| Kedong Yongjin Farm        | 12,000  | 8,304                              | 714,000                                   |
| Zhenlai Farm               | 30,000  | 21,139                             | 2,066,667                                 |
| Baiquan Farm               | 15,000  | 9,587                              | 994,000                                   |
| Keshan Farm                | 12,000  | 9,659                              | 980,000                                   |
| Longjiang Ruixincheng Farm | 1,960   | 1,726                              | 84,300                                    |
| Longjiang Jinyuan Farm     | 12,000  | 10,598                             | 798,400                                   |
|                            | <hr/>   | <hr/>                              | <hr/>                                     |
| Total                      | <u>118,960</u>  | <u>89,437</u>                      | <u>7,791,700</u>                          |

|                              | <b>Actual Designed<br/>Capacity</b><br><i>(Number of<br/>Goats/Head)</i> | <b>Actual Inventory<br/>Number</b> | <b>Area</b><br><br><i>(m<sup>2</sup>)</i> |
|------------------------------|--|------------------------------------|---|
| Shaanxi Ruixiangchengda Farm | <u>20,000</u>  | <u>5,973</u>                       | <u>429,133</u>                            |
| Total                        | <u><u>20,000</u></u>   | <u><u>5,973</u></u>                | <u><u>429,133</u></u>                     |

### **Milk Yield**

During the Year, the average annual milk yield per cow was 11.20 tonnes, representing an increase of 2.7% as compared with 10.91 tonnes in the same period of 2021. As operation of farms become more mature and stable, and the age mix of cattle and the cattle mix have been upgraded and optimized, the Group expects that the average milk yield of herds will continue to increase. In the future, the Group will improve its profitability by adjusting and optimizing the cattle mix and improving the feeding formula, and upgrading intelligent high-quality management quality management.

### **Size of Our Herds**

Driven by the advanced and modern management model of our farms, the number of dairy cows of the Group's dairy farms increased from 79,566 heads as of 31 December 2021 to 89,437 heads as of 31 December 2022. The total number of inventory cows increased by 12.4% as compared with the same period of last year. Among them, the total number of our matured milkable cows increased from 36,290 heads as of 31 December 2021 to 40,235 heads as of 31 December 2022, representing an increase of 10.9% over the same period of last year. The increase in number of our matured milkable cows contributed to the steady supply of quality raw milk of the Group. In addition, the number of heifers and calves increased to 49,202 heads, representing an increase of 13.7% over the same period of last year. The number of dairy goats was 5,973 heads as of 31 December 2022, including 4,482 matured milkable goats and 1,491 lambs and young goats.

|                                  | <b>31 December 2022</b> | 31 December 2021            |
|----------------------------------|-------------------------|-----------------------------|
| Number of matured milkable cows  | <b>40,235</b>           | 36,290                      |
| Number of heifers and calves     | <u>49,202</u>           | <u>43,276</u>               |
| Total number of dairy cows       | <u><u>89,437</u></u>    | <u><u>79,566</u></u>        |
|                                  |                         | <b>31 December<br/>2022</b> |
| Number of matured milkable goats |                         | <b>4,482</b>                |
| Number of lambs and young goats  |                         | <u>1,491</u>                |
| Total number of dairy goats      |                         | <u><u>5,973</u></u>         |

## **Price of Raw Milk**

As the domestic milk production continues to increase, the market supply should be sufficient, and the supply and demand return to a stable state. Recently, the price of domestic raw milk in China has dropped. During the Year, the Group optimized and adjusted the product structure of raw milk, increased the proportion of premium raw milk such as organic milk and A2 milk, and the selling price of the Company's raw milk rises. During the Year, the average selling price of the Group's raw cow milk was RMB5,074 per tonne, representing an increase of 6.3% over the same period of last year. The average selling price of the Group's raw goat milk was RMB6,993 per tonne during the Year.

## **OUTLOOK**

As the per capita disposable income of residents across the country continues to increase, and consumers pay more attention to health under the regular prevention and control of the Pandemic, consumption upgrades have increased the demand for high-end products, further promoting the development of various industries. On the other hand, due to the decrease in the number of newborns and young children in recent years, the benefits of huge population came to an end. Consumers' demand for high-quality dairy products in China has fueled development of certain segments in the industry, such as goat milk. Small and medium-sized brands in the growing market are finding it more and more difficult to survive, which highlights the brand advantage of the Group. In the future, high-quality raw milk will be produced and provided mainly by large-scale dairy farms. The proportion of large-scale farming in the raw milk industry will increase which will lead to greater industry concentration and higher barriers to new entrants. Thus, the market will usher in a new period of competition between existing players. The Company is expected to benefit from the industry's upward cycle and first-mover advantage and further leverage its industry leader's advantages.

In the future, the Group will seize market opportunities and continue to upgrade its structure by relying on its own technological advantages and resource endowments under the trend of innovation and consumption upgrading. In addition to insisting on making the main raw milk business bigger, better and stronger, YuanShengTai will also explore the possibility of developing new businesses as new drivers of profit growth. It will make best use of its advantages of having its own resources of raw milk to develop featured goat milk business, improve the quality of dairy cows to provide the Group with high-quality dairy cows, realize digital breeding leveraging on modern technologies, plan the production in line with the needs of dairy enterprises, and achieve rational expansion to increase the Company's overall gross profit margin. We believe that YuanShengTai will continue to maintain its leading position in China's dairy animal farming and contribute to the revitalization of China's dairy industry while providing high-quality dairy products to the society.

## **Our Revenue**

During the Year, our total sales of milk produced increased by 17.7% from RMB1,776.5 million for the year ended 31 December 2021 to RMB2,090.3 million. The sales volume for the Year reached 411,438 tonnes, representing an increase of 39,349 tonnes or 10.6% as compared with 372,089 tonnes in 2021. The growth was primarily attributable to the increases in (i) herd size of matured milkable cows; and (ii) average annual milk yield per cow. Our average selling price of raw cow milk was RMB5,074 per tonne for the Year, representing an increase of 6.3% as compared with RMB4,774 per tonne in 2021 and our average selling price of raw goat milk was RMB6,993 per tonne for the Year.

## Cost of Sales

Our cost of sales for the Year was RMB1,568.6 million. The table below summarizes the components of our cost of sales by nature:

|                                      | <b>2022</b>      | 2021      |
|--------------------------------------|------------------|-----------|
|                                      | <b>RMB'000</b>   | RMB'000   |
| Cost of sales                        |                  |           |
| Feed                                 | <b>1,148,864</b> | 927,756   |
| Salary, welfare and social insurance | <b>113,689</b>   | 91,859    |
| Depreciation                         | <b>95,016</b>    | 88,843    |
| Veterinary cost                      | <b>55,889</b>    | 49,912    |
| Utility                              | <b>87,409</b>    | 68,459    |
| Transportation expenses              | <b>23,530</b>    | 28,116    |
| Other costs                          | <b>44,231</b>    | 42,268    |
|                                      | <hr/>            | <hr/>     |
| Cost of sales, total                 | <b>1,568,628</b> | 1,297,213 |
|                                      | <hr/>            | <hr/>     |

Feed costs represent the cost of feed consumed by our milkable cows and goats. The feed costs for milkable cows and milkable goats were RMB1,148.9 million and RMB927.8 million for the years ended 31 December 2022 and 2021, respectively, representing 73.2% and 71.5% of the cost of sales for the respective financial years. The increase in our feed costs was attributable to the increases in (i) the number of milkable cows and goats; and (ii) the price of hay feed.

## Gross Profit

Given the above factors, the gross profit increased to RMB521.7 million for the Year (2021: RMB479.3 million), representing an increase of 8.8% as compared with that for 2021. Our gross profit margin decreased from 27.0% in 2021 to 25.0% in 2022.

## Other Income and Gains

Other income and gains for the Year amounted to RMB91.0 million (2021: RMB73.1 million), representing an increase of 24.5%. The increase in other income and gains was attributable to the increases in: (i) interest income; and (ii) income from land subleases generated by Zhenlai Farm and Yi'an Farm. In order to ensure the stable supply of feeds, Zhenlai Farm and Yi'an Farm leased several parcels of land which were sublet afterwards for growing feeds. This business is a sub-lease business under the operating lease model and sub-lease income was recognized.

## Administrative Expenses

We incurred administrative expenses of RMB135.1 million for the Year (2021: RMB116.2 million), representing an increase of approximately 16.3% as compared with 2021. The increase was attributable to: (i) increases in wages and salaries; and (ii) share option expense recognised for the Year. Share options were granted to Directors and employees of the Company pursuant to a share option scheme adopted by China Feihe Limited on 22 June 2020.



## **Other Expenses**

Other expenses for the Year amounted to RMB55.0 million (2021: RMB38.0 million), representing an increase of approximately 44.7%. The increase in other expenses was attributable to the increases in: (i) expenses on land sub-lease incurred by Zhenlai Farm and Yi'an Farm; and (ii) the net loss on disposal of items of property, plant and equipment.

## **Changes in Fair Value Less Costs to Sell of Biological Assets**

Changes in fair value less costs to sell of biological assets was a loss of RMB389.6 million for the Year as compared with a loss of RMB237.7 million for 2021. The increase was attributable to the increase in feeding costs.

## **Profit for the Year of the Group**

Taking into account all of the above factors, the Group's net profit was RMB22.8 million for the Year, as compared with a net profit of RMB157.0 million for the year ended 31 December 2021. The decrease in net profit was mainly attributable to the increase in the price of hay feed, as compared to the year ended 31 December 2021. Basic earnings per share was approximately RMB0.49 cent for the Year (2021: RMB3.35 cents).

## **FINAL DIVIDEND**

The Board has resolved not to recommend the payment of a final dividend for the Year (2021: Nil).

## **LIQUIDITY AND FINANCIAL RESOURCES**

For the Year, the Group's net cash inflow from operating activities amounted to RMB799.7 million, as compared with RMB720.1 million in 2021. As at 31 December 2022, the Group had cash and cash equivalents of RMB576.3 million (2021: RMB959.4 million). Save for cash and cash equivalents equivalent to RMB300.0 million which were denominated in the United States dollars ("USD"), and RMB17.6 million which were denominated in Hong Kong dollars ("HKD"), the Group's remaining cash and cash equivalents were denominated in RMB.

The Group had interest-bearing bank and other borrowings of RMB836.5 million as at 31 December 2022 (31 December 2021: RMB190.0 million) which was denominated in RMB. The annual interest rate of the bank and other borrowings as at 31 December 2022 ranged from 2.95% to 3.85% (31 December 2021: 5.22%). The gearing ratio (calculated by dividing net debt by the equity attributable to owners of the parent plus net debt) was 13.2% (as at 31 December 2021: N/A). Net debt includes interest-bearing bank and other borrowings, trade payables, and certain other payables and accruals, less cash and cash equivalents and time deposits. Details of the borrowings of the Group are set out in note 10 to the financial statements.

## **CAPITAL STRUCTURE**

As at 31 December 2022, the Company's issued share capital was HK\$46,904,964 divided into 4,690,496,400 shares of HK\$0.01 each (the "Shares") (2021: HK\$46,904,964 divided into 4,690,496,400 Shares of HK\$0.01 each). The Company did not issue any new Shares during the Year.

## SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the Year, the principal capital expenditures of the Group were related to construction of new farms and major maintenance and acquisition of additional equipment and cows for its existing dairy farms.

As part of the future strategy of the Group, the Group's planned capital expenditures for its business operations will be primarily related to the construction and commencement of operations of its new dairy farms. The Group anticipates that its capital expenditures will be financed by cash generated from its operations, debt financing or bank loans, the net proceeds from the placing of new Shares under the general mandate from shareholders of the Company (the "Shareholders") and the unutilised net proceeds from the issue of new Shares under the global offering as set out in the prospectus of the Company dated 14 November 2013 (the "Prospectus").

Save as disclosed above and in the Prospectus, there were no significant investments held as at 31 December 2022 nor were there other plans for material investments on capital assets as at the date of this announcement.

## USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING (THE "IPO") AND PLACING OF NEW SHARES

The issued Shares were initially listed on the Stock Exchange on 26 November 2013. Gross proceeds raised from the IPO in such connection amounted to approximately HK\$3,298.0 million, and the net proceeds (after deduction of listing expenses and underwriting commissions, and excluding offer proceeds which were payable to selling Shareholders (i.e. not receivable by the Company)) amounted to approximately HK\$2,564.0 million. The net proceeds were spent broadly in accordance with the Company's plan as disclosed in the Prospectus.

The table below sets out the planned applications of the net proceeds from the IPO and the actual usage:

|  | Planned use of<br>net proceeds<br>from the IPO<br>(as stated in the<br>Prospectus)<br><i>HK\$ million</i> | Actual use of<br>net proceeds<br>from the IPO up<br>to 31 December<br>2022<br><i>HK\$ million</i> | Actual use of<br>net proceeds<br>from the IPO<br>during the Year<br><i>HK\$ million</i> | Unused net<br>proceeds from<br>the IPO as at<br>31 December<br>2022<br><i>HK\$ million</i> |
|--|---|---|---|--|
| Construction of new farms                        | 1,923.0   | 1,923.0   | –   | –  |
| Developing upstream operations                   | 384.6   | 36.8  | –   | 347.8  |
| Working capital and general<br>corporate purpose | 256.4   | 256.4   | –   | –  |
| Total  | <u>2,564.0</u>  | <u>2,216.2</u>  | <u>–</u>  | <u>347.8</u>   |

The unused net proceeds, being approximately HK\$347.8 million, are expected to be used in accordance with the Company's plan as disclosed in the Prospectus (i.e. to develop upstream operations) by end of 2023. The original expected timeline for unused net proceeds in respect of developing upstream operations was 31 December 2021. The delay in the use of net proceeds arose due to the suspension of upstream operations development over the Pandemic. A detailed schedule depends on the overall economic conditions, the development of the Company and market situation.

The Board will continuously evaluate the Group's business strategies and change or modify the plan in line with market conditions, to support business growth of the Group.

The Company issued 781,749,400 new Shares at a price of HK\$0.5 per Share pursuant to a placing of Shares completed on 13 January 2017 (the "**Placing**"). The net proceeds from the Placing (after deducting the placing commission payable to the placing agent and other expenses incurred in the Placing) were approximately HK\$384.6 million, which were intended to be used for importing heifers and calves from Australia and New Zealand and as general working capital and had been fully utilised as at 31 December 2022.

The table below sets out the planned applications of the net proceeds from the Placing and the actual usage:

|   | <b>Planned use of<br/>net proceeds<br/>from the Placing<br/>(as stated in the<br/>announcement of<br/>the Company<br/>dated<br/>23 December<br/>2016)<br/><i>HK\$ million</i></b> | <b>Actual use of<br/>net proceeds<br/>from the<br/>Placing up to<br/>31 December<br/>2022<br/><i>HK\$ million</i></b> | <b>Actual use of<br/>net proceeds<br/>from the<br/>Placing during<br/>the Year<br/><i>HK\$ million</i></b> | <b>Unused net<br/>proceeds from<br/>the Placing as<br/>at 31 December<br/>2022<br/><i>HK\$ million</i></b> |
|---|---|---|--|--|
| Importing heifers and calves from<br>Australia and New Zealand and<br>general working capital | 384.6   | 384.6   | 206.7  | –  |
| Total   | 384.6   | 384.6   | 206.7  | –  |

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

On 1 January 2022, the Group acquired certain assets from an unaffiliated party engaged in the production and sale of raw goat milk. The acquisition was made as part of the Group's strategy to expand its business in the fast-growing goat milk market in the PRC and diversify and expand new product lines to meet the customer's need for goat milk powder products in the PRC. The purchase consideration for the acquisition was in the form of cash in the amount of RMB135,883,000. Details of the acquisition are set out in the announcements of the Company dated on 19 November 2021 and 29 November 2021, respectively.

Save as disclosed above, during the Year, the Group did not have any material acquisitions and disposal of subsidiaries, associates or joint ventures.

## **PLEDGE OF ASSETS**

As at 31 December 2022, no assets of the Group were pledged as security for bank borrowings (2021: Nil).

## **FOREIGN EXCHANGE EXPOSURE**

Certain assets of the Group are denominated in foreign currencies such as the USD and HKD. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out by the management.

## **TREASURY POLICIES**

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

## **CAPITAL COMMITMENT AND CONTINGENCIES**

Capital commitment of the Group as at 31 December 2022 and 2021 were RMB240.3 million and RMB79.0 million, respectively, which were for construction of our new farms, renewal of existing facilities and purchase of dairy cows.

The Group did not have any significant contingent liabilities as at 31 December 2022 (2021: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2022, the Group had 2,241 employees (2021: 1,903 employees), of whom one was located in Hong Kong and all the others were located in the PRC.

The salaries of the Group's employees largely depend on their type and level of work as well as length of service with the Group. They receive social welfare benefits and other benefits including social insurance. As required by the PRC regulations on social insurance, the Group participates in the social insurance schemes operated by the relevant local government authorities, which include retirement pension, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance. In addition, the Group has opened its housing funds accounts and started contributions to housing funds since April 2013. A share option scheme was adopted by the Board on 7 November 2013 for the purpose of providing incentives or rewards to selected participants for their contributions to the Group. The Group also provides and arranges on-the-job training for the employees.

The Directors and senior management of the Company receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The Company also reimburses them for expenses which are necessarily and reasonably incurred for providing services to the Company or executing their functions in relation to its operations. The Company regularly reviews and determines the remuneration and compensation packages of the Directors and senior management.

Further, the remuneration committee of the Board reviews and recommends to the Board for consideration and approval of the remuneration and compensation packages of the Directors and senior management by reference to their time commitment and responsibilities, the salaries paid by comparable companies and the performance of the Group.

## **EVENT AFTER REPORTING YEAR**

Save as disclosed elsewhere in this announcement, the Group did not have any material subsequent event after the Year and up to the date of this announcement.

## **UPDATES IN RELATION TO THE NOVEL CORONAVIRUS DISEASE**

Since the outbreak of the Pandemic in December 2019, the Board has been monitoring the development of the Pandemic and assessing its impact on the Group's operations. The Company has since the Pandemic taken immediate steps and measures to protect its employees from being infected. In December 2022, China ended its zero-COVID policy and has opened its border. It is expected that the domestic economy will gradually pick up. As at the date of this announcement, the Board is not aware of any material adverse impact to the Group' financial or trading position caused by the Pandemic.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Year, the Company did not redeem any of the Company's listed securities nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Board and the Company's management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of the Shareholders. The Board considers that the Company complied with all the code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Year.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct for dealing in securities of the Company by the Directors. In response to a specific enquiry made by the Company, all Directors confirmed that they had complied with the Model Code during the Year.

## **REVIEW OF ANNUAL RESULTS AND PRELIMINARY RESULTS ANNOUNCEMENT**

The Board has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code, which was revised on 29 December 2018. The Audit Committee comprises all the four independent non-executive Directors, namely Mr. Meng Jingzong (alias Owens Meng) (committee chairman), Mr. Zhang Yuezhou, Mr. Zhu Zhanbo and Ms. Liu Jinping. The Audit Committee has reviewed with the Company's management team the Company's annual consolidated results for the Year.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Company's independent auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Company's independent auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by the Company's independent auditor on the preliminary announcement.

## **PUBLICATION OF INFORMATION ON DESIGNATED WEBSITES**

This results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.ystdfarm.com](http://www.ystdfarm.com) and [www.ystdairyfarm.com](http://www.ystdairyfarm.com)), respectively. The annual report of the Company for the Year will be despatched to the Shareholders and published on the same websites in due course in the manner as required by the Listing Rules.

By Order of the Board  
**YuanShengTai Dairy Farm Limited**  
**Zhao Hongliang**  
*Chairman*

Hong Kong, 28 March 2023

*As at the date of this announcement, the Board comprises four executive directors, namely Mr. Zhao Hongliang (Chairman), Mr. Fu Wenguo (Chief Executive Officer), Mr. Chen Xiangqing (Chief Financial Officer) and Mr. Liu Gang; three non-executive directors are Mr. Leng Youbin, Mr. Liu Hua and Mr. Cai Fangliang; and four independent non-executive directors, namely Mr. Meng Jingzong (alias Owens Meng), Mr. Zhang Yuezhou, Mr. Zhu Zhanbo and Ms. Liu Jinping.*