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ZHENGYE INTERNATIONAL HOLDINGS COMPANY LIMITED

正業國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 3363)

**CLARIFICATION ANNOUNCEMENT
IN RELATION TO
THE 2023 ANNUAL REPORT**

Reference is made to the annual report of Zhengye International Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2023 published on 23 April 2024 (“**Annual Report**”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Annual Report.

The Company wishes to clarify that:

- (i) page 68 of the Annual Report shall be amended as follows (with amendments underlined):

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
OPERATING ACTIVITIES		
(Loss) profit before tax	(17,678)	76,867
Adjustments for:		
Finance costs	52,434	59,600
Interest income	(4,318)	(3,731)
Impairment losses reversed on trade and other receivables, net	(419)	(2,146)
Depreciation of property, plant and equipment	108,243	109,278
Depreciation of right-of-use assets	10,958	15,370
Amortisation of intangible assets	3,106	2,313
Loss on disposals of property, plant and equipment, net	1,381	817
Exchange gain on borrowings	–	(1,928)
Government grants amortised from deferred income	(3,400)	(12,110)
Operating cash flows before movements in working capital	150,307	244,330
Decrease (increase) in inventories	20,433	(12,441)
Increase in trade and other receivables	(378,602)	(89,379)
(Increase) decrease in contract assets	(1,447)	6,173
Increase in trade and other payables	77,264	18,808
Increase (decrease) in contract liabilities	2,975	(867)
Increase (decrease) in amounts due to directors	2,782	(197)
Cash (used in) generated from operations	(126,288)	166,427
Income tax refunded (paid)	5,515	(17,665)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(120,773)	148,762

This clarification announcement is supplemental to and shall be read in conjunction with the Annual Report.

Save as disclosed in this announcement, the Board confirms that the above amended information does not affect the other information contained in the Annual Report and the contents of the Annual Report remain unchanged.

By Order of the Board
Zhengye International Holdings Company Limited
Hu Zheng
Chairman

Hong Kong, 13 May 2024

As at the date of this announcement, the Board comprised Mr. Hu Zheng, Mr. Hu Hancheng (Mr. Hu Jianjun as his alternate), Mr. Hu Hanchao (Mr. Tan Xijian as his alternate), Mr. Hu Jianpeng and Ms. Chen Wei as executive Directors, Ms. Hu Jianwen as non-executive Director and Mr. Chung Kwok Mo John, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian as independent non-executive Directors.

This announcement is prepared in both English and Chinese. In the event of inconsistency, the English text of the announcement shall prevail over the Chinese text.