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Shiyue Daotian Group Co., Ltd.

十月稻田集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 9676)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

FINANCIAL HIGHLIGHTS

Total revenue of the Group for the year ended December 31, 2023 was RMB4,867.0 million, representing an increase of approximately 7.4% as compared with RMB4,532.9 million of the previous year.

Gross profit of the Group for the year ended December 31, 2023 was RMB618.7 million, representing a decrease of approximately 20.6% as compared with RMB779.5 million of the previous year.

Loss of the Group for the year ended December 31, 2023 was RMB64.9 million, representing a decrease of 88.5% as compared with RMB564.2 million of the previous year.

Adjusted net profit¹ of the Group for the year ended December 31, 2023 was RMB162.2 million, representing a decrease of 55.4% as compared with RMB364.0 million of the previous year.

The Board recommended the payment of the final dividend of RMB0.031 per ordinary share (tax inclusive) to all Shareholders for the year ended December 31, 2023, which amounted to approximately RMB33.1 million.

¹ To supplement the consolidated financial statements of the Group, which are presented in accordance with IFRS Accounting Standards, the Group also use adjusted net profit (non-IFRS measure) as additional financial measures, which is not required by, or presented in accordance with IFRS Accounting Standards. The Group believe that the non-IFRS measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help the Group's management. However, the Group's presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for an analysis of, the Group's results of operations or financial condition as reported under IFRS Accounting Standards.

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO AND INDUSTRY ENVIRONMENT

In 2023, China's economic recovery was at a critical stage where the economic development had experienced a turnaround. However, it still faced the impact of insufficient effective demand, prudent social expectations, and declining consumer confidence, leading to further transformed consumption habits of the consumers to pay more attention to products cost performance and purchase convenience.

Based on package specification, rice, whole grain, bean and seed products can be further divided into pre-packaged products and bulk products. Pre-packaged products have become more popular among consumers, mainly due to their portability and better preservation of quality, freshness and taste. As Chinese consumers have become more conscious of food quality, more consumers prefer to purchase pre-packaged rice, whole grain, bean and seed products, boosting a much higher growth rate in the pre-packaged market. According to the independent industry report of Frost & Sullivan, in terms of revenue, the market size of the pre-packaged rice, whole grain, bean and seed industry increased from RMB150.5 billion in 2018 to RMB208.6 billion in 2022, representing a compound annual growth rate (“CAGR”) of 8.5% from 2018 to 2022, and is expected to further reach RMB324.9 billion by 2027, with a CAGR of 9.3% from 2022 to 2027.

PROSPECT

By adhering to the core principle of “being committed to providing Chinese consumers with quality, healthy and fresh food products alongside convenient and pleasant consumption experience” all along, the Group has been dedicated to providing our customers with pre-packaged premium rice, whole grain, bean, and dried food products. By maintaining multichannel sales coverage, we are committed to providing customers with products of diversified categories that are sourced from renowned grain production regions in China, so as to establish a range of household brands for Chinese families. We will further enrich our brand portfolio and develop differentiated marketing strategies, further diversify our product offerings with differentiated price ranges, packaging specifications and sales channels, and continue to broaden and deepen our multichannel ecosystem while continuously strengthening our channel management capabilities. We will pay constant and close attention to the overall industry trends, adjust our business arrangement, give full play to our own characteristics and advantages to expand new channels and businesses. We will also continue to penetrate into selected production areas for rice, whole grain, bean and other products, and to focus on building infrastructure for procurement, production, inspection, storage and other core capabilities in quality origins.

BUSINESS REVIEW

In 2023, we have been dedicated to providing our customers with pre-packaged premium rice, whole grain, bean and dried food products, aiming to capture consumer mindshare with high brand visibility and convenient purchase experience. The Group has continued to cultivate its categories in existence, expand its multi-category product portfolio, develop its sales network, strengthen its multi-brand business model with respective proven record of success, and consolidate its supply chain management capabilities to meet diversified consumer needs and continuously strengthen the emotional connection of our consumers with us.

As of the current year, total revenue of the Group was RMB4,867.0 million, representing an increase of approximately 7.4% as compared with RMB4,532.9 million of the previous year. Gross profit of the Group decreased by 20.6% from RMB779.5 million for the previous year to RMB618.7 million for this year, while gross profit margin decreased from 17.2% for the previous year to 12.7% for this year. Loss before income tax decreased by 89.5% from RMB558.3 million for the previous year to RMB58.8 million for this year. The Group's net loss decreased by 88.5% from RMB564.2 million for the previous year to RMB64.9 million for this year, adjusted net profit decreased by 55.4% from RMB364.0 million for the previous year to RMB162.2 million for this year, and adjusted net profit margin decreased from 8.0% for the previous year to 3.3% for this year.

OUR BRANDS AND PRODUCTS

We are one of the leading and rapidly growing pantry staple food companies in China, enjoying a robust multichannel brand presence. We have been dedicated to providing our consumers with premium pre-packaged rice, whole grain, bean, and dried food products since our inception, and have successfully established and been operating multiple well-recognized brands, mainly including Shiyue Daotian (十月稻田), Firewood Courtyard (柴火大院) and Sunshine Family (福享人家). We mainly supply rice products, whole grain, bean and other products, as well as dried food and other products. Rice products mainly include pre-packaged rice products of different varieties, such as Wuchang rice (五常大米), Daoxiang rice (稻香米), long grain rice (長粒香大米) and Komachi rice (小町米). Whole grain and bean products mainly include pre-packaged mixed brown rice, millet and red bean, and other products under this category primarily refer to seed and corn products. Dried food products mainly include pre-packaged wood ear mushrooms, snow fungus mushroom and lotus seeds, and other products under this category mainly include by-products, such as bran, husk and fractioned rice. Our revenue is mainly derived from the sales of rice products, whole grain and bean products. The table below sets forth a breakdown of our revenue by product category for the periods indicated:

Product category	Year ended December 31,			
	2023	% of total	2022	% of total
	RMB'000	revenue	RMB'000	revenue
Rice products	3,830,303	78.7	3,621,740	79.9
Whole grain, bean and other products	601,500	12.4	523,232	11.5
Dried food and other products	435,223	8.9	387,948	8.6
Total	<u>4,867,026</u>	<u>100.0</u>	<u>4,532,920</u>	<u>100.0</u>

Our revenue generated from rice products increased by 5.8% from RMB3,621.7 million for the previous year to RMB3,830.3 million for this year, primarily due to the increase in sale volume of rice products in the year. Our revenue generated from whole grain, bean and other products increased by 15.0% from RMB523.2 million for the previous year to RMB601.5 million, and its percentage of our total revenue increased from 11.5% for the previous year to 12.4%. Our revenue generated from dried food and other products increased by 12.2% from RMB387.9 million for the previous year to RMB435.2 million for this year, and its percentage of our total revenue increased from 8.6% for the previous year to 8.9%, primarily due to our expansion of product portfolio and sales network of the aforementioned categories which resulted in the increase of sales volume and sales amount of these product categories.

OUR SALES NETWORK

The Group's customers include corporate customers and individual customers. We started building our network from cooperating with online channels, partnered with multiple e-commerce platforms with leading positions, wide consumer outreach and high brand awareness in China and established leadership under multiple categories in terms of market share. In line with the developing landscape of the offline retail ecosystem, we have successfully established an extensive presence across our grocery retail channels. Leveraging our competitive advantages on online channels, we have further deepened our sales channel penetration and established a multichannel sales network.

The table below sets forth a breakdown of our revenue by sales channel for the periods indicated:

Sales channel	Year ended December 31,			
	2023	% of total	2022	% of total
	RMB'000	revenue	RMB'000	revenue
Online channels				
- E-commerce platforms	2,836,474	58.4	2,657,296	58.6
- Online self-operated stores	469,080	9.6	486,894	10.7
Grocery retail channels¹	653,920	13.4	695,954	15.4
Direct customers²	627,970	12.9	452,010	10.0
Distribution network	279,582	5.7	240,766	5.3
Total	<u>4,867,026</u>	<u>100.0</u>	<u>4,532,920</u>	<u>100.0</u>

Notes:

1. Grocery retail channels mainly include NKAs and LKAs which provide our products to end-consumers.
2. Direct customers primarily consist of catering companies, agricultural products companies, and other corporate and individual customers.

This year, our revenue from online channels accounted for the majority of our total revenue. This year, revenue generated from online channels increased by 5.1% from RMB3,144.2 million for the previous year to RMB3,305.6 million for this year. Among which, our revenue from e-commerce platforms increased by 6.7% from RMB2,657.3 million for the previous year to RMB2,836.5 million for this year, which reflected the increase of sales volume resulting from our continuous cultivation of categories in existence and expansion of multi-category product portfolio. Revenue from online self-operated stores decreased by 3.7% from RMB486.9 million for the previous year to RMB469.1 million for this year, primarily due to our sales performance not up to expectation during the e-commerce festival in the fourth quarter of this year. Revenue generated from grocery retail channels decreased by 6.0% from RMB696.0 million for the previous year to RMB653.9 million for this year, which was due to the reduction in cooperating with certain grocery retail customer. Revenue from direct customers increased by 38.9% from RMB452.0 million for the previous year to RMB628.0 million for this year, which reflected the Company's active efforts in direct customer expansion, especially strengthening the cooperation with catering companies. Revenue from distribution network increased by 16.1% from RMB240.8 million for the previous year to RMB279.6 million for this year, which was due to the increased exposure of the Company's brand and increased contact and cooperation with distributors, leading to an increase of sales volume through distribution network channels.

OUR PRODUCTION

In order to offer premium products to our consumers, we procure raw materials from renowned places of origin for grains. We have established long-term and stable relationships with a wide range of suppliers across product categories. Specifically, our core grain production areas include Shenyang Xinmin, Wuchang, Songyuan, Tonghe, and Aohan. The rice originating from Wuchang, and millet originating from Aohan, are China National Geographical Indication Products. We also purchase raw materials for whole grain, bean and dried food products from other renowned places of origin, including red beans from Daqing, Heilongjiang Province, mung beans from Inner Mongolia, and peanuts from Fuyu, Jilin Province.

We constantly optimize our production process and explore the development of production technology and techniques to maintain the good taste and preserve the nutritional value of our products, thus satisfying the preferences of our consumers. Our production process is highly standardized and automated. In addition, we have made substantial investment in purchasing advanced production machinery and equipment. Our production team members work closely to continuously maintain our production machinery and equipment to meet our high production standards and improve our production efficiency. As of December 31, 2023, we had established the following production bases in proximity to the five core grain production areas in China, namely Shenyang Xinmin production base, Wuchang production base, Songyuan production base, Tonghe production base and Aohan production base.

FOOD SAFETY AND QUALITY CONTROL

Food safety and product quality are our top priority. We are committed to offering safe and premium food to maintain consumer confidence in our products and strengthen our brand recognition. We have implemented stringent food safety and quality control standards and measures throughout our operations, covering steps from procurement, production and storage to sales. To achieve systematic quality management, our quality assurance team focuses on implementing a group-level quality control plan through the implementation and maintenance of our quality control system, and is responsible for quality inspection of raw materials, semi-finished products and finished products, as well as product shelf-life management.

OUR INFORMATION TECHNOLOGY

The IT systems utilized by the Group cover various aspects of our operations, including raw materials supply, production, operation and logistics. Our IT team is responsible for developing and maintaining IT systems in line with our business expansion and customizing them to meet our business needs. We have developed and implemented a supply chain management system to integrate resources along the supply chain and align value propositions with the aim of decreasing our upfront costs. In addition, we use ERP system, TMS, warehousing management system, CRM system, cloud office system and OA system to complement each other to achieve a series of functions such as product operation and data management.

FINANCIAL REVIEW

Revenue and Gross Profit

In 2023, the Group recorded a revenue of RMB4,867.0 million, representing an increase of 7.4% as compared with RMB4,532.9 million in 2022, primarily because (i) we continued to cultivate our categories in existence and expand the multi-category product portfolio; and (ii) we paid constant and close attention to the overall industry trends, adjusted our business arrangement, gave full play to our own characteristics and advantages, strengthened the multi-brand strategy with respective proven record of success, enhanced our brand effect and brand competitiveness, and met the diverse consumer needs.

Gross profit of the Group in 2023 amounted to RMB618.7 million, representing a decrease of RMB160.8 million from RMB779.5 million in 2022. Gross profit margin of the Group decreased from 17.2% in 2022 to 12.7% in 2023, mainly due to the facts that: (i) the overall market environment changed and the consumers' confidence decreased, thus our sales performance did not meet the expectations; (ii) affected by natural disasters, especially floods in Northeast China, the prices of raw materials such as paddy rose, resulting in the increase of product costs which in turn suppressed the Group's profit margin.

Selling and Distribution Expenses

In 2023, selling and distribution expenses of the Group increased by 3.0% from RMB314.8 million in 2022 to RMB324.1 million in 2023, primarily due to the increase in sales volume and a slight increase in the Group's promotion activities.

Administrative Expenses

Administrative expenses of the Group decreased by 82.0% from RMB858.3 million in 2022 to RMB154.5 million in 2023, mainly due to the fact that we granted share awards of RMB691.0 million in 2022, which were not granted this year, leading to less administrative expenses accordingly.

Other Net Income

Other net income of the Group decreased from RMB27.4 million in 2022 to RMB3.7 million in 2023, mainly due to a provision for an outstanding legal claim.

Impairment Losses Charged on Trade and Other Receivables

Impairment losses charged on trade and other receivables of the Group decreased from RMB9.7 million in 2022 to reversal of impairment loss of RMB0.2 million in 2023, mainly as a result of the one-off write-off in relation to trade receivables of a certain customer due to its business deterioration in 2022, and no such event occurred in 2023. Please refer to the paragraph headed “Credit Risk” in this announcement.

Finance Costs

Our finance costs increased by 456.4% from RMB3.9 million in 2022 to RMB21.7 million in 2023, primarily due to the increase in the balances of bank and other loans so as to the increase of the interest expenses, and the foreign exchange losses recognised.

Changes in the Carrying Amount of Financial Instruments Issued to Investors

Our changes in the carrying amount of financial instruments issued to investors increased by 1.4% from RMB178.6 million in 2022 to RMB181.1 million in 2023, primarily due to the changes in the carrying amount of the financial instruments granted to certain investors of our Series A, Series B and Series C financing. The redemption rights have automatically expired upon the listing of the Company’s Shares on the Stock Exchange.

Income Tax Expenses

Income tax expenses of the Group increased from RMB5.9 million in 2022 to RMB6.1 million in 2023, primarily due to the increase in the taxable income.

Loss for the Period

As a result of the foregoing, net loss for the year of the Group decreased from RMB564.2 million in 2022 to RMB64.9 million in 2023.

Non-IFRS Measure

To supplement the consolidated financial statements of the Group, which are presented in accordance with IFRS Accounting Standards, the Group also use adjusted net profit (non-IFRS measure) as additional financial measures, which is not required by, or presented in accordance with IFRS Accounting Standards. The Group believe that the non-IFRS measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help the Group's management. However, the Group's presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for an analysis of, the Group's results of operations or financial condition as reported under IFRS Accounting Standards.

The Group define adjusted net profit (non-IFRS measure) as net profit for the periods adjusted by adding back share-based payments, changes in the carrying amount of financial instruments issued to investors and listing expenses. The following table reconciles the adjusted net profit (non-IFRS measure) for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRS Accounting Standards, which is net profit or loss for the periods:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Reconciliation of net profit to adjusted net profit (non-IFRS measure)		
Loss for the year	(64,863)	(564,219)
Add:		
Changes in the carrying amount of financial instruments issued to investors ¹	181,141	178,596
Share-based payments ²	–	739,569
Listing expenses ³	45,947	10,102
Adjusted net profit (non-IFRS measure)	162,225	364,048

Notes:

1. Changes in the carrying amount of financial instruments issued to investors were primarily related to financial instruments granted to certain investors of our Series A, Series B and Series C financing.
2. Share-based payments are non-cash in nature and are not expected to result in future cash payments made by us, representing (i) share-based payments in relation to share awards of RMB691.0 million in 2022, which represented the difference between the fair value and price of the paid-in capital of Shiyue Zhongxin granted to Mr. WANG and Ms. ZHAO as a consideration for their services rendered; and (ii) share-based payments of RMB48.6 million in relation to transfers of paid-in capital from our certain senior management to investors of Series C financing in 2022, representing a consideration higher than the fair value of the transferred paid-in capital at the dates of share transfers.
3. Listing expenses primarily related to the initial public offering.

Adjusted net profit (non-IFRS measure) for the year of the Group decreased by 55.4% from RMB364.0 million in the previous year to RMB162.2 million this year, while the adjusted net profit margin (non-IFRS measure) reduced from 8.0% to 3.3%, mainly affected by natural disasters, especially floods in Northeast China and the prices of raw materials such as paddy rose, resulting in the increase of product costs which in turn suppressed the Group's profit margin.

Inventories

Inventories of the Group increased by 16.9% from RMB1,372.7 million as of December 31, 2022 to RMB1,604.8 million as of December 31, 2023. Inventory turnover days of the Group increased from 116 days in 2022 to 127 days in 2023, mainly because we actively purchased more raw materials to meet our growing sales and production needs.

Trade and Other Receivables

Trade receivables of the Group decreased from RMB399.1 million as of December 31, 2022 to RMB242.8 million as of December 31, 2023. Turnover days of trade receivables decreased from 28 days in 2022 to 24 days in 2023, mainly because we strengthened the collection and management of trade receivables in 2023, and some customers have changed their payment methods from bank transfer to issuance of bills, resulting in a further decline in the receivable balance.

Other receivables of the Group increased from RMB149.4 million as of December 31, 2022 to RMB170.0 million as of December 31, 2023, primarily due to the increase in value-added tax recoverable relating to our purchase of raw materials.

Financial instruments issued to investors

As of December 31, 2022, financial instruments issued to investors amounted to RMB2,380.2 million which decreased to nil as of December 31, 2023, primarily because the redemption rights have automatically expired upon the listing of the Company's shares on the Stock Exchange.

Trade and Other Payables

Trade payables of the Group decreased by 19.8% from RMB171.6 million as of December 31, 2022 to RMB137.6 million as of December 31, 2023, primarily because the Group accelerated the payments to suppliers in order to lock in raw grains in view of the price increase of raw grains in the fourth quarter of 2023. Trade payables turnover days decreased from 14 days in 2022 to 13 days in 2023, primarily due to the decrease in the balance of trade payables.

Other payables of the Group decreased by 20.9% from RMB131.9 million as of December 31, 2022 to RMB104.3 million as of December 31, 2023, mainly attributable to (i) the decrease in the payables for staff-related costs, mainly representing bonus payables to staff, and (ii) the decrease in payables for construction and purchase of property, plant and equipment as a result of settlement of relevant payables in accordance with relevant agreements.

Contract Liabilities

Our contract liabilities were short-term receipts in advance from customers. All of the contract liabilities are expected to be recognized as revenue within one year. Contract liabilities of the Group decreased by 57.0% from RMB31.6 million as of December 31, 2022 to RMB13.6 million as of December 31, 2023, mainly due to the fact that the end of 2022 is close to the Spring Festival of the following year, leading to customers' higher demand for products for the purpose of Spring Festival sales, and thereby the increase in short-term prepayments by customers. As the end of 2023 is far away from the Spring Festival of the following year, receipts in advance at the end of 2023 declined as compared with that at the end of 2022.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents

Cash and cash equivalents of the Group increased from RMB120.4 million as of December 31, 2022 to RMB1,427.2 million as of December 31, 2023. The increase was mainly due to proceeds from the initial public offering and new bank loans.

Net Current Assets

Net current assets of the Group increased by 73.7% from RMB1,313.3 million as of December 31, 2022 to RMB2,281.8 million as of December 31, 2023, primarily due to the increase of the cash and cash equivalents.

Bank and Other Loans

Bank and other loans of the Group increased from RMB394.9 million as of December 31, 2022 to RMB1,011.1 million as of December 31, 2023, primarily because the Group increased bank borrowings to meet the business needs.

Gearing Ratio

As of December 31, 2023, gearing ratio of the Group (total liabilities/total assets) reached 28.5%, which was lower than gearing ratio of 103.5% as of December 31, 2022, mainly due to the the proceeds from the initial public offering and the expiration of the redemption rights upon the listing of the Company's shares.

Financial Risks

We have adopted risk management program focused on minimizing potential adverse effects of the unpredictability of financial markets as we are exposed to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, currency risk and fair value measurement risk.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of December 31, 2023, our Group's credit risk is primarily attributable to trade receivables. Our Group's exposure to credit risk arising from cash and cash equivalents and bills receivables is limited because the counterparties are banks and financial institutions with high credit standing, for which our Group is considered to have low credit risk. Our Group does not provide any guarantees which would expose our Group to credit risk.

Liquidity Risk

The treasury function is centrally managed by our Group, which includes the short-term investment of cash surpluses and the raising of funds to cover expected cash demands. Our Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions and investors to meet its liquidity requirements in the short and long term.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Group's interest rate risk arises primarily from interest-bearing borrowings issued at variable rates and at fixed rates, which expose our Group to cash flow interest rate risk and fair value interest rate risk, respectively.

Currency Risk

The Group is exposed to currency risk primarily from cash balances that are denominated in a foreign currency. The currencies giving rise to this risk are primarily USD and HK\$.

CONTINGENT LIABILITIES

In March 2023, certain companies of the Group were named defendants on a lawsuit in respect of disputes on trademarks infringement, and the Group's bank deposits of RMB30.0 million has been frozen by the court for this lawsuit. As at the date of this announcement, the lawsuit is still under review by the court. Based on assessment from the Directors of the Company and legal advices, the Group has made a provision of RMB20.0 million in respect of this claim.

CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

As of December 31, 2023, the Group had capital commitments of approximately RMB97.5 million (as of December 31, 2022: RMB115.2 million), mainly used for purchase of buildings, machinery and equipments.

For the year ended December 31, 2023, the Group's capital expenditure amounted to approximately RMB257.5 million (for the year ended December 31, 2022: RMB354.3 million), mainly used for payments for purchase of property, plant and equipment and land-use-rights.

PLEDGED ASSETS

As of December 31, 2023, the aggregate carrying value of the property, plant and equipments and land-use-rights pledged for the Group's bank loans is RMB434.3 million (as of December 31, 2022: RMB243.6 million).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant investments held, or any material acquisition or disposal of any relevant subsidiaries, associates and joint ventures during the Reporting Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus, the Group did not have any existing plan for acquiring other material investments or capital assets during the Reporting Period and as of the date of this announcement.

FINANCIAL INFORMATION

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

(Expressed in Renminbi (“RMB”))

	Note	2023 RMB'000	2022 RMB'000
Revenue	4	4,867,026	4,532,920
Cost of sales		<u>(4,248,310)</u>	<u>(3,753,373)</u>
Gross profit		618,716	779,547
Other net income	5	3,713	27,403
Selling and distribution expenses		(324,063)	(314,833)
Administrative expenses		(154,489)	(858,250)
Impairment losses reversed/(charged) on trade and other receivables		<u>213</u>	<u>(9,698)</u>
Profit/(loss) from operations		144,090	(375,831)
Finance costs	6(a)	(21,720)	(3,909)
Changes in the carrying amount of financial instruments issued to investors		<u>(181,141)</u>	<u>(178,596)</u>
Loss before taxation	6	(58,771)	(558,336)
Income tax	7	<u>(6,092)</u>	<u>(5,883)</u>
Loss and total comprehensive income for the year attributable to equity shareholders of the Company		<u><u>(64,863)</u></u>	<u><u>(564,219)</u></u>
Loss per share			
Basic and diluted (RMB)	8	<u><u>(0.08)</u></u>	<u><u>(0.60)</u></u>

Consolidated statement of financial position

At 31 December 2023

(Expressed in RMB)

	Note	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		957,868	862,560
Right-of-use assets		189,215	129,552
Other non-current assets		20,490	12,293
		<u>1,167,573</u>	<u>1,004,405</u>
Current assets			
Inventories	9	1,604,828	1,372,671
Trade and other receivables	10	505,192	565,116
Restricted deposits		30,000	—
Cash and cash equivalents		1,427,218	120,360
		<u>3,567,238</u>	<u>2,058,147</u>
Current liabilities			
Trade and other payables	11	241,861	303,548
Contract liabilities		13,571	31,564
Bank and other loans		1,011,071	394,905
Lease liabilities		12,899	8,957
Income tax payable		6,070	5,882
		<u>1,285,472</u>	<u>744,856</u>
Net current assets		<u>2,281,766</u>	<u>1,313,291</u>
Total assets less current liabilities		<u>3,449,339</u>	<u>2,317,696</u>

Consolidated statement of financial position (Continued)*At 31 December 2023**(Expressed in RMB)*

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Non-current liabilities			
Lease liabilities		19,467	11,049
Financial instruments issued to investors	<i>12</i>	–	2,380,161
Deferred income		46,362	32,858
		<u>65,829</u>	<u>2,424,068</u>
NET ASSETS/(LIABILITIES)		<u>3,383,510</u>	<u>(106,372)</u>
CAPITAL AND RESERVES			
Paid-in capital/share capital		106,815	99,445
Reserves		3,276,695	(205,817)
TOTAL EQUITY/(DEFICITS)		<u>3,383,510</u>	<u>(106,372)</u>

NOTES

1 CORPORATE INFORMATION

Shiyue Daotian Group Co., Ltd. (十月稻田集團股份有限公司) (the “Company”), formerly known as Shiyue Daotian Agricultural Technology Co., Ltd. (十月稻田農業科技有限公司) or Shiyue Daotian Food Group Col., Ltd. (十月稻田食品集團股份有限公司), was established in Shenyang, Liaoning Province, the People’s Republic of China (the “PRC”) on 3 May 2018 as a limited liability company. On 6 January 2023, the Company converted into a joint stock limited liability company and on 28 February 2023 the Company changed its name to Shiyue Daotian Group Co., Ltd.

The Company and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sales of pantry staple food (the “Listing Business”) in the PRC.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 October 2023.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (the “IASB”). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended standards that are first effective or available for early adoption for the current accounting period of the Group. The Group has adopted all applicable new and amended accounting standards except for any amendments that are not yet effective for the accounting period beginning on 1 January 2023.

3 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Financial assets at fair value through profit or loss (“FVPL”); and
- Series A-1 investor’s right to subscribe for additional registered capital.

The Company and the Group has its functional currency in RMB and the consolidated financial statements are presented in RMB.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing and sales of pantry staple food. All of the revenue of the Group is recognised at a point in time. Further details regarding the Group's principal activities are disclosed in Note 4(b).

Disaggregation of revenue by primary products is disclosed in Note 4(b)(i).

For the years ended 31 December 2023 and 2022, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective years are as follows.

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Company A	1,182,199	1,217,145
Company B	810,707	822,710

The Group takes advantage of the practical expedient in paragraph 121 of IFRS 15 and does not disclose the remaining performance obligation as all of the Group's sale contracts have an original expected duration of less than one year.

(b) Segment reporting

The Group manages its businesses by products. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Rice products: this segment mainly produces pre-packaged rice products of different varieties.
- Whole grain, bean and other products: this segment mainly produces pre-packaged mixed brown rice, millet, red bean and sesame.
- Dried food and other products: this segment mainly produces pre-packaged wood ear mushrooms, snow fungus mushroom and lotus seeds, as well as by-products, such as bran, husk and fractioned rice.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment result is gross profit. No inter-segment sales have occurred for the years ended 31 December 2023 and 2022. Assistance provided by one segment to another is not measured.

The Group's other operating income and expenses, such as other net income, selling and distribution expenses, administrative expenses and impairment losses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

	2023			
	Rice products RMB'000	Whole grain, bean and other products RMB'000	Dried food and other products RMB'000	Total RMB'000
Revenue from external customers and reportable segment revenue	<u>3,830,303</u>	<u>601,500</u>	<u>435,223</u>	<u>4,867,026</u>
Reportable segment gross profit	<u>440,920</u>	<u>140,534</u>	<u>37,262</u>	<u>618,716</u>
	2022			
	Rice products RMB'000	Whole grain, bean and other products RMB'000	Dried food and other products RMB'000	Total RMB'000
Revenue from external customers and reportable segment revenue	<u>3,621,740</u>	<u>523,232</u>	<u>387,948</u>	<u>4,532,920</u>
Reportable segment gross profit	<u>600,824</u>	<u>126,383</u>	<u>52,340</u>	<u>779,547</u>

(ii) Geographic information

The Group does not have material assets or operation outside the PRC. All of the Group's revenue is generated from its customers in the PRC. Hence, no segment analysis based on geographical location of the customers and assets is presented.

5 OTHER NET INCOME

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest income	4,565	2,037
Net income from sales of raw materials	2,508	2,252
Net loss on disposal of property, plant and equipment	(1,537)	(888)
Investment income	4,218	8,035
Government grants	13,959	15,967
Provision for an outstanding legal claim	(20,000)	—
	<u>3,713</u>	<u>27,403</u>

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on bank and other loans	9,790	3,300
Interest on lease liabilities	1,522	609
Foreign exchange losses	10,408	—
	<u>21,720</u>	<u>3,909</u>

No borrowing costs have been capitalised for each of the years ended 31 December 2023 and 2022.

(b) Staff costs[#]

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries, wages and other benefits	251,170	265,338
Contributions to defined contribution retirement schemes	20,731	16,331
Share-based payment expenses	—	739,569
	<u>271,901</u>	<u>1,021,238</u>

The employees of the subsidiaries of the Group participate in defined contribution retirement benefit scheme managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes for the years ended 31 December 2023 and 2022. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above-mentioned retirement scheme at their normal retirement age.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions. Contributions to the scheme vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(c) **Other items**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost of inventories [#] (Note 9)	4,248,310	3,753,373
Depreciation [#]		
– owned property, plant and equipment	69,794	38,504
– right-of-use assets	16,911	11,206
Rental expenses [#]	2,057	2,491
Auditors' remuneration	4,000	–
Listing expenses	<u>45,947</u>	<u>10,102</u>

[#] Cost of inventories includes RMB142.0 million relating to staff costs, depreciation expenses and rental expenses for the year ended 31 December 2023 (2022: RMB102.7 million), which is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX

(a) **Income tax in the consolidated statement of profit or loss and other comprehensive income represents:**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current taxation	<u>6,092</u>	<u>5,883</u>

(b) **Reconciliation between tax expense and accounting profit at applicable tax rates:**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss before taxation	<u>(58,771)</u>	<u>(558,336)</u>
Expected tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned (Note (i))	(14,693)	(139,584)
Tax effect of non-deductible expenses (Note (ii))	46,674	232,865
Effect of PRC tax concession (Note (iii))	(45,789)	(99,347)
Tax effect of utilisation of prior years' unused tax losses previously not recognised	(134)	–
Tax effect of unused tax losses and deductible temporary differences not recognised	<u>20,034</u>	<u>11,949</u>
Income tax	<u>6,092</u>	<u>5,883</u>

Notes:

- (i) The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the years ended 31 December 2023 and 2022.
- (ii) Tax effect of non-deductible expenses mainly represent the changes in the carrying amount of financial instruments issued to investors, share-based payments expenses exceeding the deductible amount and certain other costs and expenses, which all are not deductible in accordance with relevant tax regulations in the PRC.
- (iii) In accordance with relevant tax regulations in the PRC, the Group's business in primary processing of agricultural products is eligible for income tax exemption.

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share for the years ended 31 December 2023 and 2022 is based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue for the years ended 31 December 2023 and 2022.

The Company was converted into a joint stock limited liability company and issued 99,445,074 shares with the par value of RMB1 each on 6 January 2023. For the purpose of computing basic loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the conversion into joint stock limited liability company had occurred on 1 January 2022, at the conversion ratio established in the conversion in January 2023 and takes into account of the share split at a one-for-ten basis immediately upon listing.

The financial instruments issued to investors with preferential rights were treated as treasury stock and debited to other reserve before the termination of preferential rights as described in Note 12. Accordingly, before the termination of preferential rights, the shares converted from related paid-in capital was deducted when calculating the number of ordinary shares deemed in issue.

Loss of the year attributable to ordinary equity shareholders of the Company

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss for the year attributable to all equity shareholders of the Company	(64,863)	(564,219)
Allocation of (profit)/loss for the year attributable to financial instruments issued to investors (<i>Note 12</i>)	<u>(2,462)</u>	<u>156,878</u>
Loss for the year attributable to ordinary equity shareholders of the Company	<u><u>(67,325)</u></u>	<u><u>(407,341)</u></u>

Weighted average number of shares

	2023 No. of shares '000	2022 No. of shares '000
Ordinary shares deemed to be in issue at 1 January	994,450	924,840
Effect of ordinary shares deemed to be in issue	19,350	21,740
Effect of shares issued by initial public offering	11,706	–
Effect of the financial instruments issued to investors (Note 12)	<u>(226,656)</u>	<u>(263,190)</u>
Weighted average number of ordinary shares (deemed to be) in issue	<u><u>798,850</u></u>	<u><u>683,390</u></u>

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2023 and 2022, the Group's potential ordinary shares are from financial instruments issued to investors with preferential rights (Note 12). The potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2023 and 2022 are the same as basic loss per share for the respective years.

9 INVENTORIES

	2023 RMB'000	2022 RMB'000
Raw materials	1,183,751	838,544
Work in progress	57,100	47,921
Finished goods	343,286	455,475
Packaging materials	<u>33,613</u>	<u>33,225</u>
	1,617,750	1,375,165
Less: write-down of inventories	<u>(12,922)</u>	<u>(2,494)</u>
	<u><u>1,604,828</u></u>	<u><u>1,372,671</u></u>

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Carrying amount of inventories sold	4,237,882	3,752,500
Write-down of inventories	<u>10,428</u>	<u>873</u>
	<u>4,248,310</u>	<u>3,753,373</u>

10 TRADE AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables from:		
– third parties	245,634	402,344
Less: loss allowance	<u>(2,882)</u>	<u>(3,232)</u>
	<u>242,752</u>	<u>399,112</u>
Bills receivables	<u>92,406</u>	<u>16,634</u>
Prepayments to suppliers	25,041	33,803
Prepayments for costs incurred in connection with the financing	–	3,302
Prepayments for costs incurred in connection with the proposed initial public offering of the Company's shares	<u>–</u>	<u>8,913</u>
	<u>25,041</u>	<u>46,018</u>
Value added tax recoverable	125,970	84,021
Deposits and amounts due from the e-commerce platforms	9,890	7,839
Deposits for bidding and purchase of land-use-rights	1,657	3,314
Other receivables	364	21
Other deposits	<u>7,112</u>	<u>8,157</u>
	<u>144,993</u>	<u>103,352</u>
Trade and other receivables	<u>505,192</u>	<u>565,116</u>

All of the trade and other receivables are expected to be recovered or recognised as expenses or transferred to equity within one year.

Aging analysis

As of the end of the reporting period, the aging analysis of the Group's trade receivables (net of loss allowance), based on the invoice date, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	218,773	390,539
4 to 6 months	15,174	7,112
7 to 12 months	8,714	1,256
Over 1 year	91	205
	<u>242,752</u>	<u>399,112</u>

11 TRADE AND OTHER PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables		
– Third parties	137,566	171,626
Payables for staff related costs	38,365	66,193
Payables for construction and purchase of property, plant and equipment	25,970	43,603
Payables for costs incurred in connection with the proposed initial public offering of the Company's shares	6,224	12,129
Others	8,474	5,910
	<u>79,033</u>	<u>127,835</u>
Financial liabilities measured at amortised cost	216,599	299,461
Provision for an outstanding legal claim (<i>Note 13</i>)	20,000	–
Refund liabilities	1,634	949
Payables for miscellaneous taxes	3,628	3,138
	<u>241,861</u>	<u>303,548</u>

As of the end of the reporting period, the aging analysis of the Group's trade payables, based on the invoice date, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within one year or on demand	<u>137,566</u>	<u>171,626</u>

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

12 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Redemption liabilities	<u>–</u>	<u>2,380,161</u>

The movements of the redemption liabilities are set out below:

	Redemption liabilities
	<i>RMB'000</i>
At 1 January 2022	1,872,844
Effect of the paid-in capital transfer and granting redemption rights to the transferee	120,961
Effect of the Series A-1 paid-in capital transfer with redemption rights	207,760
Changes in the carrying amount of redemption liabilities	<u>178,596</u>
At 31 December 2022 and 1 January 2023	2,380,161
Grant of redemption right in Series C financing	285,714
Changes in the carrying amount of redemption liabilities	181,141
Expiration of the redemption rights upon the listing of the Company's shares	<u>(2,847,016)</u>
At 31 December 2023	<u>–</u>

From July 2020 to February 2023, the Company conducted several rounds of financing by issuing registered capital to investors and the investors were granted a right to put back to the Company the registered capital acquired upon the occurrence of any of the following events: (i) no qualified initial public offerings has been consummated within five (5) or six (6) years following the closing of series financing; (ii) any material breach of the agreements made with the financing investors under the transaction documents; (iii) any founding shareholders resign or is unable to act as the key management or core staff due to any subjective reasons before a qualified initial public offerings; (iv) the other financing investors required the Company to redeem their registered capital based on the above events (i), (ii) and (iii).

The redemption price is as follows:

- For the Series A-1 and A-2 investors, the redemption price is the higher of (i) the investment amount paid by the investors, plus an annual compound interest rate of 10% on the investment amount for the period commencing from the relevant payment date of the investment amount to the date on which the investors receive payments for redemption, and any declared but undistributed dividends; and (ii) the market fair value of the paid-in capital with redemption rights required to be redeemed. Upon the Series B financing agreements dated on 12 April 2021, the redemption rights of the Series A-1 and A-2 investors were amended, such that (ii) above was removed. The changes in the carrying amount of the redemption liabilities as a result of such modification was charged to equity, since the modification is a transaction between the Company and its shareholders in their capacity as owners.

- For the Series B and Series C investors, the redemption price is the investment amount paid by the investors, plus an annual simple interest rate of 10% on the investment amount for the period commencing from the relevant payment date of investment amount to the date on which the investors receive payments for redemption, and any declared but undistributed dividends.

The redemption rights have automatically expired upon the listing of the Company's shares on the Stock Exchange and the carrying amount of the redemption liabilities was transferred to "other reserve" within equity.

13 CONTINGENT LIABILITIES

In March 2023, certain companies of the Group were named defendants on a lawsuit in respect of disputes on trademarks infringement, and the Group's bank deposits of RMB30.0 million has been frozen by the court for this lawsuit. As at the date of this announcement, the lawsuit is still under review by the court. Based on assessment from the directors of the Company and legal advices, the Group has made a provision of RMB20.0 million in respect of this claim.

14 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2023 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.031 per ordinary share	<u>33,113</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

The Company made the distributions of RMB200.0 million to the equity shareholders of the Company for the year ended 31 December 2022.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

No final dividend in respect of the previous financial year has been approved during the year ended 31 December 2023 (2022: RMB Nil).

Simultaneous with the Series C financing in October 2022, a new investor purchased RMB1,988,901 paid-in capital at RMB126.7 per unit paid-in capital from a series A investor. The difference of RMB207,760,000 between consideration of RMB252,000,000 and the carrying amount of the redemption liabilities of RMB44,240,000 of the transferred paid-in capital, was recognised in the other reserve as deemed distribution.

OTHER INFORMATION

Final Dividend

The Board recommended the payment of the final dividend of RMB0.031 per ordinary share (tax inclusive) to all Shareholders for the year ended December 31, 2023, which amounted to approximately RMB33.1 million, representing approximately 20.4% of the adjusted net profit of the Group for the year ended December 31, 2023.

The proposed final dividend will be declared in RMB and paid in Hong Kong dollars to the holders of our H Shares (“**H Shareholders**”). The final dividend paid in HK\$ will be converted from RMB to HK\$ based on the average exchange rate of RMB against HK\$ of the five business days prior to the forthcoming annual general meeting (the “**AGM**”) of the Company released by the People’s Bank of China, and the final dividend paid to the holders of our Domestic Shares will be paid in RMB. The proposed final dividend is subject to Shareholders’ approval at the AGM and is expected to be paid on or around Friday, July 19, 2024.

In accordance with the Enterprise Income Tax Law of the People’s Republic of China and its implementation rules (hereinafter collectively referred to as the “**EIT Law**”), non-resident enterprises shall pay enterprise income tax on income derived from China, and the applicable tax rate is 10.0%. To this end, any H Shares registered in the name of non-individual Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other organizations and groups will be treated as being held by non-resident enterprise Shareholders (as defined in the EIT Law), and the Company will distribute the final dividend to such non-resident enterprise Shareholders after withholding such 10.0% enterprise income tax.

When the Company distributes the 2023 final dividend to the individual Shareholders, such dividend will be subject to the withholding of individual income tax at a rate of 10% or 20%. However, if otherwise provided by tax laws, relevant tax treaties or notices, the tax will be withheld in accordance with the relevant requirements and tax levy and administration requirements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

For the period from the Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On October 12, 2023, the Company’s H Shares were listed on the Stock Exchange, and the net proceeds from the global offering, after deducting the underwriting fees and other estimated expenses paid and payable by us in connection with the global offering and the discretionary incentive fee, were approximately HK\$716.4 million. From the Listing Date to December 31, 2023, the Group has used approximately HK\$0.1 million of the proceeds in accordance with the proposed uses set out in the Prospectus, accounting for 0.01% of all funds raised, and the remaining unutilized proceeds amounted to approximately HK\$716.3 million. The balance of proceeds from the listing will continue to be used in accordance with the proposed purposes set out in the Prospectus published by the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

We are committed to achieving high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. Our Company has adopted the code provisions of the Corporate Governance Code as the basis of our Company's corporate governance practices since the Listing Date.

During the period from the Listing Date to December 31, 2023, the Company has complied with all applicable code provisions set out in the Corporate Governance Code, except for the deviation from code provision C.2.1. In accordance with code provision C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairman and general manager should be separate and should not be performed by the same individual. However, the Company does not have a separate role of chairman and general manager and the responsibilities of chairman and general manager are both undertaken by Mr. WANG. The Board believes that having the same person assume the responsibilities of chairman and general manager is conducive to ensuring consistent leadership within the Group and making the Group's overall strategic planning more effective and efficient. In addition, since there are three independent non-executive Directors among the nine Directors in total of the Board, there will be sufficient independent voices in the Board to protect the interests of the Company and Shareholders as a whole. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and monitor the corporate governance code practices of the Company with an aim of maintaining a high standard of corporate governance.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as a code of conduct regarding securities transactions by the Directors and Supervisors since the Listing Date. Having made specific enquiries with each Director and each Supervisor, they confirmed that they had complied with the Model Code since the Listing Date and up to the end of the Reporting Period.

AUDIT COMMITTEE

The Audit Committee consists of three members, namely Mr. YEUNG Chi Tat as an independent non-executive Director, Mr. CHANG Bin as a non-executive Director and Mr. SHI Ketong as an independent non-executive Director. The chairman of the Audit Committee is Mr. YEUNG Chi Tat.

The Audit Committee together with the senior management of the Company, have reviewed the accounting policies and practices adopted by the Group and the Group's consolidated financial information for the year ended December 31, 2023. The Audit Committee considers that the relevant financial statements have been prepared in compliance with applicable accounting standards and requirements and that adequate disclosures have been made.

AUDITOR’S SCOPE OF WORK

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 ended December 31, 2023 as set out in this announcement have been agreed by the Group’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by KPMG 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 KPMG on this announcement.

SUBSEQUENT SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

The Company made several investments after the end of the Reporting Period, including the cornerstone investment in Migao Group Holdings Limited (“**Migao**”) with details as below, and the purchase of certain wealth management products with the aggregate balance of RMB491.8 million as at the date of this announcement. The above transactions did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

On March 11, 2024, Shenyang Xinchang Grain Trade Co., Ltd. (“**Shenyang Xinchang**”), a wholly owned subsidiary of the Company, as an investor entered into a cornerstone investment agreement (the “**Cornerstone Investment Agreement**”) with Migao (as issuer), GF Capital (Hong Kong) Limited, GF Securities (Hong Kong) Brokerage Limited and CMB International Capital Limited, pursuant to which Shenyang Xinchang agreed to subscribe for the investor shares of Migao (the “**Investor Shares**”) at the offer price under and as part of Migao’s international offering. The aggregate subscription amount for the Investor Shares paid by Shenyang Xinchang under the Cornerstone Investment Agreement was USD20.9 million. The shares of Migao were listed on the Stock Exchange on March 21, 2024.

ANNUAL GENERAL MEETING

A notice convening the AGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shiyuedaotian.com).

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shiyuedaotian.com). The annual report of the Company for the year ended December 31, 2023 containing all the information required by the Listing Rules will be available on the above websites in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of our Company
“Company”	Shiyue Daotian Group Co., Ltd. (十月稻田集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange with stock code of 9676
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CRM system”	customer relationship management system
“Director(s)”	the director(s) of our Company
“Domestic Share(s)”	ordinary shares in the share capital of our Company, with a nominal value of RMB0.10 each, which are subscribed for and paid up in RMB
“ERP system”	enterprise resource planning system
“Group”, “we”, “us” or “our”	our Company and its subsidiaries
“H Share(s)”	overseas listed foreign Shares in the share capital of our Company with a nominal value of RMB0.10 each, which are traded in Hong Kong dollars and listed on the Stock Exchange
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Listing Date”	October 12, 2023
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“LKA(s)”	regional supermarket, hypermarket and convenience store operator(s)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Mr. WANG”	Mr. WANG Bing (王兵), spouse of Ms. ZHAO, the chairman of our Board, an executive Director, the general manager and one of our controlling shareholders
“Ms. ZHAO”	Ms. ZHAO Wenjun (趙文君), spouse of Mr. WANG, an executive Director, the deputy general manager, the chief marketing officer and one of our controlling shareholders
“NKA(s)”	national supermarket, hypermarket and convenience store operator(s)
“OA system”	office automation system
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus issued by the Company on September 28, 2023 in relation to our global offering and listing
“Reporting Period”	January 1, 2023 to December 31, 2023
“RMB” or “Renminbi”	the lawful currency of the PRC
“Share(s)”	Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of our Share(s)

“Shiyue Zhongxin”	Shenyang Shiyue Zhongxin Enterprise Management Consulting Partnership (Limited Partnership) (瀋陽十月眾鑫企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on July 24, 2020 and one of our controlling shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of our Company
“TMS”	transportation management system

By order of the Board
Shiyue Daotian Group Co., Ltd.
Mr. WANG Bing
Chairman and Executive Director

Beijing, the PRC, March 28, 2024

As at the date of this announcement, the Board comprises Mr. WANG Bing, Ms. ZHAO Wenjun, Ms. ZHAO Shulan, Mr. SHU Minghe and Mr. ZOU Hao as executive Directors; Mr. CHANG Bin as a non-executive Director; and Mr. SHI Ketong, Mr. YEUNG Chi Tat and Mr. LIN Chen as independent non-executive Directors.