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**AUSTASIA**

**AustAsia Group Ltd.**

**澳亞集團有限公司\***

*(Incorporated in the Republic of Singapore with limited liability)*

**(Stock Code: 2425)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

The board (the “**Board**”) of directors (the “**Directors**”) of AustAsia Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) presents the consolidated results of the Group for the six months ended 30 June 2025 (the “**Reporting Period**”), together with comparative figures for the six months ended 30 June 2024 (“**1H2024**”).

**HIGHLIGHTS:**

**FOR THE SIX MONTHS ENDED 30 JUNE**

| <b>FINANCIAL DATA</b>  | <b>2025</b>        | <b>2024</b>        | <b>Change</b> |
|--|--------------------|--------------------|---------------|
|  | <b>RMB'000</b>     | <b>RMB'000</b>     |               |
|  | <b>(Unaudited)</b> | <b>(Unaudited)</b> |               |
| Revenue  | <b>1,697,917</b>   | 1,827,965          | -7.1%         |
| Gross profit   | <b>295,907</b>     | 219,034            | +35.1%        |
| Losses arising from changes in fair value less costs to sell of other biological assets          | <b>(462,425)</b>   | (605,594)          | -23.6%        |
| Loss attributable to owners of the Company   | <b>(377,783)</b>   | (636,013)          | -40.6%        |
| Basic loss per share (RMB)   | <b>(0.54)</b>      | (0.91)             | -40.7%        |
| <b>Non-IFRS Financial Measures:</b>  |                    |                    |               |
| Cash EBITDA <sup>Note 1</sup>  | <b>343,886</b>     | 231,522            | +48.5%        |
| Profit/(loss) for the period (before biological assets fair value adjustments) <sup>Note 2</sup> | <b>84,642</b>      | (30,419)           | +378.3%       |
| <b>KEY PERFORMANCE INDICATORS</b>  | <b>2025</b>        | <b>2024</b>        | <b>Change</b> |
| Annualised average milk yield per milkable cow (tons)  | <b>14.1</b>        | 13.7               | +2.9%         |
| Herd size of dairy cows (heads)  | <b>117,448</b>     | 130,229            | -9.8%         |
| Herd size of beef cattle (heads)   | <b>25,709</b>      | 39,466             | -34.9%        |

\* For identification purpose only

*Note 1:* Cash EBITDA is defined as loss for the period excluding (i) finance costs, (ii) interest income, (iii) income tax expense, (iv) depreciation and amortisation, (v) losses arising from changes in fair value less costs to sell of other biological assets, (vi) foreign exchange difference, and (vii) share based payment expenses.

*Note 2:* Profit/(loss) for the period (before biological assets fair value adjustments) is derived from loss for the period excluding losses arising from changes in fair value less costs to sell of other biological assets.

For the Reporting Period, the Group recorded a revenue of approximately RMB1,697.9 million, representing a drop of 7.1% as compared with the same period of 2024.

The gross profit increased by 35.1%, from approximately RMB219.0 million for 1H2024 to RMB295.9 million for the Reporting Period.

The Group recorded a net loss of approximately RMB377.8 million for the Reporting Period, this is mainly attributable to the losses arising from changes in the fair value less costs to sell of other biological assets of RMB462.4 million. The significant losses are mainly attributable to the decreases in selling price of raw milk and culling cattle that used in the assumption to derive the fair value of biological assets.

During the Reporting Period, the key operational efficiency indicator of the Group, the annualised average milk yield per milkable cow reached a new height of 14.1 tons, representing a 2.9% increase as compared with the same period of 2024.

## FINANCIAL INFORMATION

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

|   | <i>Notes</i> | <b>2025</b><br><i>RMB'000</i><br><b>(Unaudited)</b> | 2024<br><i>RMB'000</i><br>(Unaudited) |
|---|--------------|---|---------------------------------------|
| REVENUE   | 4            | <b>1,697,917</b>                                    | 1,827,965                             |
| Cost of sales   |              | <b>(1,691,581)</b>                                  | (1,814,969)                           |
| Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest |              | <b>283,609</b>                                      | 258,914                               |
| Gains/(Losses) arising from changes in fair value less costs to sell of beef cattle                       |              | <b>5,962</b>  | (52,876)                              |
| Gross profit  |              | <b>295,907</b>                                      | 219,034                               |
| Other income and gains  | 5            | <b>52,858</b>                                       | 25,077                                |
| Losses arising from changes in fair value less costs to sell of other biological assets                   |              | <b>(462,425)</b>                                    | (605,594)                             |
| Selling and distribution expenses   |              | <b>(2,652)</b>                                      | (1,814)                               |
| Administrative expenses   |              | <b>(103,381)</b>                                    | (112,895)                             |
| Research and development expenses   |              | <b>(3,302)</b>                                      | –                                     |
| Other expenses  | 5            | <b>(1,486)</b>                                      | (8,214)                               |
| Finance costs   | 6            | <b>(147,027)</b>                                    | (143,937)                             |
| LOSS BEFORE TAX   | 7            | <b>(371,508)</b>                                    | (628,343)                             |
| Income tax expense  | 8            | <b>(6,275)</b>                                      | (7,670)                               |
| LOSS FOR THE PERIOD   |              | <b><u>(377,783)</u></b>                             | <b><u>(636,013)</u></b>               |
| Attributable to:  |              |   |                                       |
| Owners of the parent  |              | <b><u>(377,783)</u></b>                             | <b><u>(636,013)</u></b>               |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT                                      | 10           |   |                                       |
| Basic   |              |   |                                       |
| – For loss for the period   |              | <b><u>RMB(0.54)</u></b>                             | <b><u>RMB(0.91)</u></b>               |
| Diluted   |              |   |                                       |
| – For loss for the period   |              | <b><u>RMB(0.54)</u></b>                             | <b><u>RMB(0.91)</u></b>               |

|  | 2025<br><i>RMB'000</i><br>(Unaudited) | 2024<br><i>RMB'000</i><br>(Unaudited) |
|--|---------------------------------------|---------------------------------------|
| TOTAL COMPREHENSIVE LOSS<br>FOR THE PERIOD | <u><u>(377,783)</u></u>               | <u><u>(636,013)</u></u>               |
| Attributable to:<br>Owners of the parent   | <u><u>(377,783)</u></u>               | <u><u>(636,013)</u></u>               |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2025*

|   | <i>Notes</i> | <b>30 June<br/>2025</b><br><i>RMB'000</i><br><b>(Unaudited)</b> | 31 December<br>2024<br><i>RMB'000</i><br><b>(Audited)</b> |
|---|--------------|---|---|
| <b>NON-CURRENT ASSETS</b>                       |              |   |   |
| Property, plant and equipment                   |              | <b>3,050,094</b>  | 3,159,924   |
| Right-of-use assets                             |              | <b>1,355,763</b>  | 1,400,676   |
| Other intangible assets                         |              | <b>2,794</b>  | 3,506   |
| Biological assets                               |              | <b>2,644,183</b>  | 2,905,038   |
| Other long-term assets                          |              | <b>12,553</b>   | 8,446   |
| Long-term receivable                            |              | <b>4,043</b>  | 4,580   |
|   |              | <b>7,069,430</b>  | 7,482,170   |
| <b>TOTAL non-current assets</b>                 |              |   |   |
| <b>CURRENT ASSETS</b>                           |              |   |   |
| Inventories                                     |              | <b>803,189</b>  | 1,151,662   |
| Biological assets                               |              | <b>407,800</b>  | 419,136   |
| Trade receivables                               | <i>11</i>    | <b>269,252</b>  | 296,703   |
| Prepayments, other receivables and other assets |              | <b>197,244</b>  | 239,641   |
| Cash and cash equivalents                       |              | <b>270,863</b>  | 281,921   |
| Pledged deposits and restricted cash            |              | <b>227</b>  | 842   |
|   |              | <b>1,948,575</b>  | 2,389,905   |
| <b>TOTAL current assets</b>                     |              |   |   |
| <b>CURRENT LIABILITIES</b>                      |              |   |   |
| Trade payables                                  | <i>12</i>    | <b>467,597</b>  | 692,302   |
| Other payables and accruals                     |              | <b>336,119</b>  | 390,991   |
| Interest-bearing bank borrowings                |              | <b>2,129,845</b>  | 2,462,495   |
| Lease liabilities                               |              | <b>142,855</b>  | 84,536  |
| Deferred income                                 |              | <b>13,614</b>   | 4,871   |
| Tax payable                                     |              | <b>2,199</b>  | 6,864   |
|   |              | <b>3,092,229</b>  | 3,642,059   |
| <b>TOTAL current liabilities</b>                |              |   |   |
| <b>NET CURRENT LIABILITIES</b>                  |              | <b>(1,143,654)</b>  | (1,252,154)   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>    |              | <b>5,925,776</b>  | 6,230,016   |

|  | <i>Notes</i> | <b>30 June<br/>2025<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2024<br>RMB'000<br>(Audited) |
|--|--------------|---|---|
| <b>NON-CURRENT LIABILITIES</b>                     |              |   |   |
| Interest-bearing bank borrowings                   |              | 1,195,400   | 1,035,897                                   |
| Deferred tax liabilities                           |              | 4,335   | 4,335                                       |
| Deferred income                                    |              | 24,437  | 25,769                                      |
| Lease liabilities                                  |              | <u>1,271,875</u>                                    | <u>1,356,503</u>                            |
| Total non-current liabilities                      |              | <u>2,496,047</u>                                    | <u>2,422,504</u>                            |
| Net assets   |              | <u><u>3,429,729</u></u>                             | <u><u>3,807,512</u></u>                     |
| <b>EQUITY</b>                                      |              |   |   |
| <b>Equity attributable to owners of the parent</b> |              |   |   |
| Share capital                                      |              | 2,435,712   | 2,435,712                                   |
| Reserves   |              | <u>994,017</u>                                      | <u>1,371,800</u>                            |
| Total equity                                       |              | <u><u>3,429,729</u></u>                             | <u><u>3,807,512</u></u>                     |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

### Going concern basis

As at 30 June 2025, the Group had net current liabilities of approximately RMB1,144 million and the Group's total bank borrowings amounted to RMB3,325 million, of which RMB2,130 million will be due for repayment within one year from 30 June 2025, while its cash and cash equivalents amounted to RMB271 million. The Group incurred a net loss of RMB378 million for the six months ended 30 June 2025. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been and are being taken by the directors of the Company to improve the Group's liquidity and financial position which include the following:

- (i) The Group continues to improve the milk yield and the quality of raw milk and negotiate with customers for better selling price in consideration of the market developments.
- (ii) The Group continues to enhance and streamline the procurement process to reduce purchasing costs in order to mitigate the impact of the decrease of selling price of raw milk. The Group's in-house pre-mix feed mill will continue improving feed quality and help to control feed costs.
- (iii) The Group continues to take proactive financing measures to ensure sufficient facilities from financial institutions and shareholders are available in the foreseeable future. The Company successfully completed the rights issue on 5 August 2025, which will improve the cash flow position of the Group. For details, please refer to "13. EVENTS AFTER THE REPORTING PERIOD" in this announcement.
- (iv) The Group continues to monitor capital expenditure to balance and relieve cash resource to support operations.

The directors have reviewed the Group's cash flow forecast covering a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors believe it is appropriate to prepare the condensed consolidated financial information of the Group for the six months ended 30 June 2025 on a going concern basis.

Notwithstanding the above, given the volatility of the dairy industry in Mainland China, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above.

Should the going concern assumption be inappropriate, adjustments may have to be made to the carrying values of the Group's assets to state them at their recoverable amounts, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial information.

## **2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

One amendment applies for the first time in 2025, but does not have an impact on the interim condensed consolidated financial information of the Group.

Amendments to IAS 21                      Lack of exchangeability

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information. The amendments did not have a material impact on the Group's financial statements.

## **3. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows: (1) Raw milk business for the production and sales of raw milk; (2) Beef cattle business for raising and sales of beef cattle; and (3) Ancillary business for sales of milk products, feeds and others.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income and expenses, non-lease-related finance costs from the Group's financial instruments as well as head office or corporate administrative expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

**For the six months ended 30 June 2025**

|  | <b>Raw milk</b><br><i>RMB'000</i><br>(Unaudited) | <b>Beef cattle</b><br><i>RMB'000</i><br>(Unaudited) | <b>Ancillary</b><br><i>RMB'000</i><br>(Unaudited) | <b>Total</b><br><i>RMB'000</i><br>(Unaudited) |
|--|--|---|---|---|
| <b>Segment revenue</b> (Note 4)                          |  |   |   |   |
| Sales to external customers                              | 1,309,177  | 234,321   | 154,419   | 1,697,917                                     |
| Intersegment sales                                       | <u>86,673</u>                                    | <u>819</u>  | <u>157,416</u>                                    | <u>244,908</u>                                |
|  | 1,395,850  | 235,140   | 311,835   | 1,942,825                                     |
| Elimination of intersegment sales                        |  |   |   | <u>(244,908)</u>                              |
| Revenue  |  |   |   | <u><u>1,697,917</u></u>                       |
| <b>Segment results</b>                                   | (215,950)  | 3,535   | 345   | (212,070)                                     |
| Finance costs (other than interest on lease liabilities) |  |   |   | (107,429)                                     |
| Unallocated corporate and administrative expenses        |  |   |   | (103,381)                                     |
| Unallocated other income and expenses                    |  |   |   | <u>51,372</u>                                 |
| Loss before tax  |  |   |   | <u><u>(371,508)</u></u>                       |

**For the six months ended 30 June 2024**

|  | <b>Raw milk</b><br><i>RMB'000</i><br>(Unaudited) | <b>Beef cattle</b><br><i>RMB'000</i><br>(Unaudited) | <b>Ancillary</b><br><i>RMB'000</i><br>(Unaudited) | <b>Total</b><br><i>RMB'000</i><br>(Unaudited) |
|--|--|---|---|---|
| <b>Segment revenue</b> (Note 4)                          |  |   |   |   |
| Sales to external customers                              | 1,424,316  | 219,508   | 184,141   | 1,827,965                                     |
| Intersegment sales                                       | <u>104,910</u>                                   | <u>–</u>  | <u>164,687</u>                                    | <u>269,597</u>                                |
|  | 1,529,226  | 219,508   | 348,828   | 2,097,562                                     |
| Elimination of intersegment sales                        |  |   |   | <u>(269,597)</u>                              |
| Revenue  |  |   |   | <u><u>1,827,965</u></u>                       |
| <b>Segment results</b>                                   | (385,197)  | (55,295)  | 11,180  | (429,312)                                     |
| Finance costs (other than interest on lease liabilities) |  |   |   | (102,999)                                     |
| Unallocated corporate and administrative expenses        |  |   |   | (112,895)                                     |
| Unallocated other income and expenses                    |  |   |   | <u>16,863</u>                                 |
| Loss before tax  |  |   |   | <u><u>(628,343)</u></u>                       |

## Geographical information

### (a) Revenue from external customers

|                | For the six months ended 30 June |                  |
|----------------|----------------------------------|------------------|
|                | 2025                             | 2024             |
|                | RMB'000                          | RMB'000          |
|                | (Unaudited)                      | (Unaudited)      |
| Mainland China | <u>1,697,917</u>                 | <u>1,827,965</u> |

The revenue information above is based on the locations of the customers.

### (b) Non-current assets

|                | 30 June          | 31 December      |
|----------------|------------------|------------------|
|                | 2025             | 2024             |
|                | RMB'000          | RMB'000          |
|                | (Unaudited)      | (Audited)        |
| Mainland China | <u>7,065,387</u> | <u>7,477,590</u> |

The non-current assets information above is based on the locations of the assets and excludes financial instruments.

## 4. REVENUE

An analysis of revenue is as follows:

|                                       | For the six months ended 30 June |                  |
|---------------------------------------|----------------------------------|------------------|
|                                       | 2025                             | 2024             |
|                                       | RMB'000                          | RMB'000          |
|                                       | (Unaudited)                      | (Unaudited)      |
| Revenue from contracts with customers |                                  |                  |
| Sales of raw milk                     | 1,309,177                        | 1,424,316        |
| Sales of beef cattle                  | 234,321                          | 219,508          |
| Sales of ancillary                    | <u>154,419</u>                   | <u>184,141</u>   |
|                                       | <u>1,697,917</u>                 | <u>1,827,965</u> |
| Timing of revenue recognition         |                                  |                  |
| At a point in time                    | <u>1,697,917</u>                 | <u>1,827,965</u> |

### Performance obligations

The Group sells raw milk to manufacturers of dairy products, beef cattle to food processing companies, milk products to cafes and other end customers and feed products to farms. For sales of raw milk, beef cattle, milk products and feed products to its customers, revenue is recognised when control of the goods has been transferred, being at the point the customer received the goods and was satisfied with the quality. Payment of the transaction price is determined based on market price. The credit term is normally 30 days from the invoice date for raw milk customers and feed products customers, 30 to 45 days from the invoice date for milk products customers, and no credit is provided for beef cattle customers.

## 5. OTHER INCOME AND GAINS AND OTHER EXPENSES

|   | <i>Notes</i> | <b>For the six months ended 30 June</b>             |   |
|---|--------------|---|---|
|   |              | <b>2025</b><br><i>RMB'000</i><br><b>(Unaudited)</b> | <b>2024</b><br><i>RMB'000</i><br><b>(Unaudited)</b> |
| <b>Other income and gains</b>                     |              |   |   |
| Foreign exchange gains, net                       | 7            | 1,852   | –   |
| Government grants                                 |              | 31,352  | 7,399   |
| Insurance claims                                  |              | 13,061  | 10,068  |
| Technical service fees                            |              | 1,523   | 1,546   |
| Gains on modification of leases                   |              | –   | 809   |
| Interest income                                   |              | 524   | 1,076   |
| Others  |              | 4,546   | 4,179   |
|   |              | <hr/>   | <hr/>   |
| Total   |              | <b>52,858</b>                                       | <b>25,077</b>                                       |
|   |              | <hr/> <hr/>   | <hr/> <hr/>   |
| <b>Other expenses</b>                             |              |   |   |
| Foreign exchange losses, net                      | 7            | –   | 2,350   |
| Loss on disposal of property, plant and equipment |              | 692   | 5,195   |
| Others  |              | 794   | 669   |
|   |              | <hr/>   | <hr/>   |
| Total   |              | <b>1,486</b>  | <b>8,214</b>  |
|   |              | <hr/> <hr/>   | <hr/> <hr/>   |

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

|                               | <b>For the six months ended 30 June</b>             |   |
|-------------------------------|---|---|
|                               | <b>2025</b><br><i>RMB'000</i><br><b>(Unaudited)</b> | <b>2024</b><br><i>RMB'000</i><br><b>(Unaudited)</b> |
| Interest on bank loans        | 107,429   | 102,999   |
| Interest on lease liabilities | 39,598  | 40,938  |
|                               | <hr/>   | <hr/>   |
| Total                         | <b>147,027</b>                                      | <b>143,937</b>                                      |
|                               | <hr/> <hr/>   | <hr/> <hr/>   |

## 7. LOSS BEFORE TAX

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

|   | <i>Notes</i> | <b>For the six months ended 30 June</b> |                    |
|---|--------------|---|--------------------|
|   |              | <b>2025</b>                             | <b>2024</b>        |
|   |              | <b>RMB'000</b>                          | <b>RMB'000</b>     |
|   |              | <b>(Unaudited)</b>                      | <b>(Unaudited)</b> |
| Costs of sales of raw milk  |              | <b>1,309,177</b>                        | 1,424,316          |
| Costs of sales of beef cattle   |              | <b>234,321</b>                          | 219,508            |
| Costs of sales of ancillary   |              | <b>148,083</b>                          | 171,145            |
|   |              | <hr/>                                   | <hr/>              |
| Cost of sales   |              | <b>1,691,581</b>                        | 1,814,969          |
| Depreciation of property, plant and equipment   |              | <b>149,824</b>                          | 158,563            |
| Less: Capitalised in biological assets  |              | <b>57,859</b>                           | 68,457             |
|   |              | <hr/>                                   | <hr/>              |
| Depreciation charged to profit or loss  |              | <b>91,965</b>                           | 90,106             |
| Depreciation of right-of-use assets   |              | <b>44,925</b>                           | 48,421             |
| Less: Capitalised in biological assets  |              | <b>29,284</b>                           | 32,585             |
|   |              | <hr/>                                   | <hr/>              |
| Depreciation charged to profit or loss  |              | <b>15,641</b>                           | 15,836             |
| Amortisation of intangible assets   |              | <b>712</b>                              | 809                |
| Lease payments not included in the measurement of lease liabilities                     |              | <b>7,017</b>                            | 10,892             |
| Losses arising from changes in fair value less costs to sell of other biological assets |              | <b>462,425</b>                          | 605,594            |
| Employee benefit expenses (including directors' and chief executive's remuneration):    |              |   |                    |
| Wages and salaries  |              | <b>154,806</b>                          | 161,556            |
| Pension scheme contributions  |              | <b>34,118</b>                           | 32,882             |
| Share-based payment expenses  |              | <b>–</b>                                | 2,309              |
|   |              | <hr/>                                   | <hr/>              |
|   |              | <b>188,924</b>                          | 196,747            |
| Foreign exchange differences, net   | <i>5</i>     | <b>(1,852)</b>                          | 2,350              |
|   |              | <hr/> <hr/>                             | <hr/> <hr/>        |

## 8. INCOME TAX EXPENSE

|   | <b>For the six months ended 30 June</b> |                    |
|---|---|--------------------|
|   | <b>2025</b>                             | <b>2024</b>        |
|   | <b>RMB'000</b>                          | <b>RMB'000</b>     |
|   | <b>(Unaudited)</b>                      | <b>(Unaudited)</b> |
| Current income tax                            |   |                    |
| Charge for the period                         | <b>34</b>                               | 2,669              |
| Underprovision/(Overprovision) in prior years | <b>70</b>                               | (1,737)            |
| Foreign withholding tax                       | <b>6,171</b>                            | 6,738              |
|   | <hr/>                                   | <hr/>              |
| Total tax charge for the period               | <b>6,275</b>                            | 7,670              |
|   | <hr/> <hr/>                             | <hr/> <hr/>        |



## 11. TRADE RECEIVABLES

|                   | <b>30 June<br/>2025<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2024<br>RMB'000<br>(Audited) |
|-------------------|---|---|
| Trade receivables | 276,476   | 303,927                                     |
| Impairment        | (7,224)   | (7,224)                                     |
|                   | <u>269,252</u>                                      | <u>296,703</u>                              |

For sales of raw milk, milk products and feed products, the Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period of sales of raw milk and feed products is 30 days since the invoice date. The credit period of sales of milk products is generally 30 to 45 days since the invoice date, extending up to 90 days for major customers. Each customer has a maximum credit limit. 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. 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 the reporting period, based on the invoice date and net of loss allowance, is as follows:

|                | <b>30 June<br/>2025<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2024<br>RMB'000<br>(Audited) |
|----------------|---|---|
| Within 1 month | 258,220   | 285,339                                     |
| 1 to 2 months  | 8,851   | 10,109                                      |
| 2 to 3 months  | 193   | 842   |
| Over 3 months  | 1,988   | 413   |
|                | <u>269,252</u>                                      | <u>296,703</u>                              |

As at 30 June 2025, included in the Group's trade receivables are amounts due from a related party of RMB11,196,000 (31 December 2024: RMB16,177,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

As at 30 June 2025, trade receivables of RMB246,163,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2024: RMB277,019,000).

The movements in the loss allowance for impairment of trade receivables are as follows:

|                              | <b>30 June<br/>2025<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2024<br>RMB'000<br>(Audited) |
|------------------------------|---|---|
| At beginning of period/year  | 7,224   | 7,244                                       |
| Reversal for the period/year | -   | (20)  |
|                              | <u>7,224</u>  | <u>7,224</u>                                |

## 12. TRADE PAYABLES

|                | <b>30 June<br/>2025<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2024<br>RMB'000<br>(Audited) |
|----------------|---|---|
| Trade payables | <b>467,597</b>                                      | 692,302                                     |

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

|                 | <b>30 June<br/>2025<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2024<br>RMB'000<br>(Audited) |
|-----------------|---|---|
| Within 2 months | <b>309,173</b>                                      | 386,290                                     |
| 2 to 6 months   | <b>64,551</b>                                       | 182,871                                     |
| 6 to 12 months  | <b>62,187</b>                                       | 89,392                                      |
| Over 1 year     | <b>31,686</b>                                       | 33,749                                      |
|                 | <b>467,597</b>                                      | 692,302                                     |

As at 30 June 2025, the trade payables of RMB15,115,000 are due to a related party which are repayable within 110 days (31 December 2024: RMB55,083,000).

## 13. EVENTS AFTER THE REPORTING PERIOD

On 16 April 2025, the Company announced that the Board proposed to implement the rights issue on the basis of two (2) rights shares for every five (5) existing shares held on the record date at the subscription price of HK\$1.12 per rights share, to raise up to approximately HK\$313.81 million before expenses by way of issuing up to 280,185,244 rights shares (the “**Rights Issue**”). The Rights Issue allows the Group to improve its financial position and enlarge its capital base to support the long-term development of the Group without subject to additional interest burden.

The result of the Rights Issue was announced on 4 August 2025 and 280,185,244 rights shares were allotted and issued on 5 August 2025. The net proceeds raised from the Rights Issue were approximately HK\$308.81 million after deducting professional fees and other related expenses.

Details of the Rights Issue are set out in the announcements of the Company dated 16 April 2025, 27 June 2025 and 4 August 2025, the circular of the Company dated 5 June 2025, and the prospectus of the Company dated 14 July 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

In the 1st half of 2025, China's economy demonstrated tremendous resilience amid a complex and ever-changing dynamic domestic and international environment, with a 5.3% year-on-year (“YoY”) GDP growth. Despite the YoY economic growth, we experienced lower-than-expected consumption and investment. The total retail sales of consumer goods in June fell from the previous value of 6.4% YoY to 4.8%.

With factors such as consumption downgrade and weak consumer confidence continuing to weigh on the domestic consumption environment, the operating environment and financial performance of Chinese dairy farm operators, as is the case with most consumer-related industries, remain challenging.

As of June 2025, the herd size of Holstein decreased by 4.2% YoY; in the 1st half of 2025, China's milk production reached 18.64 million tons, a slight increase of 0.5% YoY, with production growth slowing down. Second-quarter production volume was 9.72 million tons, representing a decrease of 0.8% YoY, reflecting the effectiveness of capacity reduction measures. At the same time, through a series of measures such as optimizing feed formula and improving the efficiency of breeding management, feeding and breeding costs were further reduced, thereby alleviating the pressure of losses to a certain extent. All of the above indicates that the industry has yielded positive outcomes in terms of optimization of capacity structure and proactive capacity adjustment actions. However, most dairy farms are still in the loss-making position and their profitability in the near future remains uncertain.

Despite the current difficulties and challenges facing the industry, the outlook of the dairy sector in China is still promising. According to the Quality Report of China Dairy Industry (2025), the total domestic production of dairy products in 2024 was 29.62 million tons, representing a decrease of 1.9% YoY, and the domestic per capita consumption of dairy products was 40.5 kg. China's per capita consumption of dairy products lags significantly behind that of developed countries such as Europe and the United States, but there is enormous room for growth. The China Food and Nutrition Development Outline (2025-2030) proposes a specific development target of 47 kilograms of dairy product consumption per capita in China, aiming to diversify the structure of dairy product consumption and providing guidance for the sustainable and healthy development of China's dairy industry.

The PRC government actively launched favorable policies for the dairy industry, providing strong support for the industry to bottom out and rebound. From 16 September 2025, the National food safety standard – Sterilized Milk will be officially implemented, and “the ban on reconstituted milk” is conducive to the healthy development of China's dairy industry. On 28 July 2025, the General Office of the CPC Central Committee and the General Office of the State Council issued the “Implementation Plan for the Childcare Subsidy System,” which provides childcare subsidies for children under the age of three who meet the requirements. As a result, the total market value of dairy stocks surged. The Ministry of Agriculture and Rural Affairs introduced measures to further coordinate and strengthen fiscal and financial policy support to help dairy farming overcome its difficulties as soon as possible.

In the 1st half of 2025, the beef cattle and dairy industries showed different development trends. The beef cattle industry gradually recovered from the predicament after suffering heavy losses in the early stage, achieving a recovery in profitability. According to the Ministry of Agriculture and Rural Affairs, as of 12 June 2025, the average beef price in the main domestic production areas soared to RMB63.75/kg, representing an increase of 16.84% from the beginning of the year and 10.49% YoY. Live cattle prices have rebounded strongly since bottoming out during the Chinese New Year. In the 26th week of 2025, live cattle prices increased by 21% YoY to RMB26.53/kg. The beef industry as a whole has shown the sign of emerging from the shadow of long-term losses, and the operating condition is improving. This has undoubtedly brought a significant impetus for the growth of performance of enterprises involved in beef cattle farming and related industry chains. However, beef cattle farming is still in the slim profit situation and the market in the near future remains unstable.

In the 1st half of 2025, the beef cattle production volume continued the positive trend of five consecutive years of growth. The cumulative beef cattle production volume reached 22.03 million heads, representing a YoY increase of 2.9%, successfully surpassing the 22 million head mark for the first time. In the 1st half of the year, beef production reached 3.42 million tons, representing a YoY increase of 4.5%, marking the fifth consecutive year of growth during the same period. The adequate market supply not only met consumer demand, but also provided enterprises with abundant raw material resources for production, processing and sales.

Regardless of the challenges in the industry, in the field of ecological environment, the PRC government has always been upholding energy conservation and emission reduction in the dairy and beef cattle industries, with an emphasis that dairy farming should follow the development path of “reducing pollution and carbon emissions and cycling of planting and farming” in order to achieve high-quality improvement in the dairy industry, promote harmony between humans and nature, and maintain a sustainable development model for the “green ecology” of the industrial chain. Many leading dairy companies continue to invest resources in research and innovation in areas such as carbon emission reduction, standard setting, equipment development, and model promotion. “Sustainable development” has become the core focus of almost all dairy industry practitioners.

## **BUSINESS OVERVIEW**

The Group is mainly engaged in dairy farming business of producing and selling high-quality raw milk to dairy products manufacturers and processors, and beef cattle farming and fattening business. In 2024, according to Holstein Farmer Magazine, we were the 4th largest raw milk producer in China (in terms of production volume) with an annual production of approximately 916,600 tons.

We provide raw milk to a diversified group of customers, including leading national and regional dairy product manufacturers and brands. We are not reliant on our controlling shareholders as our customers. We provide our customers with stable supply of high quality and traceable raw milk (including A2 milk) in large scale, which enables them to market and develop high-end and innovative dairy products, catering various needs of end customers.

Through the skills, knowledge and experience gained from raw milk business, we operate beef cattle business with synergy. We raise beef cattle at our own feedlots and sell these cattle to food service companies and premium beef processors for further processing into beef products.

Other than the two main business segments, namely raw milk business and beef cattle business, we also engage in ancillary business, including the sales of dairy products and feed products under self-owned brands “AustAsia 澳亞牧場” and “AustAsia 澳亞飼料” respectively.

## **OPERATIONAL REVIEW**

### **Raw Milk Business**

We breed and raise dairy cows in our large-scale and modernized dairy farms. We produce and sell raw milk to downstream dairy product manufacturers and processors. During the Reporting Period, we continue to provide high-quality and reliable raw milk to our customers, who further process those raw milk into healthy and high-quality dairy products to satisfy the needs of end customers.

As at 30 June 2025, we owned and operated 11 large-scale and modernised dairy farms in Shandong and Inner Mongolia of the PRC. The population of our dairy cow was 117,448 heads (as at 31 December 2024: 122,251 heads), including 64,970 heads of milkable cows (as at 31 December 2024: 65,282 heads). The aggregate gross land area of our dairy farms was approximately 16,992 Chinese mu. Our dairy farms are located strategically, 3 of them are within the “Golden Raw Milk Belt” in Inner Mongolia, where the mild climate, wide grassland and ample feed provide an ideal farming environment for dairy farms to generate high milk yield with good quality. The remaining 8 dairy farms are located in Shandong with close proximities to both major dairy product processing plants and major dairy consumption markets such as the Beijing-Tianjin region and the down-stream Yangzi River Delta region, including Shanghai.

During the Reporting Period, we continued lowering the feed costs and have achieved significant improvement. We have adopted systematic and timely review of the whole feeding and milking process, and took measures to adjust the feed formula to strike the optimal balance between milk yield and feed costs. In doing so, our operating teams and nutritionists make best effort to switch to compatible additives with similar output enhancement effects and to improve the absorbance level and feed conversion rate of dairy cows. We also leveraged on our centralized procurement activities. As a result, we have achieved notable improvements in the control of feed cost per kg of raw milk.

During the Reporting Period, the Group recorded annualised milk yield per milkable cow (“AMY”) of 14.1 tons (1H2024: 13.7 tons), representing a YoY increase of 2.9%. The continued improvements in milk yield were attributable to in-depth understanding of every detail of herd management, accumulated upgrades in our genetic breeding technologies over the years, and increase in the number of dairy cows reaching peak lactation phases.

### **Beef Cattle Business**

Through the skills, knowledge and experience gained from raw milk business, we operate beef cattle business with synergy. In addition, we capitalize on our expertise in genetic breeding of dairy cattle to improve the quality and productivities of our beef cattle. As at 30 June 2025, we owned and operated 2 large-scale beef cattle feedlots in Shandong and Inner Mongolia and total herd size was approximately 25,700 heads (as at 31 December 2024: 35,700 heads).

For the Reporting Period, benefiting from the decline in feed costs, the gross profit margin of the beef cattle business has turned from negative to positive.

### **Ancillary business**

For the Reporting Period, revenue from the ancillary business was RMB154.4 million (1H2024: RMB184.1 million), representing a decrease of 16.1% mainly due to decrease in the selling prices.

## **Breeding**

We have implemented a genetic improvement program to enhance the breed of our dairy cows. As compared to the common industry practice of relying on imported bovine semen, we use in vitro fertilisation (“**IVF**”) and embryo transfer (“**ET**”) breeding technologies to breed better dairy cows. To achieve genetic improvement of dairy cattle breeds, a high genomic female core herd is fundamental. With the high genomic female core herd that our farms were able to provide, we can improve the herd genetic traits from both parental sides, compared to the common industry practices used by most of other large-scale farms operators which only improve the paternal side with semen. As at 30 June 2025, we had a core herd of over 10,030 dairy cows. With this core herd, in addition to in-house breeding, we plan to commercialize the operation of embryos transfer for outside farms within the year. For the Reporting Period, we have successfully transferred 9,909 IVF embryos.

## **Milk Quality**

We put product quality as the highest priority throughout our operations. All of our 11 dairy farms are currently certified with the Safe Quality Food (“**SQF**”), which is a rigorous and credible food safety and quality program that is recognized by retailers, brand owners, and food service providers world-wide. We implement a rigorous internal quality control system to ensure the highest standards for our raw milk and beef cattle. We have established a set of standard operating procedures for each business operating procedure throughout the process of production of raw milk and beef cattle, including breeding and reproduction, feeding, milking, identification and treatment of disease, veterinary assistance, and inventory management.

## **Customers**

Unlike many of our competitors in the dairy farming and raw milk production industry, we are independent of our controlling shareholders and our customer development processes are fully autonomous. We have a well-diversified spectrum of customers and serve both leading national and regional dairy product manufacturers. For the Reporting Period, sales to the 5 largest raw milk customers accounted for 73.1% of our raw milk revenue.

## FINANCIAL REVIEW

### Revenue

The following table sets forth the details of the Group's consolidated revenue during the periods indicated:

|                | For the six months ended 30 June      |                                       |
|----------------|---------------------------------------|---------------------------------------|
|                | 2025<br><i>RMB'000</i><br>(Unaudited) | 2024<br><i>RMB'000</i><br>(Unaudited) |
| Types of goods |                                       |                                       |
| Raw milk       | 1,309,177                             | 1,424,316                             |
| Beef cattle    | 234,321                               | 219,508                               |
| Ancillary      | 154,419                               | 184,141                               |
|                | <u>1,697,917</u>                      | <u>1,827,965</u>                      |

During the Reporting Period, the Group's revenue decreased by 7.1% YoY to RMB1,697.9 million (1H2024: RMB1,828.0 million), which was mainly due to the decrease in selling prices of raw milk and beef cattle.

### Cost of Sales

The Group's cost of sales primarily consisted of cost of raw milk and beef cattle. The following table sets forth the breakdown of the cost of sales for the periods indicated:

|                               | For the six months ended 30 June      |                                       |
|-------------------------------|---------------------------------------|---------------------------------------|
|                               | 2025<br><i>RMB'000</i><br>(Unaudited) | 2024<br><i>RMB'000</i><br>(Unaudited) |
| Costs of sales of raw milk    | 1,309,177                             | 1,424,316                             |
| Costs of sales of beef cattle | 234,321                               | 219,508                               |
| Costs of sales of ancillary   | 148,083                               | 171,145                               |
| Cost of sales                 | <u>1,691,581</u>                      | <u>1,814,969</u>                      |

### **Raw Milk Business**

The following table sets forth the breakdown of the cost of sales of the raw milk business before raw milk fair value adjustments for the periods indicated:

|   | For the six months ended 30 June |                      |                         |                      |
|---|----------------------------------|----------------------|-------------------------|----------------------|
|   | 2025                             |                      | 2024                    |                      |
|   | (Unaudited)                      |                      | (Unaudited)             |                      |
|   | <i>RMB'000</i>                   | <i>%</i>             | <i>RMB'000</i>          | <i>%</i>             |
| Direct Materials                              | <b>720,035</b>                   | <b>70.2%</b>         | 850,672                 | 73.0%                |
| Labor Costs                                   | <b>76,259</b>                    | <b>7.4%</b>          | 73,839                  | 6.3%                 |
| Overhead costs                                | <b>107,369</b>                   | <b>10.5%</b>         | 119,189                 | 10.3%                |
| Depreciation of property, plant and equipment | <b>72,067</b>                    | <b>7.0%</b>          | 72,197                  | 6.2%                 |
| Transportation fees                           | <b>49,838</b>                    | <b>4.9%</b>          | 49,505                  | 4.2%                 |
| Total   | <b><u>1,025,568</u></b>          | <b><u>100.0%</u></b> | <b><u>1,165,402</u></b> | <b><u>100.0%</u></b> |

During the Reporting Period, direct materials (mainly from silage, forage grass, corn and soy-bean products) costs of raw milk business amounted to RMB720.0 million (1H2024: RMB850.7 million), representing a YoY decrease of 15.4%, mainly due to the decrease in feed cost.

### **Beef Cattle Business**

The following table sets forth the breakdown of the cost of sales of the beef cattle business before beef cattle fair value adjustments for the periods indicated:

|   | For the six months ended 30 June |                      |                       |                      |
|---|----------------------------------|----------------------|-----------------------|----------------------|
|   | 2025                             |                      | 2024                  |                      |
|   | (Unaudited)                      |                      | (Unaudited)           |                      |
|   | <i>RMB'000</i>                   | <i>%</i>             | <i>RMB'000</i>        | <i>%</i>             |
| Direct Materials                              | <b>195,505</b>                   | <b>80.2%</b>         | 199,603               | 81.3%                |
| Labor Costs and Overhead costs                | <b>34,567</b>                    | <b>14.2%</b>         | 32,375                | 13.2%                |
| Depreciation of property, plant and equipment | <b>13,618</b>                    | <b>5.6%</b>          | 13,483                | 5.5%                 |
| Total   | <b><u>243,690</u></b>            | <b><u>100.0%</u></b> | <b><u>245,461</u></b> | <b><u>100.0%</u></b> |

During the Reporting Period, costs of direct materials (mainly silage, forage grass, corn and soy-bean products) of the beef cattle business amounted to RMB195.5 million (1H2024: RMB199.6 million), representing a YoY decrease of 2.1%, mainly due to the decrease in feed cost.

## Gross Profit

The following table sets forth the breakdown of gross profit and gross profit margin of our business for the periods indicated:

|             | For the six months ended 30 June |                               |                                |                               |
|-------------|----------------------------------|-------------------------------|--------------------------------|-------------------------------|
|             | 2025<br>(Unaudited)              |                               | 2024<br>(Unaudited)            |                               |
|             | Gross profit<br><i>RMB'000</i>   | Gross profit<br><i>margin</i> | Gross profit<br><i>RMB'000</i> | Gross profit<br><i>margin</i> |
| Raw milk    | 283,609                          | 21.7%                         | 258,914                        | 18.2%                         |
| Beef cattle | 5,962                            | 2.5%                          | (52,876)                       | -24.1%                        |
| Ancillary   | 6,336                            | 4.1%                          | 12,996                         | 7.1%                          |
| Total       | <u>295,907</u>                   | <u>17.4%</u>                  | <u>219,034</u>                 | <u>12.0%</u>                  |

In general, when milk prices decrease, the Group's profitability will decrease correspondingly under normal operational condition.

During the Reporting Period, gross profit of the Group's raw milk business amounted to RMB283.6 million (1H2024: RMB258.9 million), representing an increase of 9.5% YoY, which was mainly due to a decrease in feed cost in the Reporting Period.

During the Reporting Period, gross profit of the Group's beef cattle business amounted to RMB6.0 million (1H2024: gross loss of RMB52.9 million), which was mainly due to a decrease in feed cost in the Reporting Period.

## Losses Arising from Changes in Fair Value Less Costs to Sell of Other Biological Assets

As at 30 June 2025, the biological assets of the Group were valued by an independent qualified professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

Losses arising from changes in the fair value less costs to sell of other biological assets were RMB462.4 million (1H2024: RMB605.6 million). The significant losses are mainly due to lower raw milk price used in the assumption to derive the fair value of biological assets.

## Other Income and Gains

During the Reporting Period, other income and gains amounted to RMB52.9 million (1H2024: RMB25.1 million) which mainly consisted of government grants, insurance claims, and technical service fees. The higher amount recorded in the Reporting Period was mainly due to the increases in the government grants by RMB24.0 million and insurance claims by RMB3.0 million.

## Other Expenses

During the Reporting Period, other expenses were RMB1.5 million (1H2024: RMB8.2 million), representing a decrease of 81.9% YoY. The lower amount recorded in the Reporting Period was mainly due to the decrease in foreign exchange losses recognized by RMB2.4 million and loss on disposal of property, plant and equipment by RMB4.5 million.

## **Administrative Expenses**

During the Reporting Period, administrative expenses amounted to RMB103.4 million (1H2024: RMB112.9 million), representing a YoY decrease of 8.4%.

## **Finance Costs**

During the Reporting Period, the Group recorded a higher finance cost which amounted to RMB147.0 million (1H2024: RMB143.9 million), representing a YoY increase of 2.2%. The increase in overall finance cost was mainly due to higher amount of average bank borrowings for the Reporting Period as a result of additional drawdown in working capital loans.

## **Loss before Tax and Loss Attributable to Owners of the Company**

Loss before tax was RMB371.5 million in the Reporting Period (1H2024: RMB628.3 million). Loss attributable to owners of the Company amounted to RMB377.8 million during the Reporting Period (1H2024: RMB636.0 million). This was mainly due to:

- a) an increase in gross profit of the Group's business to RMB295.9 million (1H2024: RMB219.0 million), representing an increase of 35.1% or RMB76.9 million. The increase in gross profit is mainly due to a decrease in feed cost in the Reporting Period; and
- b) lower losses arising from changes in fair value less costs to sell of other biological assets. The Group recorded a loss of RMB462.4 million (1H2024: RMB605.6 million), representing a YoY decrease of RMB143.2 million.

During the Reporting Period, basic and diluted losses per Share of the Company (the "Share") was RMB0.54 (1H2024: RMB0.91).

## **Non-IFRS Financial Measures**

To supplement our consolidated financial information presented in accordance with IFRSs, we also use certain non-IFRS financial measures which reflect the Group's normal operating results by adjusting for the potential impacts of certain non-recurring items. We believe that such non-IFRS measures can provide useful information to shareholders in understanding and evaluating our consolidated financial results. However, the use of such non-IFRS measures has limitations as an analytical tool, and shareholders should consider it in conjunction with the Group's consolidated financial information.

The Group uses following non-IFRS financial measures:

- i. Cash EBITDA is defined as loss for the period excluding (i) finance costs, (ii) interest income, (iii) income tax expense, (iv) depreciation and amortisation, (v) losses arising from changes in fair value less costs to sell of other biological assets, (vi) foreign exchange difference, and (vii) share-based payment expenses; and
- ii. Profit/(loss) for the period (before biological assets fair value adjustments) is derived from loss for the period excluding losses arising from changes in fair value less costs to sell of other biological assets.

The following tables reconcile the non-IFRS financial measures from the most directly comparable financial measures presented in accordance with IFRSs.

### Cash EBITDA

|  | For the six months<br>ended 30 June   |                                       |
|--|---------------------------------------|---------------------------------------|
|  | 2025<br><i>RMB'000</i><br>(unaudited) | 2024<br><i>RMB'000</i><br>(unaudited) |
| <b>Loss for the period</b>   | <b>(377,783)</b>                      | (636,013)                             |
| <b>Adjustments:</b>  |                                       |                                       |
| Depreciation of property, plant and equipment  | 91,965                                | 90,106                                |
| Depreciation of right-of-use assets  | 15,641                                | 15,836                                |
| Amortisation of intangible assets  | 712                                   | 809                                   |
| Interest expenses  | 147,027                               | 143,937                               |
| Income taxes   | 6,275                                 | 7,670                                 |
| Interest income  | (524)                                 | (1,076)                               |
| Share-based payment expenses   | –                                     | 2,309                                 |
| Losses arising from changes in fair value less costs<br>to sell of other biological assets | 462,425                               | 605,594                               |
| Foreign exchange difference  | (1,852)                               | 2,350                                 |
| <b>Cash EBITDA</b>   | <b>343,886</b>                        | 231,522                               |

### Profit/(loss) for the period (before biological assets fair value adjustments)

|  | For the six months<br>ended 30 June   |                                       |
|--|---------------------------------------|---------------------------------------|
|  | 2025<br><i>RMB'000</i><br>(unaudited) | 2024<br><i>RMB'000</i><br>(unaudited) |
| <b>Loss for the period</b>   | <b>(377,783)</b>                      | (636,013)                             |
| <b>Adjustments:</b>  |                                       |                                       |
| Losses arising from changes in fair value less costs<br>to sell of other biological assets | 462,425                               | 605,594                               |
| <b>Profit/(loss) for the period (before biological<br/>assets fair value adjustments)</b>  | <b>84,642</b>                         | (30,419)                              |

### Liquidity and Capital Resources

During the Reporting Period, the Group funded its cash requirements principally through a combination of cash generated from operating activities and bank borrowings.

The following table sets forth our cash flows for the reporting periods indicated:

|  | <b>For the six months ended 30 June</b> |             |
|--|---|-------------|
|  | <b>2025</b>                             | 2024        |
|  | <b>RMB'000</b>                          | RMB'000     |
|  | <b>(Unaudited)</b>                      | (Unaudited) |
| Net cash flows from operating activities                 | <b>500,263</b>                          | 709,860     |
| Net cash flows used in investing activities              | <b>(162,907)</b>                        | (378,163)   |
| Net cash flows used in financing activities              | <b>(348,404)</b>                        | (500,875)   |
|  | <hr/>                                   | <hr/>       |
| Net decrease in cash and cash equivalents                | <b>(11,048)</b>                         | (169,178)   |
| Effects of foreign exchange rate changes, net            | <b>(10)</b>                             | 43          |
| Cash and cash equivalents at the beginning of the period | <b>281,921</b>                          | 273,999     |
|  | <hr/>                                   | <hr/>       |
| Cash and cash equivalents at the end of the period       | <b>270,863</b>                          | 104,864     |
|  | <hr/> <hr/>                             | <hr/> <hr/> |

### **Net Cash Flows from Operating Activities**

During the Reporting Period, net cash flows from operating activities was RMB500.3 million. For the six months ended 30 June 2024, net cash flows from operating activities were RMB709.9 million.

### **Net Cash Flows Used in Investing Activities**

During the Reporting Period, net cash flows used in investing activities was RMB162.9 million, which was mainly attributable to (i) payments for biological assets of RMB288.1 million and (ii) payments for purchases of property, plant and equipment of RMB65.6 million, partially offset by the proceeds from the disposal of biological assets of RMB188.0 million.

For the six months ended 30 June 2024, net cash flows used in investing activities was RMB378.2 million, which was mainly attributable to (i) payments for biological assets of RMB671.0 million and (ii) payments for purchases of property, plant and equipment of RMB65.6 million, partially offset by the proceeds from the disposal of biological assets of RMB356.7 million.

### **Net Cash Flows Used in Financing Activities**

During the Reporting Period, net cash flows used in financing activities was RMB348.4 million which was mainly attributable to (i) repayment of interest-bearing bank borrowings of RMB2,622.0 million, (ii) principal portion of lease payments of RMB65.9 million, and (iii) interest payment of RMB99.2 million, partially offset by new interest-bearing bank borrowings of RMB2,439.8 million.

For the six months ended 30 June 2024, net cash flows used in financing activities was RMB500.9 million which was mainly attributable to (i) repayment of interest-bearing bank borrowings of RMB1,658.9 million, (ii) principal portion of lease payments of RMB31.9 million, and (iii) interest payment of RMB106.4 million, partially offset by new interest-bearing bank borrowings of RMB1,296.5 million.

## Interest-Bearing Bank Borrowings

|   | 30 June 2025                |             |                         | 31 December 2024            |                         |                         |
|---|-----------------------------|-------------|-------------------------|-----------------------------|-------------------------|-------------------------|
|   | Effective interest rate (%) | Maturity    | RMB'000 (Unaudited)     | Effective interest rate (%) | Maturity                | RMB'000 (Audited)       |
| <b>Current</b>                                    |                             |             |                         |                             |                         |                         |
| Bank loans – secured                              | 2.80-8.52                   | 2025 – 2026 | 1,915,709               | 3.90-4.80                   | 2025                    | 2,031,410               |
| Current portion of long-term bank loans – secured | 3.95-8.52                   | 2025 – 2026 | <u>214,136</u>          | 3.30-9.56                   | 2025                    | <u>431,085</u>          |
|   |                             |             | <u><b>2,129,845</b></u> |                             |                         | <u><b>2,462,495</b></u> |
| <b>Non-current</b>                                |                             |             |                         |                             |                         |                         |
| Bank loans – secured                              | 3.95-8.52                   | 2026-2030   | <u>1,195,400</u>        | 3.30-9.56                   | 2026-2028               | <u>1,035,897</u>        |
|   |                             |             | <u><b>3,325,245</b></u> |                             |                         | <u><b>3,498,392</b></u> |
|   |                             |             |                         | <b>30 June 2025</b>         | <b>31 December 2024</b> |                         |
|   |                             |             |                         | <b>RMB'000</b>              | <b>RMB'000</b>          |                         |
|   |                             |             |                         | <b>(Unaudited)</b>          | <b>(Audited)</b>        |                         |
| Analysed into:                                    |                             |             |                         |                             |                         |                         |
| Bank loans:                                       |                             |             |                         |                             |                         |                         |
| Within one year or on demand                      |                             |             |                         | <b>2,129,845</b>            | 2,462,495               |                         |
| In the second year                                |                             |             |                         | <b>264,237</b>              | 461,863                 |                         |
| In the third to fifth years, inclusive            |                             |             |                         | <u><b>931,163</b></u>       | <u>574,034</u>          |                         |
|   |                             |             |                         | <u><b>3,325,245</b></u>     | <u><b>3,498,392</b></u> |                         |

## Contingent Liabilities and Pledge of Assets

As at 30 June 2025, some of the Group's bank and other borrowings had been secured by the pledge of the Group's assets.

The Group's bank loans are secured by:

- (i) As at 30 June 2025, there was no pledged deposit pledged to banks to secure bank borrowings granted to the Group (31 December 2024: RMB15,000);
- (ii) As at 30 June 2025, trade receivables of RMB246,163,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2024: RMB277,019,000);
- (iii) As at 30 June 2025, inventories of RMB655,459,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2024: RMB1,026,713,000);
- (iv) As at 30 June 2025, property, plant and equipment of RMB283,703,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2024: RMB509,805,000);
- (v) As at 30 June 2025, biological assets of RMB3,013,619,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2024: RMB3,324,174,000);
- (vi) As at 30 June 2025, right-of-use assets of RMB12,720,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2024: RMB12,858,000);
- (vii) As at 30 June 2025, shares of a subsidiary of RMB562,000,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2024: RMB562,000,000);
- (viii) As at 30 June 2025, investments in certain subsidiaries of RMB1,517,996,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2024: RMB1,517,996,000);
- (ix) As at 30 June 2025, certain of the Group's bank loans amounting to RMB3,187,464,000 were guaranteed by the Company and certain subsidiaries of the Group (31 December 2024: RMB3,476,940,000); and
- (x) As at 30 June 2025, certain of the Group's bank loans amounting to RMB178,965,000 were guaranteed by the Group's certain controlling shareholders (31 December 2024: Nil).

Saved as disclosed in this announcement, the Group did not have any significant contingent liabilities as at 30 June 2025 and 31 December 2024.

## Material Litigation

In April 2024, Shanghai AustAsia Food Co., Ltd. (上海澳雅食品有限公司, hereafter referred to as “**Shanghai AustAsia**”) applied for a preservation order against Hebei Yuanfuda Trading Group Co., Ltd. (河北媛福達商貿集團有限公司, hereafter referred to as “**Hebei Yuanfuda**”) for failure to pay RMB7,223,812.5 for milk products supplied to Hebi Yuanfuda under its procurement contract with Shanghai AustAsia. The People’s Court of Lianchi District, Baoding City ruled by the Second Instance Civil Judgment (Ji 0606, Min Chu No. 5524 [2024]) to defer Shanghai AustAsia’s application until after criminal charges against Hebi Yuanfuda have been resolved. On December 8, 2024, Shanghai AustAsia appealed against this decision and was ruled against by the Intermediate People’s Court of Baoding City (保定市中級人民法院). Shanghai AustAsia will continue to seek recovery from Hebei Yuanfuda once the criminal proceedings against Hebei Yuanfuda have been completed.

Save as disclosed above, the Company was not involved in other material litigation or arbitration during the Reporting Period. The Directors are not aware of other material litigation or claims that are pending or threatened against the Group for the Reporting Period.

## Foreign Currency Risk

The Group’s exposure to foreign currency risk principally mainly relates to the Group’s subsidiaries in Mainland China and Singapore where some of the transactions are denominated in USD and Singapore Dollars (“**SGD**”). In addition, the group has a USD43.0 million working capital loan and USD19.0 million term loan outstanding as at 30 June 2025.

Though the fluctuations in the exchange rates could affect the Group’s results of operations, the exposure to foreign currency was immaterial to the Group’s size of operation, in the opinion of management, the Group does not face any significant foreign currency risk.

The Group currently does not have a foreign exchange hedging policy. The management of the Group monitors foreign exchange exposure closely and will consider hedging any significant foreign exchange exposure should the needs arise.

## Employees

Our success depends on our ability to attract, retain and motivate talented employees. To this end, as part of our human resource strategy, we are committed to building the most competitive talent team in our industry. We primarily recruit our employees through on-campus job fairs, recruitment agencies and online channels. We provide regular training and guidance to our employees to continuously upgrade their skills in line with the industry trends and enhance their performance. Therefore, we can attract and retain talented employees and maintain a stable core management and technical team.

The total employee remuneration expenses (including Directors and chief executive’s remuneration, pension scheme contributions and share-based payments expenses) for the Reporting Period were approximately RMB188.9 million (1H2024: RMB196.7 million), representing a decrease of 4.0% YoY.

## **Strategies and Prospects**

Although China's economy and the dairy industry face huge challenges in the short term, we still believe that the foundation of China's huge consumer market remains solid. We are confident that with the continuous recovery and advancement of China's economy, the dairy industry downturn is approaching a turning point.

Our vision is to become one of the TOP 3 dairy farm operators in the world in terms of OPERATIONAL EFFICIENCY and ECO-SUSTAINABILITY. We focus on creating long-term value for our stakeholders in a responsible and sustainable way. To achieve our vision, we intend to pursue a comprehensive strategy focusing on the following:

### **Continue improving operating efficiency and diversify customer base**

As the dairy industry's capacity rationalization continues, we anticipate that a significant number of less efficient small to medium-sized dairy farms will be phased out. Large-scale and highly efficient farming operators like us will consequently gain and solidify a stronger competitive position.

Although the industry is still facing challenges at present, we remain confident in the long term prospects of consumer demand for raw milk and dairy products in China. Given the current industry dynamics, we will continue focusing on enhancing operational efficiency and will refrain from pursuing capital-intensive investments at this stage.

We will further diversify our customer base and increase the number of customers. While diversifying customers, we will also expand channel diversification and cultivate new sales channels to reduce our operational risks.

### **Upgrade beef cattle business and explore mid-to-premium sales channels**

As the world's second-largest beef consumer, China exhibits substantial beef consumption. However, the per capita beef consumption remains significantly lower than other developed and developing countries. Driven by growing health consciousness, rising demand for high-protein diets, and diversification of dining scenarios, China possesses immense untapped potential for beef consumption growth.

We anticipate rising demand for premium beef products, particularly high-end varieties like Wagyu. Moving forward, we will continue Wagyu and Angus in vitro embryo production and transplantation to gradually expand our herd size of these premium cattle breeds.

We will further diversify our customer base and expand downstream sales channels with branded beef products, which will solidify our position as a premium beef supplier and develop a more resilient and profitable beef cattle operation.

## **Enhance in-house integration and improve operational efficiency through genetic breeding technology and feed mill operation**

Animal breeding and their genetic characteristics form the foundation of efficient dairy and beef cattle operations. As an industry leader, we have accumulated extensive expertise in this domain. We will continue advancing the commercial application of IVF and ET technologies to expand our core herd with characteristics of higher AMY, stable raw milk nutritional profile, higher feed digestibility, more lactations, lower morbidity and longevity. Supported by robust genetic improvement program, we aim to achieve significant improvements in operational efficiency and product quality across our farms.

Since commencing operations in 2023, our feed mill has consistently supplied high-quality feed for both dairy and beef cattle operations. We will continue optimising feed quality and enhancing management over feeding costs.

## **Embedding Sustainability to Power Operations**

Sustainable development has never been an option, but a necessary pathway towards our future development. Through years of learning and training, we have successfully embedded ESG concepts into daily operations, ways of thinking and long-term planning. Guided by our vision, we have established an effective governance structure to ensure sustainability in our business. Our ESG Committee, ESG Management Committee and Sustainability Department have been working closely and effectively in managing daily and long-term ESG matters. More details can be found in our ESG Report published on 22 April 2025.

## **Actions for 2025**

Despite persistent industry headwinds and challenges, we anticipate positive market shifts in the near future. We will maintain our focus on enhancing operational efficiency; advancing customer and channel diversification; reducing cost of raw milk per kilogram through effective measures to managing costs and strengthening cost competitiveness; executing the strategic beef cattle transition from Holstein to Wagyu and Angus; expanding sales volume to third-party customers in our feed business; enhancing our genetic improvement program and maintaining our leading position in the dairy and beef breeding business in China.

We firmly believe that with the policy support and structural transformation, the Chinese economy will demonstrate resilience and drive the recovery of consumption. After the dairy industry goes through the tough period, we will surely embrace new development opportunities.

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

Saved as disclosed, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under Listing Rules)) during the Reporting Period and up to the date of this announcement. The Company did not hold any treasury shares as at 30 June 2025.

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

The Company is committed to maintaining good corporate governance so as to deliver long-term and sustained value for the Shareholders.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

The Company 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. To the best knowledge of the Directors, the Company has complied with the applicable code provisions set out in the CG Code during the Reporting Period.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions, and the Model Code has been applicable to the Company with effect from the Listing Date.

The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since the Listing Date. All Directors have confirmed, following specific enquiry made by the Company, that they have complied with the guidelines contained in the Model Code during the Reporting Period.

No incident of non-compliance of the Model Code was noted by the Company during the Reporting Period and up to the date of this announcement.

## **INTERIM DIVIDEND**

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2025 (1H2024: nil).

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions (if any) and provide advices and comments to the Board. The Audit Committee consists of one non-executive Director, namely Mr. Tamotsu MATSUI, and two independent non-executive Directors, namely Messrs. SUN Patrick and CHANG Pan, Peter. Mr. SUN Patrick (being our independent non-executive Director with the appropriate professional qualifications) is the chairman of the Audit Committee.

The Audit Committee had, together with the management of the Company, reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2025 and the accounting principles and policies adopted by the Group.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company at [www.austasiadairy.com](http://www.austasiadairy.com). The Company’s interim report for the six months ended 30 June 2025 will be published on the aforementioned websites and will be dispatched (if requested) to the Shareholders in due course.

## **APPRECIATION**

The Company would like to thank our shareholders, customers, and business partners for their support. We also take this opportunity to express our gratitude to the management and our employees for the contributions made towards the Group’s continued progress.

By order of the Board  
**AustAsia Group Ltd.**  
**Edgar Dowse COLLINS**  
*Executive Director and Chief Executive Officer*

Hong Kong, 29 August 2025

*As at the date of this announcement, the Board comprises Mr. TAN Yong Nang as Executive Chairman, Mr. Edgar Dowse COLLINS as Executive Director and Chief Executive Officer, Mr. YANG Ku as Executive Director and Chief Operating Officer, Ms. GAO Lina, Mr. Tamotsu MATSUI and Ms. Gabriella SANTOSA as Non-executive Directors, and Messrs. SUN Patrick, CHANG Pan, Peter and LI Shengli as Independent Non-executive Directors.*