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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)

SUPPLEMENTAL ANNOUNCEMENT

**DISCLOSEABLE TRANSACTION
PROVISION OF GUARANTEE**

Reference is made to the announcement (the “**Announcement**”) of YuanShengTai Dairy Farm Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 11 December 2025 in relation to the provision of guarantee to Yi’an County Xinneng Biotechnology Co., Ltd.* (“**Xinneng Bio**”). Unless defined otherwise, capitalised terms used herein shall have the same respective meanings as those defined in the Announcement.

The Company would like to supplement the following additional information with respect to the provision of the guarantee to Xinneng Bio (the “**Guarantee**”):

ULTIMATE BENEFICIAL OWNERS OF XINNENG BIO

Xinneng Bio is wholly owned by Heilongjiang Guohong Jieneng Huanbao Co., Ltd.* (黑龍江國宏節能環保有限公司) (“**Guohong Jieneng**”), which in turn is wholly owned by Heilongjiang Juda Investment Co., Ltd.* (黑龍江聚達投資有限公司) (“**Heilongjiang Juda**”), which in turn is owned as to 60% by Liu Jiansheng (劉建生) (“**Mr. Liu**”), 30% by Zhang Shenglong (章聖龍) and 10% by Zhao Kexin (趙可新).

Guohong Jieneng is principally engaged in the treatment and comprehensive utilization of livestock and poultry manure, crop straw and agricultural processing waste, Heilongjiang Juda Investment Co., Ltd.* (黑龍江聚達投資有限公司) is principally engaged in investment holding, and the three individuals are businessmen.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Xinneng Bio and their ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE GUARANTEE

The Company does not receive any guarantee fee from Xinneng Bio in relation to the provision of the Guarantee. The provision of the Guarantee is an one-off arrangement. The Directors consider that the provision of the Guarantee is on normal commercial terms and that the terms are fair, reasonable, and in the interests of the Company and its Shareholders as a whole based on the following bases:

(i) Significant cost savings and expansion of cooperation

Since 2023, the Group has been optimizing its operational model for cow manure treatment. Under this model, suppliers of bedding materials collect cow manure from the Group's farms and, in return, provide bedding materials to the Group. This arrangement has significantly reduced the Group's costs previously incurred for manure treatment, which required dedicated labor and transportation to designated recycling facilities. As cow manure serves as a key raw material for the suppliers' natural gas production, the Group is actively working to extend this cooperative model across all eleven farms to further enhance cost efficiency.

Building on this initiative, since 2024, the Group has partnered with Xinneng Bio and other subsidiaries of Guohong Jieneng (the "**Guohong Jieneng Group**") for cow manure treatment. Currently, the Guohong Jieneng Group serves five of the Group's eleven farms by collecting cow manure and supplying bedding materials. As the Guohong Jieneng Group offers quality bedding materials at a lower purchase price, with a view to further reducing operational costs, the Group intends to deepen this cooperation within these five farms by allowing the Guohong Jieneng Group to collect a greater volume of cow manure and by increasing its purchase of bedding materials from them.

The expansion of cooperation creates a win-win situation for the Guohong Jieneng Group and the Group. The Guohong Jieneng Group will be able to expand its capacity, secure more free cow manure, and produce additional natural gas products, while the Group can dispose of cow manure without charge and benefit from lower purchase prices for bedding materials. Expenses for manure treatment and bedding materials at the four farms served by Guohong Jieneng Group dropped from approximately RMB49 million in 2022 to RMB28 million for the 11 months ended 30 November 2025.

(ii) High demand of products of the Guohong Jieneng Group

The Guohong Jieneng Group uses cow manure, wheat straw, corn husks and other agricultural waste as raw materials to produce natural gas through fermentation, with natural gas as its primary product. Solid residues generated during production are dried and compressed into cow bedding, which is sold to the Group. The products of the Guohong Jieneng Group enjoy strong demand and significant market potential, with natural gas supply falling short of demand, supporting its long-term growth prospects. The factories of the Guohong Jieneng Group are located near the five farms of the Group, enabling the Guohong Jieneng Group to sustainably process more cow manure free of charge and supply cost-effective cow bedding to the Group while increasing natural gas products.

Given the growing demand for natural gas products, the Directors are confident that Guohong Jieneng Group's operations will continue to expand and achieve sustainable growth, and the Group will be able to benefit from the expansion of operation of the Guohong Jieneng Group.

(iii) Positive industry outlook

The loan provided by the Bank to Xineng Bio (the “**Loan**”) is strictly designated for the project involving the recycling and utilization of bio-organic fertilizer and biogas as bioenergy by Xinneng Bio (the “**Project**”). Such loan is also guaranteed by two individuals, the ultimate beneficial owner of Guohong Jieneng and his spouse, on joint and several basis. This initiative aims to expand Xineng Bio's production capacity and enhance its long-term operational capability. The Guohong Jieneng Group operates in the rapidly growing energy-saving and environmental protection sector, driven by national policies and strong market demand. The Group understands Xinneng Bio's operations and believes Xinneng Bio will successfully expand as the energy-saving and environmental protection sector continues to grow. This favorable outlook enhances the long-term viability and financial stability of the Guohong Jieneng Group, reducing the risk associated with the Guarantee.

(iv) **Due diligence on the Loan, the Project and Xinneng Bio**

The Project

Based on information obtained from Xinneng Bio and the feasibility report prepared by independent third party in November 2024 (the “**Feasibility Report**”) which was provided to the Bank for consideration, below set out the background and information of the Project:

- the Project focuses on biological organic fertilizer and biogas energy recycling through the utilization of livestock manure and crop straw. It aims to produce biogas, organic fertilizers, and biomass fuel, supporting green energy transition, agricultural sustainability, and carbon reduction goals;
- the Project involves constructing a factory and putting it into operation after one year, with production capacity of biogas of 7 million Nm³/year, solid organic fertilizer of 24,000 ton per year and liquid organic fertilizer of 20,000 ton per year;
- based on the Feasibility Report, the forecasted annual revenue of the Project is approximately RMB64.2 million and the annual net profit is approximately RMB20 million; and
- the Project is government-supported and is expected to receive approximately RMB32 million from the government around two years after the factory commences operation by way of two installments.

The Loan

Based on the loan agreement between Xinneng Bio and the Bank and further information provided by Xinneng Bio,

- the Loan is in the amount of RMB94 million with a term of five years commencing from 26 November 2025;

- the Loan shall be repaid by way of eight installments, commencing from 25 May 2027 until 25 November 2030 on a semi-annual basis. Below sets out the repayment schedule:

Installment	Payment Date	Amount
1 st	25 May 2027	RMB10,250,000
2 nd	25 November 2027	RMB10,250,000
3 rd	25 May 2028	RMB11,000,000
4 th	25 November 2028	RMB11,000,000
5 th	25 May 2029	RMB12,750,000
6 th	25 November 2029	RMB12,750,000
7 th	25 May 2030	RMB13,000,000
8 th	25 November 2030	RMB13,000,000

- apart from the Guarantee by Kedong Heping YST, the Loan is guaranteed by two other individuals, namely, Mr. Liu and his spouse, on joint and several basis. Mr. Liu is the controlling shareholder of Heilongjiang Juda, which indirectly wholly owns Xinneng Bio.

Xinneng Bio

The Group has obtained financial statements of Xinneng Bio and conducted a thorough review of its financial position, cash flow and repayment ability. Below sets out the financial information of Xinneng Bio for the year ended 31 December 2024 and the eleven months ended 30 November 2025:

	For the year ended 31 December 2024 (RMB)	For the eleven months ended 30 November 2025 (RMB)
Revenue	423,900	11,888,100
Profit before tax	(165,100)	1,198,300
Total assets	18,581,600	42,685,500

As the Project only commenced in 2025, with the factory under construction and only part of the equipment installed, the book value of the assets of Xinneng Bio as at 30 November 2025 was approximately RMB42.69 million. Based on the scale of other factories and facilities of the Guohong Jieneng Group, the total fixed assets of Xinneng Bio is expected to exceed RMB100 million when the factory is in full operation.

Further, the Company has obtained credit check report on Xinneng Bio from the Credit Reference Center of People's Bank of China. The reports showed that Xinneng Bio has a clean record of borrowings and repayments.

The Board has carefully reviewed the financial position and operational prospects of Xinneng Bio and information of the Project, and is of the view that Xinneng Bio has the ability to repay the Loan in accordance with the agreed schedule, based on the following considerations:

- *Structured Repayment Schedule* – The Loan is to be repaid in eight installments, requiring approximately RMB22 million per year. This structured schedule aligns with the projected cash flow from operations once the factory reaches full capacity.
- *Strong Shareholder and Personal Guarantees* – The Loan is also guaranteed by two individuals, including the ultimate controlling shareholder of Guohong Jieneng Group, which Xinneng Bio is part of. This provides an additional layer of security and demonstrates commitment from the controlling party.
- *Group-Level Leverage and Cooperation* – Guohong Jieneng Group operates four factories in total (including the factory to be built under the Project), all in close cooperation with the Group. In the unlikely event of non-repayment by Xinneng Bio, the Group retains the contractual right to terminate cooperation with all four factories, which would have a significant impact on Guohong Jieneng Group's operations. This creates a strong incentive for Xinneng Bio to ensure timely repayment.
- *Asset Growth Post-Completion* – Upon completion and commencement of full operations, Xinneng Bio's total assets are expected to exceed RMB100 million, supported by substantial fixed asset investments and production facilities.

- *Robust Revenue and Profitability Outlook* – The Feasibility Report projects annual revenue of approximately RMB64.2 million at full capacity, with an estimated average annual net profit of RMB 20 million over the operating period. This level of profitability provides sufficient coverage for annual loan repayments.
- *Government Support and Subsidies* – The Project is classified as a government-supported initiative, and is expected to receive approximately RMB32 million in subsidies, further strengthening its financial position and reducing repayment risk.
- *Track Record of the Guohong Jieneng Group* – Guohong Jieneng Group's other three factories are fully operational and performing well, maintaining stable cooperation with the Group. This track record reinforces confidence in the Guohong Jieneng Group's ability to manage and support Xinneng Bio's operations effectively.
- *Strategic Cost Synergies* – Following cooperation with Xinneng Bio, five farms of the Group will be in cooperation with the Guohong Jieneng Group, such cooperation is expected to reduce the Group's annual operating costs by at least RMB25 million, creating additional economic benefits that indirectly support repayment capability.

* For identification purposes only

By Order of the Board
YuanShengTai Dairy Farm Limited
Zhang Yongjiu
Chairman

Hong Kong, 13 January 2026

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhang Yongjiu (Chairman and Chief Executive Officer), Mr. Chen Xiangqing (Chief Financial Officer) and Mr. Liu Gang; three non-executive Directors, namely Mr. Leng Youbin, Mr. Liu Hua and Mr. Cai Fangliang; and three independent non-executive Directors, namely Mr. Meng Jingzong (alias Owens Meng), Mr. Zhang Yuezhou and Ms. Liu Jinping.