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YST Dairy Farm Limited
原生态牧业

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1431)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of YuanShengTai Dairy Farm Limited (the "**Company**" or "**YuanShengTai**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 (the "**Reporting Period**") together with selected explanatory notes and the relevant comparative figures.

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

For the six months ended 30 June 2026

	Notes	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
REVENUE	4	**1,456,257**	1,311,814
Cost of sales		**(854,496)**	(784,437)
Gross profit		**601,761**	527,377
Other income and gains	4	**51,384**	100,760
Administrative expenses		**(75,365)**	(62,484)
Other expenses		**(6,040)**	(8,679)
Finance costs		**(5,706)**	(14,117)
Changes in fair value less costs to sell of biological assets	10	**(312,882)**	(423,433)
PROFIT BEFORE TAX	5	**253,152**	119,424
Income tax expense	6	**(5,697)**	(553)
PROFIT FOR THE PERIOD		**247,455**	118,871
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(2,621)**	(2,050)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**244,834**	116,821
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		**247,455**	118,871
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		**244,834**	116,821
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (expressed in RMB per share)	8	**0.053**	0.025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2026

	Notes	**30 June 2026 (Unaudited)** *RMB'000*	31 December 2025 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**3,731,248**	3,801,434
Investment properties		**17,162**	27,736
Right-of-use assets		**62,455**	64,544
Prepayments and other receivables		**5,334**	3,113
Biological assets	*10*	**2,322,330**	2,407,030
Deferred tax assets		**–**	847
Total non-current assets		**6,138,529**	6,304,704
CURRENT ASSETS			
Inventories		**397,025**	603,669
Trade receivables	*11*	**527**	16,036
Prepayments and other receivables		**40,398**	29,990
Time deposits	*12*	**221,418**	303,235
Restricted cash	*12*	**32,400**	120,000
Cash and cash equivalents	*12*	**1,005,642**	614,722
Total current assets		**1,697,410**	1,687,652
CURRENT LIABILITIES			
Trade and bills payables	*13*	**305,123**	323,421
Other payables and accruals	*14*	**820,531**	980,413
Interest-bearing bank borrowings		**356,618**	430,438
Lease liabilities		**11,528**	13,981
Tax payable		**1,360**	1,387
Total current liabilities		**1,495,160**	1,749,640
NET CURRENT ASSETS/(LIABILITIES)		**202,250**	(61,988)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,340,779**	6,242,716
NON-CURRENT LIABILITIES			
Other payables and accruals	*14*	**437,407**	445,097
Interest-bearing bank borrowings		**40,000**	165,450
Lease liabilities		**1,529**	15,986
Deferred tax liabilities		**826**	–
Total non-current liabilities		**479,762**	626,533
NET ASSETS		**5,861,017**	5,616,183
EQUITY			
Share capital	*15*	**37,674**	37,674
Reserves		**5,823,343**	5,578,509
Total equity		**5,861,017**	5,616,183

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("**IAS 34**"). 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 2025.

2. CHANGES IN ACCOUNTING POLICIES

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 2025, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

The nature and impact of the amended IFRS Accounting Standards are described below:

(a) Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) *Annual Improvements to IFRS Accounting Standards* – Volume 11 set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group developed the business of sale of beef cattle in the year ended 31 December 2025. The Group's principal activities comprised the production and sale of raw milk and sale of beef cattle (six months ended 30 June 2025: production and sale of raw milk). The two businesses are regarded as separate operating segments by the chief operating decision maker. As the operating segments have similar economic characteristics and both operating segments are similar in respect of the nature of products and services, the nature of production processes, the methods used to distribute the products or provide the services, and the nature of the regulatory environment, both operating segments are aggregated for financial reporting purposes. For the purpose of resource allocation and performance assessment, the Group's management focuses on the operating results of the Group. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

The Group's revenue from external customers is derived solely from its operations in the Chinese mainland.

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

All non-current assets were located in the Chinese mainland.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of raw milk	**1,415,611**	1,311,814
Sale of beef cattle	**40,646**	–
Total	**1,456,257**	1,311,814

Disaggregated revenue information

Segments	For the six months ended 30 June 2026 RMB'000	2025 RMB'000
Type of goods		
Sale of raw milk	**1,415,611**	1,311,814
Sale of beef cattle	**40,646**	–
Total	**1,456,257**	1,311,814
Geographical market		
Chinese mainland	**1,456,257**	1,311,814
Total	**1,456,257**	1,311,814
Timing of revenue recognition		
Goods transferred at a point in time	**1,456,257**	1,311,814
Total	**1,456,257**	1,311,814

An analysis of other income and gains is as follows:

	Note	For the six months ended 30 June 2026 RMB'000	2025 RMB'000
Other income and gains			
Government grants	*(i)*	**30,153**	79,389
Bank interest income		**9,471**	12,860
Other interest income		**–**	924
Gross rental income from investment property operating leases		**10,590**	6,009
Others		**1,170**	1,578
Total other income and gains		**51,384**	100,760

Note:

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

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Breeding costs to produce	**595,125**	559,019
Production costs for raw milk and beef cattle	**259,371**	225,418
Cost of sales	**854,496**	784,437
Depreciation in property, plant and equipment	**119,341**	110,410
Less: Capitalised in biological assets	**(44,804)**	(49,982)
Depreciation recognised in the statement of profit or loss and other comprehensive income*	**74,537**	60,428
Depreciation of right-of-use assets	**5,471**	2,863
Depreciation of investment properties	**5,780**	6,407
Changes in fair value less costs to sell of biological assets	**312,882**	423,433
Lease payments for short-term leases	**61**	126
Gain on disposal of items of property, plant and equipment	**(121)**	(962)
Foreign exchange differences, net	**23,174**	(352)

* Depreciation of approximately RMB73,081,000 (six months ended 30 June 2025: RMB59,244,000) is included in the "Cost of Sales" in the interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2026.

6. INCOME TAX

No provision for Hong Kong profits tax has been made for the reporting period as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2026 (six months ended 30 June 2025: Nil). Taxes on profits assessable in the Chinese mainland have been calculated at the applicable People's Republic of China (the "**PRC**") corporate income tax rate of 25% (six months ended 30 June 2025: 25%). Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates.

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Income tax expense		
Charge for the period	**188**	486
Underprovision in prior periods	**3,836**	–
Deferred tax expense	**1,673**	67
Total tax expense for the period	**5,697**	553

7. DIVIDENDS

No dividend was paid or proposed by the Company during the Reporting Period (six months ended 30 June 2025: Nil).

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

The calculation of the basic and diluted earnings per share amount is based on the earnings for the Reporting Period attributable to ordinary equity holders of the Company of RMB247,455,000 (unaudited) (six months ended 30 June 2025: RMB118,871,000 (unaudited)) and the weighted average number of ordinary is 4,690,496,400 (unaudited) (six months ended 30 June 2025: 4,690,496,400 (unaudited)) shares in issue during the Reporting Period. The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2026 and 30 June 2025.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculation	**247,455**	118,871

	Number of shares	
	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic/diluted earnings per share calculation	**4,690,496,400**	4,690,496,400

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired assets with a cost of RMB50,611,000 (unaudited) (six months ended 30 June 2025: RMB73,476,000 (unaudited)).

Assets with net book value of RMB1,456,000 (unaudited) were disposed of by the Group during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB1,516,000 (unaudited)), resulting in a net gain on disposal of RMB121,000 (unaudited) (six months ended 30 June 2025: net loss on disposal of RMB962,000 (unaudited)).

As at 30 June 2026, assets of net book value of RMB20,785,000 (unaudited) (31 December 2025: RMB21,321,000 (audited)) was pledged for the interest-bearing bank borrowings.

10. BIOLOGICAL ASSETS

A – Nature of activities

The biological assets of the Group comprise primarily dairy cows held to produce raw milk and beef cattle raised for sale.

The quantity of biological assets owned by the Group as at 30 June 2026 and 31 December 2025 is shown below. The Group's biological assets consist of heifers, calves and beef cattle and milkable cows. Heifers and calves held as at 30 June 2026 and 31 December 2025 were dairy cows that have not had their first calves.

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
	Heads	*Heads*
Dairy cows and beef cattle		
Milkable cows	**52,902**	50,164
Heifers, calves and beef cattle	**50,317**	55,419
Total	**103,219**	105,583

The Group is exposed to fair value risks arising from changes in price of the dairy products. The Group does not anticipate that the price of the dairy products will decline significantly in the foreseeable future and the Directors are of the view that there are no available derivative or other contracts which the Group can enter into to manage the risk of a decline in the price of the dairy products.

In general, the heifers are inseminated with semen when they reach approximately 16 months old. After approximately 9 months following a successful insemination, a calf is born and the dairy cow begins to produce raw milk and the lactation period begins. A milkable cow is typically milked for approximately 305 days before an approximately 60 days' dry period.

When a heifer begins to produce milk, it would be transferred to the category of milkable cows based on the estimated fair value on the date of transfer. The sale of dairy cows is not one of the Group's principal activities and the proceeds are not included as revenue.

Beef cattle will be bred for four months and then sold for profits. The sale of beef cattle is one of the Group's principal activity and the proceeds are included as revenue.

B – Value of biological assets

The value of the Group's biological assets at the end of the reporting period was:

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Dairy cows and beef cattle	**2,322,330**	2,407,030

	Heifers, calves and beef cattle *RMB'000*	**Milkable cows** *RMB'000*	**Total** *RMB'000*
Balance as at 1 January 2025 (audited)	993,920	1,345,730	2,339,650
Increase due to raising (feeding costs and others)	792,087	–	792,087
Transfer (out)/in	(691,671)	691,671	–
Decrease due to sales	(33,738)	(148,672)	(182,410)
Loss arising from changes in fair value less costs to sell	(135,658)	(406,639)	(542,297)
Balance as at 31 December 2025 and 1 January 2026 (audited)	924,940	1,482,090	2,407,030
Increase due to raising (feeding costs and others)	**390,205**	**–**	**390,205**
Transfer (out)/in	**(367,052)**	**367,052**	**–**
Decrease due to sales	**(64,899)**	**(97,124)**	**(162,023)**
Loss arising from changes in fair value less costs to sell	**(81,264)**	**(231,618)**	**(312,882)**
Balance as at 30 June 2026 (unaudited)	**801,930**	**1,520,400**	**2,322,330**

C – Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's biological assets:

	Fair value measurement using significant unobservable inputs (Level 3) *RMB'000*
As at 30 June 2026 (unaudited)	**2,322,330**
As at 31 December 2025 (audited)	2,407,030

As at 30 June 2026, the biological assets of RMB442,632,000 (unaudited) (31 December 2025: RMB1,276,194,000 (audited)) was pledged for the interest-bearing bank borrowings.

11. TRADE RECEIVABLES

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:

	30 June 2026 *RMB'000* (Unaudited)	31 December 2025 *RMB'000* (Audited)
Within 1 month	**141**	15,984
1 to 2 months	**266**	33
3 to 6 months	**31**	8
Over 6 months	**89**	11
	527	16,036

12. CASH AND CASH EQUIVALENTS

	30 June 2026 *RMB'000* (Unaudited)	31 December 2025 *RMB'000* (Audited)
Cash and bank balances	**745,725**	322,003
Time deposits	**513,735**	715,954
	1,259,460	1,037,957
Less: Non-pledged time deposits with maturity of more than three months when acquired	**(221,418)**	(303,235)
Restricted cash	**(32,400)**	(120,000)
Cash and cash equivalents	**1,005,642**	614,722

13. TRADE AND BILLS PAYABLES

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

	30 June 2026 *RMB'000* (Unaudited)	31 December 2025 *RMB'000* (Audited)
Within 2 months	**239,368**	286,584
2 to 6 months	**51,897**	19,473
6 to 12 months	**8,274**	11,338
Over 1 year	**5,584**	6,026
	305,123	323,421

14. OTHER PAYABLES AND ACCRUALS

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Deferred revenue	**458,905**	467,369
Contract liabilities	**512,998**	663,969
Other payables – construction	**129,203**	122,597
Other payables – equipment and materials	**18,377**	30,538
Others	**138,455**	141,037
	1,257,938	1,425,510
Non-Current Portion		
Deferred revenue	**(437,407)**	(445,097)
	820,531	980,413

Other payables are non-interest-bearing and have no fixed terms of settlement.

Deferred revenue represented government grants received by the Group as financial subsidies for the purchases of feed and the construction of farms. Government grants are recognised as income over the period necessary to match the grant on a systematic basis to the costs and expenses that they are intended to compensate on over the weighted average of the expected useful life of the relevant property, plant and equipment.

15. SHARE CAPITAL

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Authorised:		
50,000,000,000 ordinary shares of HK$0.01 each	**406,897**	406,897
Issued and fully paid:		
4,690,496,400 ordinary shares of HK$0.01 each	**37,674**	37,674

16. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Plant and machinery	**1,638**	2,036

17. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the reporting period:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sale of raw milk to the ultimate holding company	**1,379,817**	1,304,008

(b) Other transaction with related parties:

As at 30 June 2026, a director of a subsidiary and his wife have provided guarantees to certain of the Group's bank loan facilities up to RMB340,000,000 (unaudited) (31 December 2025: RMB340,000,000 (audited)), of which an amount of RMB103,047,000 (unaudited) (31 December 2025: RMB161,367,000 (audited)) was unutilised.

As at 30 June 2026, the president of a subsidiary and his wife have provided guarantees to certain of the Group's bank loan facilities up to RMB260,540,000 (unaudited) (31 December 2025: RMB260,540,000 (audited)), of which an amount of RMB30,000,000 (unaudited) (31 December 2025: RMB122,240,000 (audited)) was unutilised.

(c) Outstanding balances with related parties:

The Group had an outstanding balance of contract liabilities due to China Feihe Limited ("**China Feihe**") (included in other payables and accruals) amounting to RMB512,998,000 (unaudited) as at 30 June 2026 (31 December 2025: RMB663,969,000 (audited)).

(d) Compensation of key management personnel of the Group is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short term employee benefits	**2,847**	2,876
Post-employment benefits	**301**	336
Total compensation paid to key management personnel	**3,148**	3,212

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		**Fair values**	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial liabilities				
Interest-bearing bank borrowings	**396,618**	595,888	**396,476**	595,754

Management has assessed that the fair values of cash and cash equivalents, time deposits, restricted cash, trade receivables, financial assets included in prepayments, and other receivables, trade and bills payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2026 were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2026 (unaudited)				
Interest-bearing bank borrowings	**–**	**396,476**	**–**	**396,476**
As at 31 December 2025 (audited)				
Interest-bearing bank borrowings	–	595,754	–	595,754

The Group did not have any financial liabilities measured at fair value as at 30 June 2026 (31 December 2025: Nil (audited)).

During the six months ended 30 June 2026, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 December 2025: Nil (audited)).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2026, the global operating environment faced heightened volatility and growing uncertainty. Regional conflicts continued to exert pressure on the world economy, driving up energy prices, fueling inflation and increasing financing costs. According to the latest issue of the Global Economic Prospects released by the World Bank in June, global economic growth will fall below the 2.9% recorded in 2025, sliding to the lowest level since the COVID-19 pandemic. The global economic outlook is expected to remain clouded by multiple downside risks and challenges, such as intensifying geopolitical conflicts, trade fragmentation, and tightening policy space.

Notwithstanding the broad pressures weighing on the global economy, China's economy maintained a generally stable performance, demonstrating resilience and sustained growth in foreign trade. The accelerated development of emerging industries and new growth drivers provided solid support for consolidating and enhancing China's development gains. Overall, the national economy operated within a reasonable range in the first half of 2026. New productive forces were fostered and expanded. While high-quality development advanced towards greater innovation and higher quality, the foundation for economic improvement remained to be strengthened. According to the data released by the National Bureau of Statistics, China's gross domestic product (GDP) reached RMB69.57 trillion in the first half of 2026, representing a year-on-year increase of 4.7%. The economy sustained a steady growth momentum amid a complex and challenging external environment.

For the dairy industry, in the short term, the oversupply situation in the domestic raw milk market has eased to some extent, driven by continuous capacity reduction and a mild recovery in end-market demand for dairy products. Dairy product output rose by 7% year on year in the January–May period of 2026, demonstrating sustained stability in demand for dairy products. Nevertheless, overall operating pressures across the industry cannot be overlooked. According to the monitoring data from the Ministry of Agriculture and Rural Affairs, raw milk prices in major producing areas fluctuated within a low range of RMB3.01 to RMB3.03 per kilogram in the first half of 2026. The industry as a whole remained to be loss-making, and market clearing is still underway. The stabilisation of the dairy industry represents only a phased recovery. The supply-demand landscape in the raw milk sector remains in a phase of stabilisation and gradual recovery. The industry continues to face three major challenges namely, limited product diversification, persistent supply-demand imbalances, and inadequate industrial chain resilience. Against this backdrop, structural adjustment of the industry is being further deepened.

In the long run, consumer demand for dairy products is gradually shifting from basic single-category products to diversified segmented offerings. The dairy industry is at a critical transition stage from "scale expansion" to "value enhancement". According to the data from the Ministry of Agriculture and Rural Affairs, liquid milk accounted for 92.7% of China's total dairy output, of which ambient milk made up over 75%, while deep-processed dairy products such as cheese and butter in aggregate accounted for less than 7.3%, far lower than 68% in the European Union and 45% in the United States, implying substantial room for development compared with developed countries. China's dairy consumption is undergoing a pivotal shift from liquid milk towards "butter, cream, and cheese". Catalysed by positive factors including improved raw milk quality, technological advances and lower milk prices, domestic substitution is advancing rapidly. Expanding the deep processing of dairy products is expected to serve as an effective measure to mitigate seasonal volatility in raw milk prices. Additionally, the 2025 China Milk Quotient Report (《2025中國奶商指數報告》) shows that public awareness of dairy nutrition has increased markedly. In particular, consumer understanding of nutritional components in dairy products rose by nearly 13% year on year. Growing consumer awareness together with expanding dairy consumption scenarios are propelling the dairy industry into an in-depth development phase shifting from output pursuit to quality focus, which will effectively support the long-term development of the dairy industry.

BUSINESS REVIEW

YuanShengTai is a company that focuses on producing high-quality raw milk. In terms of herd size and production volume, YuanShengTai is one of the leading dairy farming companies in the PRC. The sales volume of raw milk of the Group for the Reporting Period was 324,071 tonnes, representing an increase of 6.3% as compared with the same period of last year, with an average selling price of RMB4,368 per tonne. The total revenue from sales of raw milk of the Group amounted to RMB1,415.6 million, representing an increase of 7.9% as compared with the same period of last year. Meanwhile, the Company is also exploring additional growth drivers. The revenue from the sale of beef cattle amounted to RMB40.6 million during the Reporting Period, enabling the integrated development of its beef cattle and milk businesses. The Group's net profit for the Reporting Period amounted to RMB247.5 million.

The Group continued to expand and optimise its partnerships with leading dairy manufacturers in China. In the first half of 2026, the Group's major customers were China Feihe and China Mengniu Dairy Company Limited, both being leading dairy manufacturers in China. The Group continued to expand its product mix, foster cooperation in scientific and technological innovation, and strengthen industrial chain resilience, thus empowering China's dairy industry to advance into a new phase of high-quality development and laying a solid foundation for the Group's long-term sustainable growth. Going forward, the Group will stay focused on its core business and unswervingly uphold its mission of producing high-quality raw milk. It will further advance the development of a standardised, high-quality raw milk production system, implement stringent full-process quality supervision, proactively secure high-quality customer resources, and further consolidate and expand the Group's customer base.

Construction of Farms

As of 30 June 2026, the Group had 10 farms in Heilongjiang Province and 1 farm in Jilin Province, respectively. Each farm had an actual capacity ranging from 1,960 to 30,000 dairy cows and beef cattle. The total site area of the 11 farms amounted to approximately 9,694,458 square metres.

	Actual Designed Capacity *(Number of Cows/Head)*	**Actual Inventory Number**	**Area** *(m^2)*
Gannan Farm	12,000	9,591	986,333
Kedong Heping Farm	6,000	6,389	384,000
Kedong Ruixinda Farm	18,000	10,510	784,000
Kedong Yongjin Farm	12,000	8,000	714,000
Zhenlai Farm	30,000	22,338	2,066,667
Baiquan Farm	15,000	7,100	994,000
Keshan Farm	12,000	8,752	980,000
Longjiang Ruixincheng Farm	1,960	1,507	84,300
Longjiang Jinyuan Farm	12,000	10,843	798,400
Yi'an Farm	15,000	11,227	857,713
Bei'an Farm	10,000	6,962	1,045,045
Total	143,960	103,219	9,694,458

Milk Yield

During the Reporting Period, the average annual milk yield per matured milkable cow was 13.15 tonnes, representing an increase of 5.5% as compared with 12.46 tonnes in the first half of 2025. As the farm operation system becomes increasingly mature and robust, and the age profile and composition of cattle herds continue to be optimised and upgraded, the Group expects that the average milk yield per cow of our herds will further improve. Going forward, the Group will optimise its production and operation model and refine feeding formulas to establish a scientific, standardised, and large-scale high-quality breeding system, so as to continuously drive operational efficiency.

Size of Our Herds

The Group has established a comprehensive and high-standard farm management system. Our herd size continues to be optimised, and the herd structure remains reasonable and balanced. As of 30 June 2026, the total inventory number of dairy cows and beef cattle on the farms operated by the Group decreased by 4.8% from 108,439 heads in the same period of 2025 to 103,219 heads. In particular, the total number of matured milkable cows increased steadily from 51,452 heads as of 30 June 2025 to 52,902 heads as of 30 June 2026, representing a year-on-year increase of 2.8%. The total number of matured milkable cows accounted for 51.3% of the total inventory number of cows. The increase in the number of matured milkable cows further safeguarded the stable supply of high-quality raw milk for the Group.

	30 June 2026	30 June 2025
Number of matured milkable cows	**52,902**	51,452
Number of heifers, calves and beef cattle	**50,317**	56,987
Total number of cattle	**103,219**	108,439

Price of Raw Milk

A tentative recovery trend emerged in the raw milk sector in the first half of 2026. During the Reporting Period, affected by two-way adjustments in market supply and demand, the raw milk supply entered a phase of fluctuating and gradual recovery. Domestic raw milk prices edged up moderately yet remained under pressure, and the raw milk prices of the Group increased slightly accordingly. During the Reporting Period, the average selling price of the Group's raw milk was RMB4,368 per tonne (average selling price during the six months ended 30 June 2025 was RMB4,305 per tonne), representing a year-on-year increase of 1.5% as compared with last year.

OUTLOOK

The dairy industry constitutes an indispensable strategic industry for strengthening the nation and advancing the Healthy China Initiative, as well as a key sector enabling the organic integration of modern agriculture and the food industry. In recent years, alongside the in-depth implementation of the action plans to revitalise the dairy industry, the dairy sector has achieved rapid breakthroughs in key areas including milk yield per dairy cow, milk production, farm management and digital transformation. China's output, quality and supply capacity of dairy products have improved steadily. Progressive achievements from the revitalisation of the dairy industry have continued to emerge, further consolidating the industrial foundation and providing vital support to safeguard public nutrition and health.

In 2025, China's per capita dairy consumption stood at approximately 41 kilograms, equivalent to a daily intake of 112 grams per person. This represents a shortfall of more than 250 grams compared with the average recommended intake of 400 grams set out in the Chinese Dietary Guidelines (2022). Meanwhile, the China Food and Nutrition Development Outline (2025–2030) (《中國食物與營養發展綱要（2025–2030年）》) clearly targets a per capita dairy consumption of over 47 kilograms by 2030. Boosting dairy intake nationwide has become an important livelihood priority. The Group believes that as public knowledge of dairy products and awareness of milk consumption rise, and diversified dairy consumption scenarios rapidly expand, the consumption potential of the dairy industry is expected to be further unleashed.

In light of the above, the Group will continue to align closely with national development strategies, while closely monitor shifts in market demand. The Group is committed to maintaining product quality and safety standards, optimising and upgrading its business structure, and comprehensively enhancing production quality. The Group will also proactively expand sales channels, deepen long-term strategic cooperation with downstream dairy manufacturers, scale up raw milk sales, and drive sustained growth in the Group's sustainable comprehensive profitability. Meanwhile, the Group will further develop refined farm management systems, foster coordinated development between technological innovation and low-carbon production, and fully pursue a sustainable and high-quality development pathway.

Green and sustainable development is playing an increasingly prominent leading role in advancing the high-quality development of the dairy industry. Guided by the "Dual Carbon" goals, YuanShengTai will remain committed to a green development path. It will steadily improve production efficiency through technological innovation, solidly advance green development across the industrial chain and the full life cycle, and convert YuanShengTai's sustainable development philosophy into practical actions, thereby contributing to the long-term achievement of carbon neutrality targets for the dairy industry in China and globally.

OUR REVENUE

During the Reporting Period, our total sales increased by 11.0% to RMB1,456.3 million as compared with RMB1,311.8 million for the six months ended 30 June 2025. The sales volume of raw milk reached 324,071 tonnes for the Reporting Period, representing an increase of 6.3% as compared with 304,729 tonnes for the six months ended 30 June 2025. The growth in sales volume of raw milk was primarily attributable to the increases in (i) herd size of matured milkable cows; and (ii) average annual milk yield per cow. Our average selling price of raw milk was RMB4,368 per tonne for the Reporting Period, representing an increase of 1.5% as compared with RMB4,305 per tonne for the same period of last year. As the Group developed the business of sale of beef cattle during the year ended 31 December 2025, the Group recorded revenue from sales of beef cattle of approximate RMB40.6 million with sales volume of 5,215 heads during the Reporting Period.

COST OF SALES

Our cost of sales for the Reporting Period was RMB854.5 million. The table below summarises the components of our cost of sales by nature for the six months ended 30 June 2026 and 2025:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Cost of sales		
Feed	**595,125**	559,019
Salary, welfare and social insurance	**72,935**	61,941
Depreciation	**73,081**	59,244
Veterinary cost	**34,071**	25,110
Utilities	**56,397**	54,085
Transportation expenses	**1,003**	665
Other costs	**21,884**	24,373
Cost of sales, total	**854,496**	784,437

Feed costs represent the feed consumed by our milkable cows and beef cattle. The feed costs for milkable cows and beef cattle were RMB595.1 million and RMB559.0 million for the six months ended 30 June 2026 and 2025, respectively, representing 69.6% and 71.3% of the cost of sales for the respective six months ended 30 June 2026 and 2025. The increase in our feed costs was attributable to the increase in the number of milkable cows.

GROSS PROFIT

Due to the factors discussed above, the gross profit increased to RMB601.8 million for the Reporting Period (six months ended 30 June 2025: RMB527.4 million), representing an increase of 14.1%. Our gross profit margin increased from 40.2% for the six months ended 30 June 2025 to 41.3% for the Reporting Period.

OTHER INCOME AND GAINS

Other income and gains for the six months ended 30 June 2026 and 2025 amounted to RMB51.4 million and RMB100.8 million, respectively, representing a decrease of 49.0%. The decrease in other income and gains was attributable to decrease in government subsidies and other interest income.

ADMINISTRATIVE EXPENSES

We incurred administrative expenses of RMB75.4 million for the Reporting Period, representing an increase of approximately 20.6% as compared to RMB62.5 million for the six months ended 30 June 2025. The increase was primarily attributable to the increase in exchange losses.

OTHER EXPENSES

Other expenses for the Reporting Period amounted to RMB6.0 million (six months ended 30 June 2025: RMB8.7 million), representing a decrease of approximately 31.0%, primarily due to the decrease in expenses related to the disposal of cow waste.

CHANGES IN FAIR VALUE LESS COSTS TO SELL OF BIOLOGICAL ASSETS

Changes in fair value less costs to sell of biological assets was a loss of RMB312.9 million for the Reporting Period as compared with a loss of RMB423.4 million for the six months ended 30 June 2025. The decrease in loss was attributable to the increase in number of milkable cows.

IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the Reporting Period, no impairment loss (six months ended 30 June 2025: Nil) was recognised for property, plant and equipment and right-of-use assets.

PROFIT OF THE GROUP FOR THE REPORTING PERIOD

As a result of all the above factors, the Group recorded a net profit of RMB247.5 million for the Reporting Period, as compared with a net profit of RMB118.9 million for the six months ended 30 June 2025. Basic earnings per share was approximately RMB5.3 cents for the Reporting Period, as compared with basic earnings per share of RMB2.5 cents for the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of any interim dividend for the Reporting Period (six months ended 30 June 2025: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

For the Reporting Period, the Group's net cash inflow from operating activities amounted to RMB671.1 million, as compared with RMB586.0 million for the six months ended 30 June 2025. As at 30 June 2026, the Group had cash and cash equivalents of RMB1,005.6 million (31 December 2025: RMB614.7 million). Save for cash and cash equivalents equivalent of RMB260.6 million which were denominated in the United States dollars ("**USD**"), and RMB4.1 million which were denominated in Hong Kong dollars ("**HKD**"), the Group's remaining cash and cash equivalents were denominated in Renminbi ("**RMB**").

The Group had interest-bearing bank borrowings of RMB396.6 million as at 30 June 2026 (31 December 2025: RMB595.9 million) which were denominated in RMB. The annual interest rate of the bank borrowings as at 30 June 2026 ranged from 1.15% to 2.90% (31 December 2025: ranged from 1.15% to 3.85%). The Group monitors its capital using a gearing ratio, which is calculated as net debt divided by the equity attributable to owners of the parent plus net debt. Net debt includes interest-bearing bank borrowings, trade and bills payables, and certain other payables and accruals, less cash and cash equivalents and time deposits. As at 30 June 2026, the Group recorded a net cash position and therefore did not have any net debt. Accordingly, the gearing ratio was not applicable as at 30 June 2026 (31 December 2025: 5.0%).

CAPITAL STRUCTURE

As at 30 June 2026, the Company's issued share capital was HK$46,904,964 divided into 4,690,496,400 shares of the Company (the "**Shares**") of HK$0.01 each. The Company did not issue any new Shares during the Reporting Period.

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

During the Reporting Period, the principal capital expenditures of the Group were related to major maintenance and acquisition of additional equipment for its existing farms.

As part of the future strategy of the Group, the Group's planned capital expenditure for its business operations will be primarily related to the major maintenance and renewal of existing farm facilities. The Group anticipates that its capital expenditures will be financed by cash generated from its operations, debt financing or bank loans and the unutilised net proceeds from the issue of new Shares under the global offering as set out in the prospectus of the Company dated 14 November 2013 (the "**Prospectus**").

Save as disclosed above and in the Prospectus, there were no significant investments held as at 30 June 2026 nor were there other plans for material investments on capital assets as at the date of this announcement.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING (THE "IPO")

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

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

	Planned use of net proceeds from the IPO (as stated in the Prospectus)	Actual use of net proceeds from the IPO up to 30 June 2026	Actual use of net proceeds from the IPO during the Reporting Period	Unused net proceeds from the IPO as at 30 June 2026
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Construction of new farms	1,923.0	1,923.0	–	–
Develop upstream operations	384.6	36.8	–	347.8
Working capital and general corporate purpose	256.4	256.4	–	–
Total	2,564.0	2,216.2	–	347.8

The unused net proceeds, being approximately HK$347.8 million, are expected to develop upstream operations. As the Board is still observing the market conditions which are developing slowly in general, the expected timeline for unused net proceeds in respect of developing upstream operations will be further delayed to the end of 2027. A detailed schedule depends on the overall economic conditions, the development of the Company and market situation.

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

PLEDGE OF ASSETS

As at 30 June 2026 and 31 December 2025, certain of the Group's bank loans had been secured by the pledge of the Group's assets.

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

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

CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments of the Group as at 30 June 2026 were RMB1.6 million (31 December 2025: RMB2.0 million), which were for renewal of existing facilities. The Group did not have any significant contingent liabilities as at 30 June 2026 (31 December 2025: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group had 2,151 employees (31 December 2025: 2,268 employees), all of whom were located in the PRC. The remuneration and staff cost for the Reporting Period was RMB140.7 million (six months ended 30 June 2025: RMB141.6 million).

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

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

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

EVENTS AFTER REPORTING PERIOD

The Group does not have any material subsequent event after the Reporting Period and up to the date of this announcement.

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

The Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares (including sale of treasury shares, if any) during the Reporting Period. As at 30 June 2026, the Company did not hold any treasury shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and its management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the businesses of the Group in a transparent and responsible manner and following good corporate governance practices serve the long-term interests of the Group and those of the Shareholders. The Board considers that the Company complied with all the code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Reporting Period and up to the date of publication of this announcement except for the following:

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The role of the chairman of the Board (the "**Chairman**") is responsible for overseeing the functions of the Board whilst the role of the chief executive officer of the Company (the "**CEO**") is responsible for managing the Group's business and overall operations.

Mr. Zhang Yongjiu, an executive Director and the CEO, is also the Chairman. The Board believes that vesting the roles of the Chairman and the CEO in the same person has the benefit of ensuring strong consistent leadership with the Group and enables more effective and efficient planning and implementation of business decisions and strategies. The Board also believes that it will not impair the balance of power and authority between the Board and the management of the Company.

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

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

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code of conduct for dealing in securities of the Company by the Directors. In response to specific enquiries made by the Company, all Directors confirmed that they had complied with the Model Code during the Reporting Period.

REVIEW BY AUDIT COMMITTEE

The Board has established the audit committee of the Board (the "**Audit Committee**") with written terms of reference in compliance with the CG Code, which were revised and adopted on 29 December 2018 with effect from 1 January 2019. The Audit Committee comprises all the three INEDs, namely Mr. Meng Jingzong (alias Owens Meng) ("**Mr. Meng**"), Mr. Zhang Yuezhou and Ms. Liu Jinping. Mr. Meng is the chairman of the Audit Committee. The Company's unaudited condensed consolidated interim results for the Reporting Period and this announcement have been reviewed by the Audit Committee. In addition, Ernst & Young, the Company's independent auditor (the "**Independent Auditor**"), has reviewed the unaudited interim condensed consolidated financial information of the Group for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The report on review of interim financial information by the Independent Auditor will be included in the interim report of the Company (the "**Interim Report**").

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is required to be published on the websites of the Stock Exchange (*www.hkexnews.hk*) and the Company (*www.ystdfarm.com* and *www.ystdairyfarm.com*), respectively. The Interim Report for the Reporting Period will be published on the respective websites of the Stock Exchange and the Company and dispatched to the Shareholders in due course in the manner required by the Listing Rules.

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

Hong Kong, 26 August 2026

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