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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 2025

FINANCIAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of YuanShengTai Dairy Farm Limited (the “**Company**” or “**YuanShengTai**”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Year**”) together with the comparative figures for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
REVENUE	3	2,733,209	2,551,898
Cost of sales		<u>(1,631,868)</u>	<u>(1,607,344)</u>
Gross profit		1,101,341	944,554
Other income and gains	3	179,650	158,738
Administrative expenses		(139,377)	(115,107)
Other expenses		(21,210)	(38,014)
Finance costs		(24,743)	(40,232)
Changes in fair value less costs to sell of biological assets		<u>(542,297)</u>	<u>(614,501)</u>
PROFIT BEFORE TAX	4	553,364	295,438
Income tax (expense)/credit	5	<u>(905)</u>	<u>1,232</u>
PROFIT FOR THE YEAR		<u>552,459</u>	<u>296,670</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(3,178)</u>	<u>2,495</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>549,281</u>	<u>299,165</u>
Attributable to:			
Owners of the Company		<u>549,281</u>	<u>299,165</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	7	<u>RMB11.78 cents</u>	<u>RMB6.32 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		3,801,434	3,803,316
Investment properties		27,736	38,734
Right-of-use assets		64,544	63,891
Prepayments, other receivables and other assets		3,113	4,882
Biological assets		2,407,030	2,339,650
Deferred tax assets		847	1,537
Total non-current assets		6,304,704	6,252,010
CURRENT ASSETS			
Inventories		603,669	672,945
Trade receivables	8	16,036	35,048
Prepayments, other receivables and other assets		29,990	20,771
Time deposits		303,235	303,708
Restricted cash		120,000	21,807
Cash and cash equivalents		614,722	637,594
Total current assets		1,687,652	1,691,873
CURRENT LIABILITIES			
Trade and bills payables	9	323,421	445,332
Other payables and accruals		980,413	1,051,345
Interest-bearing bank borrowings	10	430,438	399,215
Lease liabilities		13,981	13,518
Tax payable		1,387	2,112
Total current liabilities		1,749,640	1,911,522
NET CURRENT LIABILITIES		(61,988)	(219,649)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,242,716	6,032,361

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Other payables and accruals		445,097	450,247
Interest-bearing bank borrowings	<i>10</i>	165,450	485,054
Lease liabilities		15,986	30,187
		<hr/>	<hr/>
Total non-current liabilities		626,533	965,488
		<hr/>	<hr/>
Net assets		5,616,183	5,066,873
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Issued capital		37,674	37,674
Reserves		5,578,509	5,029,199
		<hr/>	<hr/>
Total equity		5,616,183	5,066,873
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”), and Interpretations) as 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.

Going concern

In preparation of the consolidated financial statements for the year ended 31 December 2025, 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 RMB61,988,000 (2024: RMB219,649,000). Taking into account, (i) the available credit facilities of approximately RMB867,435,000, which remain unutilised as at 31 December 2025, obtained from licensed banks; and (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 amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year’s financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

2. OPERATING SEGMENT INFORMATION

In June 2024, the Group disposed of the business of sale of raw goat milk to an independent third party. During the year ended 31 December 2025, the Group developed the business of sale of beef cattle, and the Group's principal activities changed into engaged in the production and sale of raw cow milk and sale of beef cattle (2024: production and sale of raw cow milk and goat milk). The two businesses are regarded as separate operating segments by the chief operating decision maker. As the operating segments have similar economic characteristics and both operating segments are similar in respect of the nature of products and service, the nature of production processes, 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 Chinese mainland.

All external sales of milk produced and sale of beef cattle by the Group during the year are attributable to customers located in Chinese mainland.

All non-current assets were located in Chinese mainland.

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 2025 and 2024 is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A	2,621,019	2,397,608
Others	112,190	154,290
	<u>2,733,209</u>	<u>2,551,898</u>

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Sale of raw milk	2,731,665	2,551,898
Sale of beef cattle	1,544	–
	<u>2,733,209</u>	<u>2,551,898</u>

(a) **Disaggregated revenue information**

For the year ended 31 December

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Types of goods		
Sale of raw milk	2,731,665	2,551,898
Sale of beef cattle	1,544	–
Total	<u>2,733,209</u>	<u>2,551,898</u>
Geographical market		
Chinese mainland	<u>2,733,209</u>	<u>2,551,898</u>
Total	<u>2,733,209</u>	<u>2,551,898</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>2,733,209</u>	<u>2,551,898</u>
Total	<u>2,733,209</u>	<u>2,551,898</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of raw milk	<u>682,635</u>	<u>764,825</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.

Sale of beef cattle

The performance obligation is satisfied upon delivery of the beef cattle 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<u>663,969</u>	<u>682,635</u>

An analysis of other income and gains is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income and gains		
Government grants	134,445	82,072
Bank interest income	24,494	32,362
Other interest income	2,794	30
Gain on disposal of a subsidiary	–	19,078
Gross rental income from investment property operating leases	14,268	16,769
Others	<u>3,649</u>	<u>8,427</u>
Total other income and gains	<u>179,650</u>	<u>158,738</u>

4. PROFIT BEFORE TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Breeding costs to produce	1,156,620	1,161,055
Production costs for raw milk	475,248	446,289
	<u>1,631,868</u>	<u>1,607,344</u>
Cost of sales		
Depreciation of property, plant and equipment	224,494	196,494
Less: Capitalised in biological assets	(99,837)	(88,448)
	<u>124,657</u>	<u>108,046</u>
Depreciation recognised in the consolidated statement of profit or loss*		
Depreciation of right-of-use assets	6,416	5,289
Depreciation of investment properties	10,701	14,651
Lease payments for short-term leases	97	138
Auditors' remuneration	2,986	2,900
Changes in fair value less costs to sell of biological assets	542,297	614,501
Employee benefit expenses excluding directors' and chief executive's remuneration:		
Wages and salaries [#]	238,424	229,645
Pension scheme contributions	66,134	62,067
Discretionary bonus	1,483	–
Less: Capitalised in biological assets	(114,773)	(104,308)
	<u>191,268</u>	<u>187,404</u>
Employee benefit expenses excluding directors' and chief executive's remuneration recognised in profit or loss**		
Foreign exchange differences, net	8,160	(5,209)
Loss on disposal of items of property, plant and equipment	657	10,771
Gain on disposal of a subsidiary	–	(19,078)
	<u>8,160</u>	<u>(5,209)</u>

* Depreciation of approximately RMB122,551,000 (2024: RMB106,722,000) is included in the cost of sales for the year ended 31 December 2025.

** Employee benefit expenses of approximately RMB134,423,000 (2024: RMB135,726,000) is included in the cost of sales for the year ended 31 December 2025.

*** Various government grants have been received for upgrading dairy farm in the Chinese mainland. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

Included in wages and salaries, bonus of RMB29,000 (2024: RMB2,058,000) was contributed by the ultimate holding company's share awards.

5. INCOME TAX

No provision for Hong Kong profits tax has been made for the year ended 31 December 2025 as the Group did not generate any assessable profits arising in Hong Kong during the year (2024: Nil). Taxes on profits assessable in Chinese mainland have been calculated at the applicable People's Republic of China (the "PRC") corporate income tax rate of 25% (2024: 25%). 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 Group operating in the agricultural business are exempted from enterprise income tax.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current – PRC		
Charge for the year	215	2,125
Deferred	690	(3,357)
	<u>905</u>	<u>(1,232)</u>
Total tax charge/(credit) for the year	<u>905</u>	<u>(1,232)</u>

6. DIVIDENDS

No dividend was paid or proposed during year ended 31 December 2025, 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 RMB552,459,000 (2024: RMB296,670,000) and the weighted average number of ordinary shares in issue of 4,690,496,400 (2024: 4,690,496,400).

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

8. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	<u>16,036</u>	<u>35,048</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	15,984	34,663
1 to 2 months	33	–
3 to 6 months	8	385
Over 6 months	11	–
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Total	16,036	35,048
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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 AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade and bills payables	323,421	445,332
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An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 2 months	286,584	352,232
2 to 6 months	19,473	53,524
6 to 12 months	11,338	13,851
Over 1 year	6,026	25,725
	<hr/>	<hr/>
Total	323,421	445,332
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10. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	1.15–3.85	2026	342,655	2.90–3.85	2025	234,583
Bank loans – unsecured	2.90–3.70	2026	<u>87,783</u>	3.20–3.70	2025	<u>164,632</u>
Total – current			<u><u>430,438</u></u>			<u><u>399,215</u></u>
Non-current						
Bank loans – secured	3.15–3.85	2027	<u>165,450</u>	3.15–3.85	2027	<u>485,054</u>
Total			<u><u>595,888</u></u>			<u><u>884,269</u></u>
				2025		2024
				RMB'000		RMB'000
Analysed into:						
Bank loans repayable:						
Within one year				430,438		399,215
In the third to fifth years, inclusive				<u>165,450</u>		<u>485,054</u>
Total				<u><u>595,888</u></u>		<u><u>884,269</u></u>

- (a) As at 31 December 2025 and 31 December 2024, all bank borrowings were denominated in RMB.
- (b) Certain of the Group's bank loan facilities up to RMB510,000,000 as at 31 December 2024 were guaranteed by the vice president of the Group's fellow subsidiary and his wife, and a subsidiary of the Group, and were also pledged by the Group's dairy cows with an aggregate carrying value at the end of the reporting period of RMB478,355,000, of which RMB256,655,000 was unutilized.
- (c) Certain of the Group's bank loan facilities up to RMB240,000,000 as at 31 December 2025 were guaranteed by a director of a subsidiary and his wife, and a subsidiary of the Group, and were also pledged by the Group's dairy cows with an aggregate carrying value at the end of the reporting period of RMB274,964,000, of which RMB80,000,000 was unutilised.
- (d) Certain of the Group's bank loan facilities up to RMB260,540,000 (2024: RMB321,000,000) as at 31 December 2025 were guaranteed by the president of a subsidiary and his wife, and a subsidiary of the Group, and were also pledged by the Group's plant and machinery with an aggregate carrying value at the end of the reporting period of RMB21,321,000 (2024: pledged by the Group's dairy cows with an aggregate carrying value at the end of the reporting period of RMB44,166,000, and the Group's plant and machinery with an aggregate carrying value at the end of the reporting period of RMB25,573,000), of which RMB122,240,000 (2024: none) was unutilised.
- (e) Certain of the Group's bank loan facilities up to RMB395,000,000 (2024: RMB350,000,000) as at 31 December 2025 were guaranteed by certain subsidiaries of the Group, of which RMB349,390,000 (2024: RMB18,189,000) was unutilised.
- (f) Certain of the Group's bank loan facilities up to RMB100,000,000 (2024: RMB100,000,000) as at 31 December 2025 were guaranteed by a director of a subsidiary and his wife, and a subsidiary of the Group, and were also pledged by the Group's dairy cows with an aggregate carrying value at the end of the reporting period of RMB316,793,000 (2024: RMB186,773,000), of which RMB81,367,000 (2024: RMB100,000,000) was unutilised.
- (g) Certain of the Group's bank loan facilities up to RMB220,000,000 (2024: RMB220,000,000) as at 31 December 2025 were pledged by the Group's dairy cows with an aggregate carrying value at the end of the reporting period of RMB490,445,000 (2024: RMB452,848,000), of which RMB204,418,000 (2024: RMB149,800,000) was unutilised.
- (h) Certain of the Group's bank loan facilities up to RMB50,000,000 as at 31 December 2025 were guaranteed by a subsidiary of the Group, and were also pledged by the Group's dairy cows with an aggregate carrying value at the end of the reporting period of RMB 193,992,000, of which RMB30,020,000 was unutilised.
- (i) Certain of the Group's bank loan are secured by the pledge of certain of the Group's deposits amounting to RMB110,000,000 as at 31 December 2025.

MARKET REVIEW

Looking back on 2025, the global economy continued its moderate growth amidst multiple uncertainties such as a high-interest-rate environment, geopolitical tensions, and trade tariffs. On one hand, inflation levels in major economies significantly retreated from previous highs, prompting some central banks to gradually end their aggressive interest rate hikes, resulting in an eased global financial environment. On the other hand, risks such as geopolitical conflicts, the reshaping of trade and supply chains, and extreme weather continue to add uncertainties to the global economic outlook. According to the latest global economic situation report released by the United Nations, the world economy achieved subdued but positive growth in 2025. Emerging economies and developing countries made an increased contribution to global growth. However, the overall growth rate remained below pre-pandemic average levels, indicating a need to strengthen global medium- to long-term growth momentum. Amidst these challenging external conditions, China's economy demonstrated strong resilience, consistently progressing towards improvement and optimization. According to data released by the National Bureau of Statistics, the annual gross domestic product grew by 5.0% year-on-year in 2025 at constant price, maintaining a leading growth rate among major global economies. Throughout the Year, the drive to expand domestic demand, promote employment, and improve people's livelihoods were continuously strengthened. As residents' consumption capacity and willingness gradually rebounded, industries linked to improving quality of life, particularly food and beverages, dining, and leisure, continued to show robust momentum.

Regarding the industry, after two years of deep adjustments due to low raw milk prices, oversupply, and inventory pressures, dairy industry of the PRC entered a phase of "post-clearance recovery" in 2025. The focus has shifted from pursuing "quantity growth" to entering a new phase of "quality enhancement" driven by diversified and refined demands. After years of adjustments, substantial progress has been made in optimizing upstream production capacity, with signs of a bottoming out in raw milk prices becoming increasingly clear and definitive, indicating that a cyclical turning point is approaching. At the same time, structural opportunities on the demand side are becoming more prominent. Under the positive influence of policies such as the "China Food and Nutrition Development Outline (2025-2030)" and a series of countervailing and anti-dumping measures, the consumption potential of high-value-added dairy products, such as cheese and light cream, is expected to accelerate, creating a favorable market environment for leading upstream enterprises that possess advantages in quality, cost, and technology.

Against this backdrop, as one of the leading dairy farming companies in the PRC, YuanShengTai remains committed to deepening its core business in dairy cattle breeding, actively adapting to changes in the industry cycle and downstream demand adjustments, and continuously optimizing its operational strategy. The Group is dedicated to producing high quality raw milk and focuses on providing safe, nutritious, and high-standard dairy products to downstream customers and consumers through technological innovation and refined management, contributing our core strength to the structural upgrade and high-quality development of dairy industry in the PRC.

BUSINESS REVIEW

In 2025, YuanShengTai continued to solidify its position as a leading dairy farming company in the PRC (in terms of herd size and production volume). During the Year, the Group's total sales volume of raw milk achieved remarkable results, increasing by 12.7% from 566,704 tonnes in 2024 to 638,607 tonnes in 2025. Total revenue from raw milk sales amounted to RMB2,731.7 million, representing a steady increase of 7.1% as compared with RMB2,551.9 million in the same period of 2024. Due to the increase in sales volume and decrease in cost of feeds for cows, the Group recorded a net profit of RMB552.5 million for the Year.

The Group continued to deepen its long-lasting strategic partnerships with China's leading dairy manufacturers while actively seeking opportunities to build other high-quality partnerships. In 2025, the Group's major customers remained to be China Feihe Limited and Inner Mongolia Yili Industrial Group Co., Ltd., the revenue from whom accounted for approximately 97.9% of the Group's total revenue. Meanwhile, the Group continued its business cooperations with leading dairy companies. In an operating environment with continuous pressures, these leading dairy enterprises have provided the Group with stable sales channels through their solid market shares and diversified product portfolios, playing a crucial role in supporting the Group's sustained and healthy business development. In the future, the Group will continue to rely on its core customers to maintain stable and long-lasting relationships for the supply of high-quality raw milk while prudently and actively seeking more quality dairy customers. We firmly believe that by providing safe, nutritious, and high-standard raw milk, the Group will continuously strengthen customer trust, thereby building a more resilient and dynamic customer network.

During the Year, the Group cooperated with Yi'an County Xinneng Biotechnology Co., Ltd.* (依安縣薪能生物科技有限公司) ("**Xinneng Bio**"), a company established in the PRC, such that Xinneng Bio provided the Group with free manure treatment services. This arrangement reduced disposal expenses for the Group while providing Xinneng Bio with a source of raw materials. On 11 December 2025, Heilongjiang Kedong Heping YuanShengTai Dairy Farming Co., Ltd.* (黑龍江克東和平原生態牧業有限公司) ("**Kedong Heping YST**") (an indirect wholly-owned subsidiary of the Company), as guarantor, entered into a guarantee agreement in favour of Agricultural Development Bank of China Yi'an County Branch (中國農業發展銀行依安縣支行) (the "**Bank**"), pursuant to which, Kedong Heping YST has agreed to provide guarantee for the due performance of the repayment obligations of Xinneng Bio to the Bank under a loan agreement (the "**Loan Agreement**"). Under the Loan Agreement, the loan may only be applied to projects involving the recycling and utilization of bio-organic fertilizer and biogas as bioenergy by Xinneng Bio. The loan purpose is directly connected to the supply of bedding materials to the Group. For details, please refer to the announcements of the Company dated 11 December 2025 and 13 January 2026.

Construction of Farms

As of 31 December 2025, the Group had ten farms in Heilongjiang Province and one farm in Jilin Province, respectively. Each farm has an actual capacity ranging from 1,960 to 30,000 dairy cows, and the total site area of the 11 dairy cow farms amounts to approximately 9,694,458 square metres.

	Actual Designed Capacity <i>(Number of Cows/Head)</i>	Actual Inventory Number	Area <i>(m²)</i>
Gannan Farm	12,000	9,820	986,333
Kedong Heping Farm	6,000	5,950	384,000
Kedong Ruixinda Farm	18,000	10,280	784,000
Kedong Yongjin Farm	12,000	7,838	714,000
Zhenlai Farm	30,000	22,442	2,066,667
Baiquan Farm	15,000	9,343	994,000
Keshan Farm	12,000	9,258	980,000
Longjiang Ruixincheng Farm	1,960	1,919	84,300
Longjiang Jinyuan Farm	12,000	11,106	798,400
Yi'an Farm	15,000	10,539	857,713
Bei'an Farm	10,000	7,088	1,045,045
Total	<u>143,960</u>	<u>105,583</u>	<u>9,694,458</u>

Milk Yield

During the Year, the average annual milk yield per matured milkable cow increased to 13.0 tonnes, representing an increase of 2.4% from 12.7 tonnes in the same period of 2024. This demonstrates that the Group has further improved the operation and management mode of farms by continuously optimizing the herd mix, enhancing the feeding formulas, and improving the management practices. In the future, the Group will continue to deepen the application of digital breeding and management, drive efficiency improvements by using technological advancements and provide strong momentum for the sustained growth of the Group's profits.

Size of Our Herds

In 2025, based on our profound insights into the industry cycle and our own development pace, the Group actively optimized the herd mix. During the Year, the number of dairy cows on the Group's farms was 105,583 heads, representing a year-on-year decrease of 1.6% in the total inventory number. The number of heifers and calves decreased to 55,419 heads, representing a year-on-year decrease of 4.4%. Meanwhile, the total number of matured milkable cows, which are our core production units, further increased from 49,330 heads on 31 December 2024 to 50,164 heads on 31 December 2025, representing a year-on-year increase of 1.7%. These changes indicate that, while the Group continues to adhere to large-scale farming, it places greater emphasis on the rationality and economic efficiency of the herd structure. This is achieved by increasing the proportion of matured milkable cows and compressing the share of replacement heifers, thus concentrating resources to enhance the efficiency of existing production capacity. In the future, the Group will continue to dynamically adjust the scale and mix of its cow inventory, further enhancing overall milk yield and profitability while maintaining the per cow yield level of matured milkable cows.

	31 December 2025	31 December 2024
Number of matured milkable cows	50,164	49,330
Number of heifers and calves	55,419	57,966
Total number of cows	105,583	107,296

Price of Raw Cow Milk

In 2025, raw milk continued to experience a temporary supply-demand imbalance in the PRC, with the industry's overall average selling price remained under pressure, affecting the Group's selling price. During the Year, the Group's average selling price of raw milk was RMB4,278 per tonne, representing a decrease of 5.0% as compared with RMB4,500 per tonne in the same period last year. In response to the decline in average selling prices, the Group effectively mitigated part of the pressure from price reductions by increasing the per cow yield level of matured milkable cows, optimizing the herd mix, and strictly controlling cost expenditures. As a result, the overall operational performance remained robust.

OUTLOOK

With the release of the No. 1 central document for 2026, the strategic priority of ensuring stable and secure supply of grain and essential agricultural products has once again been elevated, clearly outlining the vision of building a strong agricultural nation. As a vital industry for national nutrition and health, the revitalization of the dairy industry is inherently essential to this national strategy. At the same time, a series of industrial policies such as the dairy revitalization action plans from the Ministry of Agriculture and Rural Affairs and the “China Food and Nutrition Development Outline (2025–2030)” have been progressively implemented and refined. These policies explicitly aim to increase the proportion of dairy in the national dietary structure and promote a steady rise in per capita annual dairy consumption. In addition, to address potential trade inequities in certain imported dairy products, relevant authorities have strengthened trade relief and countervailing measures during the Year. By increasing the import costs of high-value-added dairy products, these actions have created broader development space for domestic premium dairy products and their upstream raw milk suppliers. This sustained policy support not only fosters a fair and orderly market environment but also provides a growth window for large-scale farm enterprises with high-quality milk supply capabilities.

Driven by policy guidance and increasing health consciousness among residents, China’s dairy industry retains substantial growth potential in the medium to long term. After a phase of declining raw milk prices and deep structural adjustments during the capacity reduction cycle, inefficient and high-cost small-to-medium-sized farms, along with outdated production facilities, have gradually exited the market. This has optimized the industry’s supply-side structure, with concentration levels expected to rise further among large-scale, standardized, and digital dairy farms. Overall, while raw milk prices may still experience periodic fluctuations due to supply-demand dynamics, the industry’s long-term development foundation remains solid. Structural opportunities will continue to emerge as the sector undergoes structural consolidation and demand upgrades.

Amidst an environment of intertwined opportunities and challenges, the Group will remain steadfast in its core dairy farming business, driving high-quality development through three strategic pillars: “high-quality milk supply”, “cost efficiency enhancement” and “structural upgrading”. We will continuously optimize the herd structure and breeding system, consolidating and enhancing the per cow yield levels of matured milkable cows while maintaining excellent raw milk quality indicators. We will also promote refined operation and intelligent management of the farms, further solidifying our advantages in cost and efficiency, and enhancing our ability to withstand the fluctuations of industry price cycles. Additionally, the Group will prudently expand its network of quality customers while consolidating long-term strategic partnerships with core dairy enterprises, enhancing the synergistic value of our products and customer structure. Furthermore, the Group will continue to strengthen its investment in Environmental, Social, and Governance (ESG) areas, integrating green, low-carbon, and circular agricultural concepts into farm construction and daily operations, aiming to create environmentally friendly farms.

Looking ahead, the Group will align closely with the national strategies for dairy industry revitalization and public nutrition, and remain committed to maintaining stable operations while seizing industry development opportunities. By continuously enhancing our supply capacity of high-quality standard raw milk and strengthening our overall competitive advantages, we strive to create sustained and stable returns for the shareholders of the Company (the “**Shareholders**”). We will also make further contribution to the high-quality development of dairy industry in the PRC and the construction of a modern industrial system.

Our Revenue

During the Year, our total sales of (i) raw milk produced; and (ii) beef cattle increased by 7.1% from RMB2,551.9 million for the year ended 31 December 2024 to RMB2,733.2 million. The sales volume of raw cow milk reached 638,607 tonnes for the Year, representing an increase of 12.7% as compared with 566,704 tonnes in 2024. The growth in sales volume of raw cow milk 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 RMB4,278 per tonne for the Year, representing a decrease of 4.9% as compared with RMB4,500 per tonne in 2024.

Cost of Sales

Our cost of sales for the Year was RMB1,631.9 million. The table below summarizes the components of our cost of sales by nature:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of sales		
Feed	1,156,620	1,161,055
Salary, welfare and social insurance	134,423	135,726
Depreciation	122,551	106,722
Veterinary cost	54,576	51,432
Utility	105,903	100,591
Transportation expenses	4,629	7,635
Other costs	53,166	44,183
	<hr/>	<hr/>
Cost of sales, total	<u>1,631,868</u>	<u>1,607,344</u>

Feed costs represent the cost of feed consumed by our milkable cows. The feed costs for milkable cows were RMB1,156.6 million and RMB1,161.1 million for the years ended 31 December 2025 and 2024, respectively, representing 70.9% and 72.2% of the cost of sales for the respective financial years. The decrease in our feed costs was primarily attributable to the decrease in the price of hay feed.

Gross Profit

Given the above factors, the gross profit increased to RMB1,101.3 million for the Year (2024: RMB944.6 million), representing an increase of 16.6% as compared with that for 2024. Our gross profit margin increased from 37.0% in 2024 to 40.3% in 2025.

Other Income and Gains

Other income and gains for the Year amounted to RMB179.7 million (2024: RMB158.7 million), representing an increase of 13.2%. The increase in other income and gains was attributable to the increases in government subsidies and other interest income.

Administrative Expenses

We incurred administrative expenses of RMB139.4 million for the Year (2024: RMB115.1 million), representing an increase of approximately 21.1% as compared with 2024. The increase was primarily attributable to the increase in repairs and maintenance expenses.

Other Expenses

Other expenses for the Year amounted to RMB21.2 million (2024: RMB38.0 million), representing a decrease of approximately 44.2%. The decrease in other expenses was attributable to the decrease in expenses on loss on disposal of non-current assets and sub-lease incurred by Zhenlai Farm upon the lease modification.

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 RMB542.3 million for the Year as compared with a loss of RMB614.5 million for 2024. The decrease in loss was attributable to the increase in number of dairy cows.

Impairment Losses on Property, Plant and Equipment and Right-of-Use Assets

During the Year, no impairment loss (2024: nil) was recognized for property, plant and equipment and right-of-use assets.

Profit for the Year of the Group

Taking into account all of the above factors, the Group's net profit was RMB552.5 million for the Year, as compared with a net profit of RMB296.7 million for the year ended 31 December 2024. Basic earnings per share was approximately RMB11.78 cents for the Year, as compared with basic earnings per share of RMB6.32 cents for the year 2024.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (2024: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

For the Year, the Group's net cash inflow from operating activities amounted to RMB1,042.4 million, as compared with RMB1,013.8 million in 2024. As at 31 December 2025, the Group had cash and cash equivalents of RMB614.7 million (31 December 2024: RMB637.6 million). Save for cash and cash equivalents equivalent to RMB331.0 million which were denominated in the United States dollars ("USD"), and RMB1.4 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 borrowings of RMB595.9 million as at 31 December 2025 (31 December 2024: RMB884.3 million) which was denominated in RMB. The annual interest rate of the bank borrowings as at 31 December 2025 ranged from 1.15% to 3.85% (31 December 2024: ranged from 2.90% to 3.85%). The gearing ratio (calculated by dividing net debt by the equity attributable to owners of the parent plus net debt) was 7.0% (31 December 2024: 11.3%). Net debt includes interest-bearing bank borrowings, trade and bills payables, and certain other payables and accruals, less cash and cash equivalents and time deposits.

CAPITAL STRUCTURE

As at 31 December 2025, 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") (31 December 2024: 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 farms and major maintenance and acquisition of additional equipment for its existing dairy farms.

As part of the future strategy of the Group, the Group's planned capital expenditure for its business operations will be primarily related to the major maintenance and renewal of existing farm facilities. The Group anticipates that its capital expenditures will be financed by cash generated from its operations, debt financing or bank loans and the unutilized 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 2025 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")

The issued Shares were initially listed on The Stock Exchange of Hong Kong Limited (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 net proceeds from the IPO (as stated in the Prospectus) HK\$ million	Actual use of net proceeds from the IPO up to 31 December 2025 HK\$ million	Actual use of net proceeds from the IPO during the Year HK\$ million	Unused net proceeds from the IPO as at 31 December 2025 HK\$ million
Construction of new farms	1,923.0	1,923.0	–	–
Developing upstream operations	384.6	36.8	–	347.8
Working capital and general 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 develop upstream operations. As the Board is still observing the market conditions which are developing slowly in general, the expected timeline for unused net proceeds in respect of developing upstream operations will be further delayed to the end of 2027. A detailed schedule depends on the overall economic conditions, the development of the Company and market situation.

Save as the change in the expected timeline for utilisation of the unused net proceeds disclosed above, the net proceeds from the IPO were used and proposed to be used according to the intentions previously disclosed by the Company. The Board will continuously evaluate the Group's business strategies and modify the plan in line with market conditions, to support business growth of the Group.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the Year.

PLEDGE OF ASSETS

As at 31 December 2025 and 31 December 2024, certain of the Group's bank loans had been secured by the pledge of the Group's assets.

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 of 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 2025 and 2024 were RMB2.0 million and RMB10.8 million, respectively, which were for renewal of existing facilities.

The Group did not have any significant contingent liabilities as at 31 December 2025 (2024: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 2,268 employees (2024: 2,375 employees), all of whom were located in the PRC. The remuneration and staff cost for the Year was RMB311.8 million (2024: RMB298.5 million).

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 to make contributions to housing funds since April 2013. 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 (the “**Remuneration Committee**”) 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

The Group did not have any material subsequent event after the Year and up to the date of this announcement.

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 (including sale of treasury shares, if any). As at 31 December 2025, the Company did not hold any treasury 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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) during the Year and up to the date of publication of this announcement except for the following:

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The role of the chairman of the Board (the “**Chairman**”) is responsible for overseeing the functions of the Board whilst the role of the chief executive officer of the Company (the “**CEO**”) is responsible for managing the Group’s business and overall operations.

On 15 April 2025, Mr. Zhao Hongliang resigned as an executive Director and the Chairman due to his other business commitments and ceased to be a member of the Remuneration Committee. Following the resignation of Mr. Zhao Hongliang, Mr. Zhang Yongjiu, an executive Director and the CEO, has been appointed as the Chairman and a member of the Remuneration Committee on the same day. The Board believes that vesting the roles of the Chairman and the CEO in the same person has the benefit of ensuring strong consistent leadership with the Group and enable more effective and efficient planning and implementation of business decisions and strategies. The Board also believes that it will not impair the balance of power and authority between the Board and the management of the Company.

In addition, as all major decisions are made in consultation with members of the Board and the relevant Board committees, and there are three independent non-executive Directors (the “**INEDs**”) offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 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 three INEDs, namely Mr. Meng Jingzong (alias Owens Meng) (committee chairman), Mr. Zhang Yuezhou and Ms. Liu Jinping as at 31 December 2025 and the date of this announcement. 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) and the Company (www.ystdfarm.com and www.ystdairyfarm.com), respectively. The annual report of the Company for the Year will be published on the same websites and despatched to the Shareholders in due course in the manner as required by the Listing Rules.

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

Hong Kong, 26 March 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.