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AUSTASIA

AustAsia Group Ltd.

澳亞集團有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Stock Code: 2425)

PROFIT WARNING

This announcement is made by AustAsia Group Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company’s board of directors (the “**Board**”) wishes to inform the Company’s shareholders and potential investors that, based on the preliminary assessment of the Group’s unaudited consolidated management accounts (the “**Management Accounts**”) for the six months ended 30 June 2023 (the “**Period**”), the Group expects to record a consolidated net loss of approximately USD 40 million to USD 50 million, compared with the net profit of approximately USD 30 million for the six months ended 30 June 2022.

The expected loss is attributable principally to:

- (i) A loss arising from changes in fair value less costs to sell of biological assets (the “**Revaluation Loss**”). For the Period, the Revaluation Loss is expected to be ranging from approximately USD55 million to USD65 million, as compared to the USD2 million gain arising from changes in fair value less costs to sell of biological assets (the “**Revaluation Gain**”) for the same period of 2022. The Revaluation Loss was mainly attributable to the decreases in selling price of raw milk and the increase in feed costs for the past 12-month period; and
- (ii) Weak demand for raw milk and dairy products and the relatively low market price for raw milk in China during the Period. The Group’s average selling price of raw milk for the Period was approximately 8% lower compared with the same period of 2022. Meanwhile, compared to the same period of 2022, the feed cost per kg of raw milk increased by approximately 7% for the Period, resulting in a gross profit margin decrease.

However, since the Group has adopted measures to lower the feed costs in March 2023, the feed costs have started to decrease. Compared to the 1st quarter, the gross profit margin showed improvement in the 2nd quarter. The Group has also made further improvement in milk yield and commenced feed processing through its in-house feed mill during the Period.

Mainly due to the Revaluation Loss, as referred to in the paragraph (i) above, the Group expects to record a consolidated net loss of approximately USD 40 million to USD 50 million for the Period.

The Board hereby reminds the shareholders of the Company and potential investors that the information set out in this announcement is based on a preliminary assessment with reference to the information currently available to the Board and has not been reviewed by the audit committee of the Company, the independent auditor and the valuer of the Company, respectively, and may differ with the actual interim results for the Period of the Group. Shareholders of the Company and potential investors are advised to carefully read the interim results announcement of the Group for the six months ended 30 June 2023, which is expected to be published in August 2023 in accordance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 23 July 2023

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

* *For identification purpose only*