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 2026

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 2026 (the "**Reporting Period**"), together with comparative figures for the six months ended 30 June 2025 (the "**1H2025**").

HIGHLIGHTS:

FOR THE SIX MONTHS ENDED 30 JUNE

FINANCIAL DATA			
	2026	2025	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**1,725,897**	1,697,917	+1.6%
Gross profit	**386,193**	295,907	+30.5%
Losses arising from changes in fair value less costs to sell of other biological assets	**(74,016)**	(462,425)	-84.0%
Profit/(loss) attributable to owners of the parent	**108,025**	(377,783)	N/A
Basic earning/(loss) per share (RMB)	**0.11**	(0.54)	N/A
Non-IFRS Financial Measures:			
Cash EBITDA *Note 1*	**403,355**	343,886	+17.3%
Profit for the period (before biological assets fair value adjustments) *Note 2*	**182,457**	84,642	+115.6%
KEY PERFORMANCE INDICATORS	**2026**	2025	Change
Annualised average milk yield per milkable cow (tons)	**14.2**	14.1	+0.7%
Herd size of dairy cows (heads)	**114,421**	117,448	-2.6%
Herd size of beef cattle (heads)	**30,878**	25,709	+20.1%

* *For identification purpose only*

Note 1: Cash EBITDA is defined as profit/(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, and (vi) foreign exchange difference.

Note 2: Profit/(loss) for the period (before biological assets fair value adjustments) is derived from profit/(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 RMB1,725.9 million, representing an increase of 1.6% as compared with 1H2025.

The gross profit increased by 30.5%, from approximately RMB295.9 million for 1H2025 to RMB386.2 million for the Reporting Period.

The Group recorded a net profit attributable to owners of the parent of approximately RMB108.0 million for the Reporting Period. The turnaround of the Group's results from a net loss to a net profit was mainly attributable to the combined effects of, among others, the following factors:

(i) the improvement in farming operational efficiency and the increase in the average selling price of beef during the Reporting Period; and

(ii) the decrease in loss arising from changes in fair value less costs to sell of other biological assets (the "**Revaluation Loss**"). For the Reporting Period, the Revaluation Loss was approximately RMB74.0 million, as compared to approximately RMB462.43 million for 1H2025. This decrease was mainly attributable to the decline in feed cost per kg of raw milk and the rise in the selling price of culling cattle.

FINANCIAL INFORMATION

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

For the six months ended 30 June 2026

	Notes	**2026**	2025
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**1,725,897**	1,697,917
Cost of sales		**(1,698,331)**	(1,691,581)
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest		**354,234**	283,609
Gains arising from changes in fair value less costs to sell of beef cattle		**4,393**	5,962
Gross profit		**386,193**	295,907
Other income and gains	*5*	**45,475**	52,858
Losses arising from changes in fair value less costs to sell of other biological assets		**(74,016)**	(462,425)
Selling and distribution expenses		**(4,399)**	(2,652)
Administrative expenses		**(115,398)**	(103,381)
Research and development expenses		**(1,878)**	(3,302)
Other expenses	*5*	**(3,026)**	(1,486)
Finance costs		**(115,197)**	(147,027)
PROFIT/(LOSS) BEFORE TAX	*6*	**117,754**	(371,508)
Income tax expense	*7*	**(9,313)**	(6,275)
PROFIT/(LOSS) FOR THE PERIOD		**108,441**	(377,783)
Attributable to:			
Owners of the parent		**108,025**	(377,783)
Non-controlling interests		**416**	–
		108,441	(377,783)
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic			
– For profit/(loss) for the period		**RMB0.11**	RMB(0.54)
Diluted			
– For profit/(loss) for the period		**RMB0.11**	RMB(0.54)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**108,441**	(377,783)
Attributable to:			
Owners of the parent		**108,025**	(377,783)
Non-controlling interests		**416**	–
		108,441	(377,783)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	**30 June 2026** ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**2,858,231**	2,957,695
Right-of-use assets		**1,313,011**	1,358,427
Other intangible assets		**1,613**	2,165
Biological assets		**2,587,208**	2,351,065
Other long-term assets		**7,330**	7,848
Long-term receivable		**1,437**	3,852
Total non-current assets		**6,768,830**	6,681,052
CURRENT ASSETS			
Inventories		**696,445**	1,002,105
Biological assets		**386,277**	368,575
Trade receivables	*10*	**299,387**	264,627
Prepayments, other receivables and other assets		**174,918**	175,774
Cash and cash equivalents		**286,180**	341,681
Pledged deposits and restricted cash		**1,312**	1,311
Total current assets		**1,844,519**	2,154,073
CURRENT LIABILITIES			
Trade payables	*11*	**528,551**	723,573
Other payables and accruals		**327,490**	375,679
Interest-bearing bank borrowings		**1,907,573**	1,875,040
Lease liabilities		**142,758**	69,715
Deferred income		**6,030**	4,859
Tax payable		**7,372**	10,069
Total current liabilities		**2,919,774**	3,058,935
NET CURRENT LIABILITIES		**(1,075,255)**	(904,862)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,693,575**	5,776,190
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**916,776**	1,050,130
Deferred tax liabilities		**4,335**	4,335
Deferred income		**30,960**	26,001
Lease liabilities		**1,279,420**	1,360,423
Other liabilities		**534**	–
Total non-current liabilities		**2,232,025**	2,440,889
Net assets		**3,461,550**	3,335,301
EQUITY			
Equity attributable to owners of the parent			
Share capital		**2,714,120**	2,714,120
Reserves		**729,206**	621,181
Non-controlling interests		**18,224**	–
Total equity		**3,461,550**	3,335,301

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 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 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 2025.

Going concern basis

As at 30 June 2026, the Group had net current liabilities of approximately RMB1,075 million and the Group's total bank borrowings amounted to RMB2,824 million, of which RMB1,908 million will be due for repayment within one year from 30 June 2026, while its cash and cash equivalents amounted to RMB286 million.

In view of such circumstances, the Directors 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 are available in the foreseeable future.

(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 2026 on a going concern basis.

Notwithstanding the above, given the volatility of the dairy industry in Chinese mainland, 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 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.

(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

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, feed products 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 2026

	Raw milk *RMB'000* (Unaudited)	Beef cattle *RMB'000* (Unaudited)	Ancillary *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(Note 4)*				
Sales to external customers	**1,303,512**	**248,536**	**173,849**	**1,725,897**
Intersegment sales	**58,915**	**3,500**	**163,669**	**226,084**
	1,362,427	**252,036**	**337,518**	**1,951,981**
Elimination of intersegment sales				**(226,084)**
Revenue				**1,725,897**
Segment results	**243,544**	**1,942**	**21,274**	**266,760**
Finance costs (other than interest on lease liabilities)				**(76,057)**
Unallocated corporate and administrative expenses				**(115,398)**
Unallocated other income and expenses				**42,449**
Profit before tax				**117,754**

For the six months ended 30 June 2025

	Raw milk *RMB'000* (Unaudited)	Beef cattle *RMB'000* (Unaudited)	Ancillary *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(Note 4)*				
Sales to external customers	1,309,177	234,321	154,419	1,697,917
Intersegment sales	86,673	819	157,416	244,908
	1,395,850	235,140	311,835	1,942,825
Elimination of intersegment sales				(244,908)
Revenue				1,697,917
Segment results	(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				51,372
Loss before tax				(371,508)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2026 ***RMB'000*** **(Unaudited)**	2025 *RMB'000* (Unaudited)
Chinese mainland	**1,725,897**	1,697,917

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

(b) Non-current assets

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Chinese mainland	**6,767,393**	6,677,200

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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of raw milk	**1,303,512**	1,309,177
Sales of beef cattle	**248,536**	234,321
Sales of ancillary	**173,849**	154,419
	1,725,897	1,697,917
Timing of revenue recognition at a point in time	**1,725,897**	1,697,917

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 period of sales of raw milk and feed products is 30 days since the invoice date. The credit period of sale of milk products is generally 30 to 45 days since the invoice date, extending up to 90 days for major customers. Credit is not extended to beef cattle customers.

5. OTHER INCOME AND GAINS AND OTHER EXPENSES

		For the six months ended 30 June	
	Notes	**2026**	2025
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Other income and gains			
Foreign exchange gains, net	*6*	**5,502**	1,852
Government grants		**17,695**	31,352
Insurance claims		**18,499**	13,061
Technical service fees		**–**	1,523
Interest income		**217**	524
Others		**3,562**	4,546
Total		**45,475**	52,858
Other expenses			
Technical service fees		**585**	–
Loss on disposal of property, plant and equipment		**1,826**	692
Others		**615**	794
Total		**3,026**	1,486

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	For the six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Costs of sales of raw milk		**1,303,512**	1,309,177
Costs of sales of beef cattle		**248,536**	234,321
Costs of sales of ancillary		**146,283**	148,083
Cost of sales		**1,698,331**	1,691,581
Depreciation of property, plant and equipment		**141,300**	149,824
Less: Capitalised in biological assets		**55,612**	57,859
Depreciation charged to profit or loss		**85,688**	91,965
Depreciation of right-of-use assets		**45,743**	44,925
Less: Capitalised in biological assets		**29,934**	29,284
Depreciation charged to profit or loss		**15,809**	15,641
Amortisation of intangible assets		**610**	712
Lease payments not included in the measurement of lease liabilities		**7,781**	7,017
Losses arising from changes in fair value less costs to sell of other biological assets		**74,016**	462,425
Employee benefit expenses (including directors' and chief executive's remuneration):			
Wages and salaries		**169,355**	154,806
Pension scheme contributions		**33,251**	34,118
		202,606	188,924
Foreign exchange differences, net	*5*	**(5,502)**	(1,852)

7. INCOME TAX EXPENSE

	For the six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Current income tax		
Charge for the period	**3,657**	34
Underprovision in prior periods	**31**	70
Foreign withholding tax	**5,625**	6,171
Total tax charge for the period	**9,313**	6,275

8. DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended 30 June 2025 and 2026.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 980,648,356 (2025: 700,463,112) outstanding during the period.

The Group had no potentially diluted ordinary shares in issue during the period ended 30 June 2025 and 2026. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic and diluted earnings/(loss) per share calculation	**108,025**	(377,783)

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings/(loss) per share calculation	**980,648,356**	700,463,112

10. TRADE RECEIVABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**299,387**	264,627
Impairment	**–**	–
	299,387	264,627

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. Credit is not extended to beef cattle 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:

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Within 1 month	**285,647**	250,639
1 to 2 months	**9,830**	10,793
2 to 3 months	**358**	2,462
Over 3 months	**3,552**	733
	299,387	264,627

As at 30 June 2026, trade receivables of RMB289,894,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2025: RMB223,449,000).

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

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
At beginning of period/year	**–**	7,224
Amount written off as uncollectible	**–**	(7,224)
At end of period/year	**–**	–

11. TRADE PAYABLES

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Trade payables	**528,551**	723,573

An ageing analysis of the trade 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	**325,030**	404,262
2 to 6 months	**96,560**	199,579
6 to 12 months	**77,407**	89,341
Over 1 year	**29,554**	30,391
	528,551	723,573

As at 30 June 2026, no trade payables (31 December 2025: RMB406,000), which are due to a related party, are repayable on credit terms similar to those offered by the major suppliers of the Group.

12. EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement issued by the Company on 29 July 2026. The Company has granted an aggregate of 4,080,000 share options to eligible grantees on 29 July 2026, subject to acceptance by the grantees, to subscribe for ordinary shares in the share capital of the Company under the share option scheme of the Company adopted by a resolution passed by the shareholders of the Company at the annual general meeting held on 5 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the Reporting Period, China's dairy industries continued its structural transformation and upgrading, characterised by optimised production capacity, improved product quality and greater concentration among leading market players. Following the orderly phasing-out of excess industry capacity in prior periods, the supply-demand balance for raw milk in China gradually improved, with a clear trend of bottoming out and recovery emerging amid the industry cycle. The state has further advanced the national dairy revitalisation strategy, rolling out a suite of policies to support the development of large-scale farming, the improvement of dairy cattle breeding, domestic forage substitution and smart farming systems. These policies are driving the industry's shift from capacity expansion toward high-quality, high-efficiency growth.

Raw Milk

Small and scattered dairy farms across China have continued to exit the market, with production capacity further consolidating into large-scale and modernized farms. Downstream demand for dairy products has steadily recovered, while demand for premium fresh milk and high-quality dairy products has maintained robust growth, providing solid support for upstream raw milk prices. Large-scale farms hold marked competitive advantages over the industry average in terms of cattle genetics, refined management, consistent quality control, milk yield efficiency, milk quality and risk resilience. Nevertheless, the industry faces persistent operational challenges, including volatile forage costs, rising farming expenses, requirements for epidemic prevention and control, and cyclical market fluctuations.

Beef Cattle

Driven by ongoing shifts in Chinese consumers' meat consumption mix, robust demand for premium beef remains strong. The penetration of large-scale and modernized beef cattle farming has continued to rise as individual small-scale farmers withdraw, thereby lifting overall industry concentration. China's national beef cattle inventory is currently at a relatively low level, coupled with the Ministry of Commerce [2025] No. 87 announcement, under which China will implement safeguard measures to beef imports from 2026 to 2028 through country-specific quotas and over-quota tariff surcharges, the supply-demand dynamics have sustained a high-prosperity cycle for the beef farming sector.

BUSINESS OVERVIEW

The Company is a Singapore-incorporated investment holding company that conducts its principal operations in the PRC through its mainland subsidiaries. Deeply engaged in modern cattle farming, the Group has business portfolio covering raw milk production and sales, beef cattle farming and sales, as well as ancillary businesses. We own and operate 11 large-scale dairy farms, 2 large-scale beef feedlots, 1 bull stud, 1 feed mill and 1 dairy products sales and distribution company. We also operate 1 breeding center, which focuses on routine work such as cattle breed improvement, breeding stock cultivation, breeding selection and matching, reproduction, and embryo production and transfer.

1. Raw milk business: We are one of the leading dairy farm operators in China. We breed and raise dairy cows at our own farms and sell high-quality raw milk (including A2 milk) to downstream dairy product manufacturers for further processing into premium dairy products. We have been maintaining the leading position in the annualised average milk yield per milkable cow (the "**AMY**") in China since 2015, and we recorded 14.1 tonnes AMY in 2025. The AMY is a key indicator of productivity and efficiency of dairy farms.

2. Beef cattle business: Leveraging skills, knowledge and experience accumulated from raw milk business, we operate beef cattle business synergistically. We raise beef cattle at our own feedlots and sell them to food service companies and premium beef processors for further processing into beef products. Currently, we are expanding Wagyu and Angus beef cattle operations to target the premium market.

3. Ancillary business: We are involved in the sales and distribution of dairy products under self-owned brand "AustAsia 澳亞牧場", the production and sales of feed products under self-owned brand "AustAsia 澳亞飼料", the sales of beef products under self-owned brand "AustAsia Beef 澳亞肉牛", and the sale of embryo and semen.

OPERATIONAL REVIEW

Raw Milk Business

During the Reporting Period, prosperity within China's raw milk sector continued to recover as market prices stabilised. Capitalising on this cyclical upturn, the Group deepened refined, digitalised and standardised farm management to reinforce competitiveness in its core business. The Group pressed ahead with genetic improvement of its cattle herd by phasing out low-yield cattle and consistently upgrading the genetic quality of its cattle stock. The AMY remained at the top of the industry, while core quality indicators of raw milk including fat and protein content consistently met premium standards, thereby boosting market recognition of the Group's products.

In terms of cost control, the Group leveraged its in-house feed supply capacity, iterated feed formulations continuously and adopted centralised bulk procurement of forage materials. These measures effectively offset price volatility of external raw materials and gradually lowered production costs for raw milk. With respect to operational management, the Group upgraded its digital farm management system covering the cattle feeding, breeding, health monitoring, epidemic prevention and milking. This upgrade reduced cattle disease incidence and culling rates, secured stable cattle health and maintained consistent raw milk output.

Beef Cattle Business

Demand for premium beef in China remained strong during the Reporting Period, sustaining a high-prosperity cycle for the beef cattle sector. Drawing on years of accumulated expertise in cattle farming, the Group continued optimising its beef cattle herd genetics, focusing on breeds including Angus and Wagyu to enhance product quality and market premium potential.

The Group successfully repurposes its proven breeding system from its dairy cattle operations to drive genetic upgrading for its beef cattle segment, improving growth efficiency, carcass weight and meat quality. Operationally, the Group adheres to a prudent expansion, adjusts herd sizes and beef cattle fattening schedules dynamically in response to market conditions to deliver steady profitability for the beef cattle segment.

Powered by industrial synergy, the beef cattle business shares feed supply, veterinary epidemic prevention and farming operation systems with the raw milk segment, thereby dilutes the Group's overall operating costs.

Ancillary Business

Sales and distribution of dairy products

Under the "AustAsia 澳亞牧場" brand, the Group deepened penetration of high-quality business-to-business channels, including coffee chains, milk tea chains and bakeries. It dynamically optimised product portfolios and sales tactics, tightly controlling channel marketing expenditure and focusing on high-margin market segments to sustain steady performance for the distribution business.

Feed processing and sales of feed products

The Group's in-house feed mill maintained stable output of premix feed, flaked corn and calf pellets, meeting the feeding requirements of its self-owned dairy farms and beef cattle feedlots. Continuous optimisation of feed formulations improved feed conversion ratios, thereby cutting the Group's aggregate farming costs at source. Having prioritised internal consumption, the Group sought to sell feed products to external customers.

Overall Operations and Risk Management

Throughout the Reporting Period, the Group maintained a prudent capital expenditure stance by curbing non-operational and non-essential capital outlays. Resources were channelled primarily to maintenance of existing farm equipment, genetic upgrading, digital transformation and biosecurity system development. The Group further refined its internal control framework, optimising end-to-end management of supply chain procurement, production operations and asset supervision. It strengthened controls over biosecurity, epidemic prevention, cash flow and liquidity risks to support stable, compliant group-wide operations.

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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods		
Raw milk	**1,303,512**	1,309,177
Beef cattle	**248,536**	234,321
Ancillary	**173,849**	154,419
	1,725,897	1,697,917

During the Reporting Period, the Group's revenue increased by 1.6% year-over-year ("**YoY**") to RMB1,725.9 million (1H2025: RMB1,697.9 million), which was mainly due to the increase in selling prices of beef cattle and the increase in sales volume of feed.

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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Costs of sales of raw milk	**1,303,512**	1,309,177
Costs of sales of beef cattle	**248,536**	234,321
Costs of sales of ancillary	**146,283**	148,083
Cost of sales	**1,698,331**	1,691,581

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			
	2026		2025	
	(Unaudited)		(Unaudited)	
	RMB'000	***%***	*RMB'000*	*%*
Direct materials	**670,143**	**70.6%**	720,035	70.2%
Labor costs	**71,927**	**7.6%**	76,259	7.4%
Overhead costs	**101,316**	**10.7%**	107,369	10.5%
Depreciation of property, plant and equipment	**61,193**	**6.4%**	72,067	7.0%
Transportation fees	**44,699**	**4.7%**	49,838	4.9%
Total	**949,278**	**100.0%**	1,025,568	100.0%

During the Reporting Period, direct materials costs (mainly silage, forage grass, corn and soybean products) of the raw milk business amounted to RMB670.1 million (1H2025: RMB720.0 million), representing a YoY decrease of 6.9%, 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			
	2026		2025	
	(Unaudited)		(Unaudited)	
	RMB'000	***%***	*RMB'000*	*%*
Direct materials	**167,926**	**76.0%**	195,505	80.2%
Labor costs and overhead costs	**35,819**	**16.2%**	34,567	14.2%
Depreciation of property, plant and equipment	**17,353**	**7.8%**	13,618	5.6%
Total	**221,098**	**100.0%**	243,690	100.0%

During the Reporting Period, costs of direct materials (mainly silage, forage grass, corn and soybean products) of the beef cattle business amounted to RMB167.9 million (1H2025: RMB195.5 million), representing a YoY decrease of 14.1%, mainly due to the decrease in feed cost and lower sales volume of beef cattle.

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			
	2026		2025	
	(Unaudited)		(Unaudited)	
	Gross profit ***RMB'000***	**Gross profit** ***margin***	Gross profit *RMB'000*	Gross profit *margin*
Raw milk	**354,234**	**27.2%**	283,609	21.7%
Beef cattle	**4,393**	**1.8%**	5,962	2.5%
Ancillary	**27,566**	**15.9%**	6,336	4.1%
Total	**386,193**	**22.4%**	295,907	17.4%

During the Reporting Period, gross profit of the Group's raw milk business amounted to RMB354.2 million (1H2025: RMB283.6 million), representing an increase of 24.9% YoY, mainly due to the decrease in feed cost and the improvement in farming operational efficiency.

During the Reporting Period, gross profit of the Group's beef cattle business amounted to RMB4.4 million (1H2025: RMB6.0 million).

During the Reporting Period, gross profit of the Group's ancillary business amounted to RMB27.6 million (1H2025: RMB6.3 million), representing a significant increase of 335.1% YoY, mainly due to the increase in sales volume of feed.

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

As at 30 June 2026, 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 RMB74.0 million (1H2025: RMB462.4 million). This decrease was mainly attributable to the decline in feed cost per kg of raw milk and the rise in the selling price of culling cattle.

Other Income and Gains

During the Reporting Period, other income and gains amounted to RMB45.5 million (1H2025: RMB52.9 million), which mainly consisted of government grants and insurance claims. The lower amount recorded in the Reporting Period was mainly due to a decrease in government grants of RMB13.7 million and an increase in insurance claims of RMB5.4 million.

Other Expenses

During the Reporting Period, other expenses amounted to RMB3.0 million (1H2025: RMB1.5 million), representing an increase of 103.6% YoY. The higher amount recorded was mainly due to a loss arising from technical service fees of RMB0.6 million and an increase in the loss on disposal of property, plant and equipment of RMB1.1 million.

Administrative Expenses

During the Reporting Period, administrative expenses amounted to RMB115.4 million (1H2025: RMB103.4 million), representing a YoY increase of 11.6%.

Finance Costs

During the Reporting Period, the Group recorded a lower finance cost which amounted to RMB115.2 million (1H2025: RMB147.0 million), representing a YoY decrease of 21.6%.

Profit/(Loss) before Tax and Profit/(Loss) Attributable to Owners of the Parent

Profit before tax was RMB117.8 million in the Reporting Period (1H2025: loss of RMB371.5 million). Profit attributable to owners of the parent amounted to RMB108.0 million during the Reporting Period (1H2025: Loss of RMB377.8 million). This was mainly due to:

a) an increase in gross profit of the Group's business to RMB386.2 million (1H2025: RMB295.9 million), representing an increase of 30.5% or RMB90.3 million. The increase in gross profit was mainly due to the improvement in farming operational efficiency and the increase in the average selling price of beef; and

b) lower losses arising from changes in fair value less costs to sell of other biological assets. The Group recorded a loss of RMB74.0 million (1H2025: RMB462.4 million), representing a YoY decrease of RMB388.4 million.

During the Reporting Period, basic and diluted earnings per share of the Company were RMB0.11 (1H2025: loss per share of RMB0.54).

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 the shareholders of the Company (the "**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 profit/(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, and (vi) foreign exchange difference; and

ii. Profit/(loss) for the period (before biological assets fair value adjustments) is derived from profit/(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 ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit/(loss) for the period	**108,441**	(377,783)
Adjustments:		
Depreciation of property, plant and equipment	**85,688**	91,965
Depreciation of right-of-use assets	**15,809**	15,641
Amortisation of intangible assets	**610**	712
Interest expenses	**115,197**	147,027
Income taxes	**9,313**	6,275
Interest income	**(217)**	(524)
Losses arising from changes in fair value less costs to sell of other biological assets	**74,016**	462,425
Foreign exchange difference	**(5,502)**	(1,852)
Cash EBITDA	**403,355**	343,886

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit/(loss) for the period	**108,441**	(377,783)
Adjustments:		
Losses arising from changes in fair value less costs to sell of other biological assets	**74,016**	462,425
Profit for the period (before biological assets fair value adjustments)	**182,457**	84,642

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:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash flows from operating activities	**416,495**	500,263
Net cash flows used in investing activities	**(248,492)**	(162,907)
Net cash flows used in financing activities	**(223,100)**	(348,404)
Net decrease in cash and cash equivalents	**(55,097)**	(11,048)
Effects of foreign exchange rate changes, net	**(404)**	(10)
Cash and cash equivalents at the beginning of the period	**341,681**	281,921
Cash and cash equivalents at the end of the period	**286,180**	270,863

Net Cash Flows from Operating Activities

During the Reporting Period, net cash flows from operating activities was RMB416.5 million. For the 1H2025, net cash flows from operating activities were RMB500.3 million.

Net Cash Flows Used in Investing Activities

During the Reporting Period, net cash flows used in investing activities was RMB248.5 million, which was mainly attributable to (i) payments for biological assets of RMB306.4 million and (ii) payments for purchases of property, plant and equipment of RMB42.9 million, partially offset by the proceeds from the disposal of biological assets of RMB107.7 million.

For the 1H2025, 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.

Net Cash Flows Used in Financing Activities

During the Reporting Period, net cash flows used in financing activities was RMB223.1 million which was mainly attributable to (i) repayment of interest-bearing bank borrowings of RMB1,681.6 million, (ii) principal portion of lease payments of RMB47.4 million, and (iii) interest payment of RMB80.1 million, partially offset by new interest-bearing bank borrowings of RMB1,576.3 million.

For the 1H2025, 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.

Interest-Bearing Bank Borrowings

	30 June 2026			31 December 2025		
	Effective interest rate (%)	**Maturity**	***RMB'000*** **(Unaudited)**	Effective interest rate (%)	Maturity	*RMB'000* (Audited)
Current						
Bank loans – unsecured	**2.90**	**2027**	**9,500**	–	–	–
Bank loans – secured	**2.20-4.00**	**2026-2027**	**1,604,968**	2.60-4.35	2026	1,613,262
Current portion of long-term bank loans – secured	**2.85-7.64**	**2026-2027**	**293,105**	2.85-8.05	2026	261,778
			1,907,573			1,875,040
Non-current						
Bank loans – secured	**2.85-7.64**	**2027-2030**	**916,776**	2.85-8.05	2027-2030	1,050,130
			2,824,349			2,925,170

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Analysed into:		
Bank loans:		
Within one year or on demand	**1,907,573**	1,875,040
In the second year	**342,784**	324,980
In the third to fifth years, inclusive	**573,992**	725,150
	2,824,349	2,925,170

Contingent Liabilities and Pledge of Assets

As at 30 June 2026, 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 2026, trade receivables of RMB289,894,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2025: RMB223,449,000);

(ii) As at 30 June 2026, inventories of RMB546,000,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2025: RMB876,037,000);

(iii) As at 30 June 2026, property, plant and equipment of RMB317,869,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2025: RMB244,611,000);

(iv) As at 30 June 2026, biological assets of RMB2,973,169,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2025: RMB2,719,640,000);

(v) As at 30 June 2026, right-of-use assets of RMB12,444,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2025: RMB12,582,000);

(vi) As at 30 June 2026, shares of a subsidiary of RMB582,000,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2025: RMB582,000,000);

(vii) As at 30 June 2026, investments in certain subsidiaries of RMB1,529,996,000 were pledged to banks to secure certain bank borrowings granted to the Group (31 December 2025: RMB1,529,996,000); and

(viii) As at 30 June 2026, certain of the Group's bank loans amounting to RMB2,807,243,000 were guaranteed by the Company and certain subsidiaries of the Group (31 December 2025: RMB2,900,989,000).

Saved as disclosed in this announcement, the Group did not have any significant contingent liabilities as at 30 June 2026 and 31 December 2025.

Loan Agreements with Covenants Relating to Specific Performance of Controlling Shareholders

The Company and its subsidiaries have entered into certain facility agreements with several banks for term loan facilities, which provide, among other things, that it would constitute an event of default or the Group would need to obtain prior written consent of the lending bank if the controlling shareholders of the Company and certain other persons (taken as a group) ceases to (i) own at least 30 percent (whether owned directly or indirectly) of the issued share capital in the Company and/or be the single largest shareholder of the Company or (ii) have (a) the de facto ability to direct the affairs of the Company and (b) the de facto right to determine the composition of the Board, in each case, except with prior written consent of the facility agents (acting on the instructions of the financial institutions and such consent not to be unreasonably withheld).

As at 30 June 2026, the aggregate amount of loan facilities of the Group that may be affected by a breach of covenants tied to the controlling shareholders of the Company is approximately RMB2,588.66 million (equivalent to approximately USD375.54 million). The life of such loan facilities ranges from 6 months to 4 years.

Save as disclosed above, none of the Directors or controlling shareholders of the Company has an interest, directly or indirectly, in the above transaction, save through their shareholdings (if any) in the Company.

Foreign Currency Risk

The Group's exposure to foreign currency risk principally mainly relates to the Group's subsidiaries in the Chinese mainland and Singapore where some of the transactions are denominated in USD and SGD. The Company generally holds its cash and cash equivalents in RMB and make its borrowings mainly in RMB. In addition, the group has a USD6.9 million working capital loan and USD19.5 million term loan outstanding as at 30 June 2026.

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 remuneration package of the employees including salary, bonus, allowance, benefits in kind (including contributions to pension schemes), and pension or allowance on the retirement. In addition, the Company also adopts various share schemes.

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 RMB202.6 million (1H2025: RMB188.9 million), representing an increase of 7.3% YoY.

As at 30 June 2026, the Group had 2,681 employees (as at 31 December 2025: 2,692).

STRATEGIES AND PROSPECTS

Looking ahead to the second half of 2026 and beyond, the recovery cycle for China's dairy industry is set to continue, with the competitive advantages of large-scale leading enterprises being further amplified. Demand-driven dividends in the beef cattle sector are expected to persist, delivering a positive overall industry outlook. Nevertheless, risks remain, including volatile forage prices, uncertain recovery momentum for end-consumer demand, cyclical swings in livestock product prices and disease outbreaks in farms. The Group will remain focused on its core farming business through the quality and efficiency enhancement, prudent operations, and integrated industrial synergies and value creation, so as to consolidate its position as an industry leader.

Deepening Raw Milk Operations and Capturing Cyclical Recovery Dividends

The Group will continue to focus on the genetic improvement of its cattle herd and farming efficiency gains. It will optimise herd composition to raise the proportion of high-yield milkable cows, cementing its industry-leading position in milk yield and quality metrics. Seizing the window of recovering raw milk prices, the Group will deepen strategic cooperation with core clients and optimise product pricing and supply mix. Refined end-to-end cost control, iterative feed formulations and enhanced centralised procurement will counteract cost volatility and lift profitability of the raw milk segment. Concurrent upgrades to biosecurity systems and digital farming systems will secure stable output and consistent product quality.

Developing High-end Beef Cattle Operations and Maximising Industrial Synergy Value

The Group will further optimise its beef cattle herd genetics, focusing on breeds such as Angus and Wagyu and leveraging mature breeding technologies to enhance genetic stock and product premium potential. A market-driven flexible operating approach will be maintained, with dynamic adjustment of herd inventory and fattening schedules to contain operational risks. The Group will expand its roster of high-quality clients to strengthen brand recognition and product premium potential. It will also fully exploit synergies with its dairy cattle operations to maximise the value of existing assets and continuously raise the beef cattle segment's contribution to Group-wide earnings.

Enhancing In-house Integration and Improving Operational Efficiency through Genetic Breeding Technology and Feed Mill Operation

Animal breeding and 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 in vitro fertilisation and embryo transfer technologies to expand our core herd with traits such as higher AMY, a stable raw milk nutritional profile, higher feed digestibility, more lactations, lower morbidity and longevity. Supported by a robust genetic improvement program, we aim to achieve significant improvements in operational efficiency and product quality across our farms.

We also use our core herd to breed bulls with higher genetic characteristics for the industry and to enhance the genetics of the national dairy herd through high-quality frozen semen. While promoting the Company's transformation from "breed introduction and genetic improvement" to "in-house breeding", it enables our core herd to create greater economic benefits.

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 of feed costs.

Exercising Tight Controls over Capital Expenditure and Improving Financial and Cash Flow Quality

The Group will sustain its conservative investment policy and limit large-scale incremental capital expenditure. Capital allocations will prioritise upgrades to existing farms, equipment upgrades, genetic improvements and digital infrastructure rollout. The Group will refine its debt structure and treasury management framework, strengthen oversight of operating cash flow and steadily lift liquidity levels and overall financial robustness.

Advancing Digital Transformation

The Group will press ahead with smart digital farming upgrades, deploying data-driven refined management across the entire farming value chain to comprehensively boost operational efficiency.

Embedding Sustainability into Daily 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 environmental, social and governance (the "**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. More details can be found in our 2025 ESG report.

Actions for 2026

To execute the above development strategies, the Group will roll out a series of core operational initiatives throughout 2026.

Initiatives for raw milk business

(1) Accelerate genetic improvement of the cattle and, expand the proportion of genetically superior cattle to sustain higher milk yields and strengthen core product competitiveness through improved raw milk quality metrics;

(2) Deepen centralised bulk forage procurement and supply chain integration, and continuously refine feed formulations to reduce feeding costs;

(3) Strengthen long-term strategic cooperation with core clients, capitalise on the cyclical recovery of the industry, and gradually optimise product pricing and supply mix;

(4) Fully upgrade digital farming management and biosecurity systems to reduce risks of livestock disease and asset impairment, and maintain stable production capacity; and

(5) Precisely manage capital expenditure by prioritising quality upgrades to existing farms, while prudently evaluating new capacity opportunities to ensure efficient and robust asset operations.

Initiatives for beef cattle business

(1) Further optimise beef cattle herd genetics, including Angus and Wagyu breeds, and apply advanced breeding technologies to improve farming quality and production efficiency;

(2) Adopt market-aligned dynamic adjustments to herd inventory and fattening schedules, prioritising earnings quality and maintaining prudent control over farming scale; and

(3) Expand high-quality client base, covering premium catering and meat processing, diversify sales channels, and enhance brand influence and product premium potential.

Initiatives for ancillary businesses

For feed processing: continuously optimise product formulations and production techniques, prioritise internal cost reduction for the Group, and selectively develop external sales under controlled risk parameters.

For dairy products: refine product portfolios, focus on business-to-business channels, control operational and marketing expenses, and sustain steady profitability.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS OR DISPOSAL

During the Reporting Period and up to the date of this announcement, the Group held no significant investments, nor did it make any material acquisitions or disposals of subsidiaries, associates or joint ventures.

The Board confirmed that the Group's transactions in financial assets during the Reporting Period, on a standalone basis and aggregate basis, did not constitute notifiable transactions under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement issued by the Company on 29 July 2026. The Company has granted an aggregate of 4,080,000 share options to eligible grantees on 29 July 2026, subject to acceptance by the grantees, to subscribe for ordinary shares in the share capital of the Company under the share option scheme of the Company adopted by a resolution passed by the Shareholders at the annual general meeting held on 5 June 2024.

Save as disclosed above, there was no significant events affecting the Group subsequent to the Reporting Period and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Reference is made to the announcement issued by the Company on 21 July 2026. On 21 July 2026, Shanghai AustAsia Food Co., Ltd.* (上海澳雅食品有限公司) (the "**Purchaser**"), being a wholly-owned subsidiary of the Company, and Meiji (China) Investment Co., Ltd.* (明治(中國)投資有限公司) (the "**Vendor**") entered into a conditional sale and purchase agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire equity interest (the "**Sale Equity Interest**") in a wholly-owned subsidiary of the Vendor to be established in the PRC (the "**Target Company**") for the purpose of holding the business of the Target Company, for a consideration consisting of the base purchase price of RMB320,000,000 and the adjustment amount (if any), subject to a cap on the purchase price of RMB350,000,000.

The Board believes that the acquisition of the Sale Equity Interest (the "**Acquisition**") represents a strategic opportunity for the Group to expand its business scope beyond raw milk production and strengthen its position across the dairy value chain.

The Acquisition is still in progress and subsequent circular and announcement will be published in accordance with the Listing Rules. Upon fulfillment of the conditions precedent and the completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

Save as disclosed above, the Group has no other plans for material investments or capital assets.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares as defined in the 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 2026.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the Reporting Period (1H2025: nil).

PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules as at the date of this announcement. The Company maintained the minimum level of public float of 25% of its total number of issued shares.

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 the Appendix C1 to the Listing Rules as the basis of corporate governance practices.

The Company will continue reviewing and monitoring its corporate governance practices regularly to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices. To the best knowledge of the Directors, the Company has complied with all the applicable code provisions as set out in the CG Code during the Reporting Period and up to the date of this announcement.

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.

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.

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 CG 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 Ms. Gabriella SANTOSA, and two independent non-executive Directors, namely Messrs. SUN Patrick and CHANG Pan, Peter. Mr. SUN Patrick, possessing the appropriate professional qualifications, serves as 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 Reporting Period 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 as well as the website of the Company at www.austasiadairy.com. The Company's interim report for the six months ended 30 June 2026 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.
YANG Ku
Executive Director and Chief Executive Officer

Hong Kong, 31 August 2026

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