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MODERN FARMING
现代牧业

China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1117)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

HIGHLIGHTS:

The Group's corporate vision is "deploying the whole industry chain, being innovative with digital intelligence, and being a global dairy farming leader". We remain committed to raw milk production as our core business while guiding our development through digitalization and ecological practices. Our operations span the entire dairy industry chain, encompassing dairy farming, feed production, forage plantation, breeding business, and a digital intelligence platform for the value chain. This comprehensive approach lays a solid foundation for the Group's sustainable and stable growth. Facing a challenging market environment, the Group proactively implemented cost-reduction and efficiency-enhancing measures during the year, achieving significant results. These efforts further strengthened our core competitiveness and resilience against industry cyclical fluctuations. During the year, the Group recorded cash EBITDA of RMB2,986 million, an increase of approximately RMB490 million or 19.6% compared to 2023.

- **Continued Raw Milk Business Growth:** During the year, the average annualized milk yield (“AMY”) per milkable cow and total milk production reached record highs, and raw milk sales revenue also increased. The average AMY per milkable cow reached 12.8 tons, a year-on-year (“yoy”) increase of 1.6%, leading the industry. Total raw milk yield reached 3.005 million tons, demonstrating a yoy increase of 16.1%. Raw milk sales revenue reached RMB10.45 billion, a yoy increase of 1.9%. The gross profit margin of the raw milk business was 31.2%, representing an increase of 2.8 percentage points (“ppt”) compared to 2023, while the gross profit increased by RMB344 million compared to 2023, demonstrating an increase of 11.8%.
- **Healthy Debt Structure:** Due to the significant losses from the fair value revaluation of dairy cows and goodwill impairment, the Group’s debt-to-asset ratio reached 67.2%, an increase of 4.9 ppt compared to the end of 2023. Nevertheless, the Group has actively responded to changes in the domestic and international financing markets, continuously optimizing its debt structure and reducing financing costs. The proportion of interest-bearing borrowings maturing in more than one year further increased to 79.5%, while the financing cost rate decreased to 3.40% during the year, ensuring the stability of the Group’s debt structure.
- **Significant Achievements in Breeding:** The Group has taken on the responsibility as an industry leader by increasing investment in breeding research, contributing to the pivotal turnaround in China’s breeding industry, and safeguarding national breeding security. The Group independently developed the “Modern No. 1” Genomic Germplasm “Chip”, filling in the domestic commercial dairy cows genomic germplasms market. Its Tongliao Farm and Shanghe Farm have been approved as National Core Dairy Cattle Breeding Farms. The Group has independently bred 15 elite bulls and will further expand its independent breeding program to secure China's technological independence in critical breeding technologies.
- **Stable Rating Outlook:** Modern Dairy has been awarded a “BBB” investment grade credit rating by Standard & Poor’s for four consecutive years, with a stable outlook. This not only facilitates the Group to obtain more competitive financing terms and also underscores the capital market’s confidence in the Company’s sustained growth and financial stability. At the same time, it highlights the credit rating agency’s strong recognition of the Company’s large-scale dairy farming model.
- **Outstanding ESG Performance:** MSCI Inc., one of the world’s largest index companies, upgraded Modern Dairy’s rating to BBB, marking a significant three-level jump within a year. Modern Dairy was also successfully selected into the S&P Global Sustainability Yearbook (China Edition) 2024, highlighting our achievements and influence in the global sustainable development field.
- **Excellent Product Quality:** Modern Dairy’s brand of pure milk has also won the gold medal at the Monde Selection Quality Awards for eleven consecutive years. We always abide by the mission of “raising healthy cows, safeguarding every drop of good milk”. From forage grass planting, cows breeding to milk processing, the Group utilises digital intelligence to carry out 24/7 all-weather monitoring of each link in the whole dairy value chain to ensure the quality and safety of raw milk.

(All amounts in Renminbi (“**RMB**”) millions unless otherwise stated)

	2024	2023	Change
FINANCIAL DATA			
Revenue	13,254	13,458	-1.5%
Gross Profit	3,451	3,128	+10.3 %
Cash EBITDA <i>(Note 1)</i>	2,986	2,496	+19.6%
Loss Arising from Changes in the Fair Value of Dairy Cows Less Costs to Sell			
Dairy Cows	(2,863)	(1,280)	+123.6%
Impairment Loss on Goodwill	(599)	–	N/A
(Loss) Profit for the Year	(1,469)	185	N/A
Net Asset Value per Share <i>(RMB)</i> <i>(Note 2)</i>	1.20	1.42	-15.5%
(Loss) Earning per Share (Basic) <i>(RMB cents)</i>	(18.09)	2.23	N/A
KEY OPERATING DATA			
Total Raw Milk Sold <i>(ten thousand tons)</i>	289.3	254.7	+13.6%
Herd Size <i>(heads)</i>	491,169	450,562	+9.0%
Average Milk Yield <i>(tonnes/head•year)</i>	12.8	12.6	+1.6%

DIVIDEND

The Board recommended the payment of a final dividend of RMB0.0122 per ordinary share (2023: RMB0.0045).

Notes:

- (1) Cash EBITDA is defined as earnings before finance costs and tax having added back: i) depreciation and amortisation charged to profit and loss; ii) other gains and losses, net; iii) impairment losses under expected credit loss model, net of reversal; iv) loss arising from changes in fair value less costs to sell of dairy cows; and v) impairment loss on goodwill.
- (2) Equity attributable to owners of the Company at the year end divided by the number of ordinary shares in issue as at 31 December 2024 and 31 December 2023, respectively.

In this announcement, “we”, “us” and “our” refer to the Company (as defined below) and unless the context otherwise requires, the Group (as defined below).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Modern Dairy Holdings Ltd. (the “**Company**” or “**Modern Dairy**”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 (the “**year**”), together with comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
Revenue	5	13,254,341	13,458,223
Cost of sales	8	(12,759,500)	(13,008,256)
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest		<u>2,956,624</u>	<u>2,678,046</u>
Gross profit		3,451,465	3,128,013
Loss arising from changes in fair value less costs to sell of dairy cows		(2,862,562)	(1,280,373)
Impairment loss on goodwill		(599,240)	–
Other income	7	278,252	221,126
Impairment losses under expected credit loss (“ECL”) model, net of reversal	10	(18,686)	(17,278)
Other gains and losses, net	8	84,811	5,173
Selling and distribution costs		(445,108)	(377,784)
Administrative expenses		(766,215)	(852,386)
Other expenses		(78,097)	(72,309)
Share of results of associates and a joint venture		<u>9,842</u>	<u>(3,939)</u>
(Loss) profit before finance costs and tax	8	(945,538)	750,243
Finance costs	9	<u>(528,674)</u>	<u>(521,247)</u>
(Loss) profit before tax		(1,474,212)	228,996
Income tax credit (expense)	11	<u>4,777</u>	<u>(43,562)</u>
(Loss) profit for the year		<u><u>(1,469,435)</u></u>	<u><u>185,434</u></u>

	2024	2023
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive (expense) income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	(16,974)	(48,887)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>4,390</u>	<u>4,839</u>
Other comprehensive expense for the year, net of income tax	<u>(12,584)</u>	<u>(44,048)</u>
Total comprehensive (loss) income for the year	<u>(1,482,019)</u>	<u>141,386</u>
(Loss) profit for the year attributable to:		
Owners of the Company	(1,416,753)	175,159
Non-controlling interests	<u>(52,682)</u>	<u>10,275</u>
	<u>(1,469,435)</u>	<u>185,434</u>
Total comprehensive (loss) income for the year attributable to:		
Owners of the Company	(1,429,282)	131,091
Non-controlling interests	<u>(52,737)</u>	<u>10,295</u>
	<u>(1,482,019)</u>	<u>141,386</u>
(Loss) earnings per share (RMB)	13	
Basic	(18.09) cents	2.23 cents
Diluted	<u>(18.09) cents</u>	<u>2.21 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,549,795	6,264,934
Right-of-use assets		2,559,449	2,198,546
Goodwill		1,819,377	2,417,915
Other intangible assets		37,353	40,866
Interests in associates and a joint venture		615,712	771,047
Equity instruments at FVTOCI		40,368	57,342
Biological assets		12,435,776	11,927,977
Prepayments	<i>14</i>	36,015	12,914
Derivative financial instruments		179,846	117,991
Pledged bank deposits		–	32,089
Bank balances		577,498	677,843
Deferred tax assets		10,704	6,677
		<u>25,861,893</u>	<u>24,526,141</u>
CURRENT ASSETS			
Inventories		3,130,762	2,940,968
Trade and other receivables and prepayments	<i>14</i>	1,840,205	1,935,932
Derivative financial instruments		–	460
Pledged bank deposits		31,017	9,913
Bank balances		3,059,213	1,963,627
		<u>8,061,197</u>	<u>6,850,900</u>
Assets classified as held for sale		17,460	17,203
		<u>8,078,657</u>	<u>6,868,103</u>
CURRENT LIABILITIES			
Derivative financial instruments		–	3,017
Trade and other payables	<i>15</i>	5,364,424	5,534,188
Tax payable		4,869	42,309
Bank borrowings		2,371,072	2,206,484
Other borrowings		559,491	353,251
Long term bonds		32,476	35,536
Lease liabilities		238,667	238,925
Other liabilities		27,179	9,856
Contract liabilities		13,687	26,648
Deferred income		17,855	12,570
		<u>8,629,720</u>	<u>8,462,784</u>
NET CURRENT LIABILITIES		<u>(551,063)</u>	<u>(1,594,681)</u>

		2024	2023
	Note	RMB'000	RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>25,310,830</u>	<u>22,931,460</u>
CAPITAL AND RESERVES			
Share capital		675,869	675,869
Reserves		<u>8,855,143</u>	<u>10,525,116</u>
Equity attributable to owners of the Company		9,531,012	11,200,985
Non-controlling interests		<u>1,591,784</u>	<u>641,779</u>
TOTAL EQUITY		<u>11,122,796</u>	<u>11,842,764</u>
NON-CURRENT LIABILITIES			
Derivative financial instruments		1,083	17,342
Other payables	15	3,121	5,201
Bank borrowings		6,888,188	5,183,959
Other borrowings		1,385,597	193,974
Long term bonds		3,226,314	3,523,467
Lease liabilities		2,195,031	1,781,170
Other liabilities		253,122	160,531
Deferred tax liabilities		10,375	13,389
Deferred income		<u>225,203</u>	<u>209,663</u>
		<u>14,188,034</u>	<u>11,088,696</u>
		<u>25,310,830</u>	<u>22,931,460</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

China Modern Dairy Holdings Ltd. (the “**Company**”) was incorporated and registered in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 26 November 2010. The registered office of the Company is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands.

As at 31 December 2024, China Mengniu Dairy Co., Ltd. (“**Mengniu**”) and its wholly-owned subsidiary together owned 56.36% of the issued share capital of the Company. Mengniu and its subsidiaries are hereinafter collectively referred to as “**Mengniu Group**”.

The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in production and sales of milk, trading, production and sales of feeds. The Company and its subsidiaries are hereinafter collectively referred to as the “**Group**”.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

(a) Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“**IASB**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts of Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to IAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows.

In addition, IFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by IAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

In preparation of the consolidated financial statements for the year ended 31 December 2024, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by RMB551,063,000 (2023: RMB1,594,681,000). Taking into account, (i) the available credit facilities of approximately RMB6,541,132,000 which remain unutilised as at 31 December 2024 and of which, an amount of RMB1,000,000,000 is from Inner Mongolia Mengniu Dairy (Group) Company Limited ("**Inner Mongolia Mengniu**"), a subsidiary of Mengniu, and the remaining facilities are from licensed banks; (ii) the expected net cash inflows generated from the Group's operations for the next twelve months, the Directors are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

Fair value measurements of biological assets

The Group's biological assets are measured at fair value less costs to sell at the end of the reporting period. The Group uses valuation techniques that include inputs that are not based on market observable data to estimate the fair value of biological assets. For heifers and calves, the fair value is determined based on the 14 months old heifers' local market selling prices and adjusted by estimated feeding costs for heifers and calves older or younger than 14 months. For milkable cows, the fair value is determined by using the multi-period excess earning method with key inputs including the discount rate, the estimated feed costs per kilogram ("**kg**") of raw milk, estimated average daily milk yield at each lactation cycle and the estimated future market price of raw milk. Any changes in the inputs may affect the fair value of the Group's biological assets significantly. The carrying amount of the Group's biological assets as at 31 December 2024 was RMB12,435,776,000 (2023: RMB11,927,977,000).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGUs to which goodwill has been allocated, which is the higher of its value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs, a suitable pre-tax discount rate and the growth rate used to extrapolate the cash flows beyond the budget period in order to calculate the present value. Where the actual future cash flows are less than expected or when there is a downward revision to the estimated future cash flows due to changes in facts and circumstances, further impairment loss may arise.

As at 31 December 2024, the carrying amount of goodwill is RMB1,819,377,000 (2023: RMB2,417,915,000), net of accumulated impairment loss of RMB812,669,000 (2023: RMB213,429,000).

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

		2024 RMB'000	2023 RMB'000
Segments	Types of goods or service		
Raw milk business	Raw milk	10,454,371	10,263,657
Integrated dairy farming solutions	Feeds and farm supplies	2,731,106	3,143,070
Integrated dairy farming solutions	Breeding products and platform services	68,864	51,496
		<u>13,254,341</u>	<u>13,458,223</u>
Timing of revenue recognition			
At a point in time		13,220,310	13,436,007
Overtime		34,031	22,216
		<u>13,254,341</u>	<u>13,458,223</u>
Geographical markets			
Chinese Mainland		12,966,550	13,173,701
Other countries		287,791	284,522
		<u>13,254,341</u>	<u>13,458,223</u>

(ii) **Performance obligations for contracts with customers and revenue recognition policies**

For the sales of raw milk, revenue is recognised when control of the raw milk has been transferred, being at the point the customer received and accepted the raw milk, the normal credit term of which is 30 days.

For the sale of feeds and farm supplies and breeding products, revenue is recognised when control of these goods has been transferred. This occurs either when the customer receives them or when they are dispatched, depending on the contract terms. The typical credit term is between 30 and 90 days.

Revenue from platform services is mainly recognised over time. The advance payments received for such services are recorded as contract liabilities and recognised as revenue on a straight-line basis over the service period.

(iii) **Transaction price allocated to the remaining performance obligation for contracts with customers**

Sales of raw milk, feeds and farm supplies, breeding products and platform services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iv) **Information about major customers**

Revenue from customers contributing over 10% of the total sales of the Group is as follows:

	2024 RMB'000	2023 RMB'000
Customer A		
Raw milk	9,617,092	9,518,407
Others	<u>2,685</u>	<u>–</u>

6. SEGMENT INFORMATION

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”), in order to allocate resources and to assess performance. In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. The previous offline feed business and digital intelligence platform business and the newly commenced sales of breeding products are reported to CODM as a whole. Information reported to CODM for the purposes of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Prior year segment disclosures have been represented to conform with the current year’s presentation

The Group’s reportable segments under IFRS 8 are as follows:

- Raw milk business – raising and breeding dairy cows to produce and sell raw milk.
- Integrated dairy farming solutions business – trading, production and sales of feeds and breeding products, provision of platform services through digital intelligence platform.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 December 2024

	Raw milk business <i>RMB'000</i>	Integrated dairy farming solutions business <i>RMB'000</i>	Total reportable segments <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue					
External sales	10,454,371	2,799,970	13,254,341	–	13,254,341
Inter-segment sales	–	2,507,925	2,507,925	(2,507,925)	–
Segment (loss) profit	<u>(1,296,762)</u>	<u>38,533</u>	<u>(1,258,229)</u>	<u>(32,376)</u>	<u>(1,290,605)</u>
Share of profit of associates					4,532
Unallocated other income					1,209
Unallocated other gains and losses					84,399
Unallocated expenses					<u>(273,747)</u>
Loss before tax					<u><u>(1,474,212)</u></u>

For the year ended 31 December 2023

	Raw milk business <i>RMB'000</i>	Integrated dairy farming solutions business <i>RMB'000</i>	Total reportable segments <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue					
External sales	10,263,657	3,194,566	13,458,223	–	13,458,223
Inter-segment sales	–	2,307,954	2,307,954	(2,307,954)	–
Segment profit (loss)	<u>499,487</u>	<u>39,820</u>	<u>539,307</u>	<u>(14,959)</u>	<u>524,348</u>
Share of profit of associates					17,097
Unallocated other income					12,551
Unallocated other gains and losses					23,763
Unallocated expenses					<u>(348,763)</u>
Profit before tax					<u><u>228,996</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit before tax earned by each segment without allocation of central administration expenses, corporate income and expenses, certain other gains and losses and share of results of associates that are not directly attributable to operating segments. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance. Inter-segment revenue is charged at prices agreed between group entities, which are determined by reference to the prices offered to third party customers.

Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Other segment information

For the year ended 31 December 2024

	Raw milk business <i>RMB'000</i>	Integrated dairy farming solutions business <i>RMB'000</i>	Total reportable segments <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Amounts included in the measure of segment profit or loss:					
Depreciation and amortisation charged to profit or loss	486,326	37,488	523,814	11,855	535,669
Impairment losses of trade and other receivables	–	18,650	18,650	36	18,686
Loss on disposal of property, plant and equipment	13,771	1,459	15,230	1,028	16,258
Share of loss (profit) of associates and a joint venture	5,810	(11,120)	(5,310)	(4,532)	(9,842)
Impairment loss on goodwill	599,240	–	599,240	–	599,240
Fair value gain on derivative financial instruments	–	–	–	(59,689)	(59,689)
Finance costs	503,288	25,386	528,674	–	528,674
Interest income	(70,959)	(4,384)	(75,343)	–	(75,343)
Loss arising from changes in fair value less costs to sell of dairy cows	2,862,562	–	2,862,562	–	2,862,562
Income tax expense (credit)	–	10,841	10,841	(15,618)	(4,777)

For the year ended 31 December 2023

	Raw milk business RMB'000	Integrated dairy farming solutions business RMB'000	Total reportable segments RMB'000	Unallocated RMB'000	Consolidated RMB'000
Amounts included in the measure of segment profit or loss:					
Depreciation and amortisation charged to profit or loss	394,407	38,561	432,968	20,139	453,107
Impairment losses of trade and other receivables	–	17,092	17,092	186	17,278
Loss on disposal of property, plant and equipment	12,075	6	12,081	–	12,081
Loss on disposal of other intangible assets	–	12,386	12,386	–	12,386
Share of loss (profit) of associates and a joint venture	25,934	(4,898)	21,036	(17,097)	3,939
Fair value gain on derivative financial instruments	–	–	–	(95,699)	(95,699)
Finance costs	490,463	30,784	521,247	–	521,247
Interest income	(64,239)	(3,266)	(67,505)	–	(67,505)
Loss arising from changes in fair value less costs to sell of dairy cows	1,280,373	–	1,280,373	–	1,280,373
Income tax expense	–	11,455	11,455	32,107	43,562

Geographical information

The Group's operations are located in Chinese Mainland and the United States of America ("USA").

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (Note)	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese Mainland	12,938,600	13,103,259	24,939,956	23,508,297
USA	315,741	354,964	113,521	125,902
	<u>13,254,341</u>	<u>13,458,223</u>	<u>25,053,477</u>	<u>23,634,199</u>

Note: Non-current assets excluded financial instruments and deferred tax assets.

7. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income	75,343	67,505
Government grants related to		
– Assets	100,311	89,582
– Others (<i>Note</i>)	<u>53,764</u>	<u>37,934</u>
	154,075	127,516
Others	<u>48,834</u>	<u>26,105</u>
	<u>278,252</u>	<u>221,126</u>

Note: These government grants are unconditional government subsidies received by the Group from relevant government bodies for the purpose of giving immediate financial support to the Group's operation.

8. (LOSS) PROFIT BEFORE FINANCE COSTS AND TAX

(Loss) profit before finance costs and tax is arrived at after charging (crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of sales:		
Breeding costs to produce raw milk	7,197,211	7,350,674
Raw milk fair value adjustments included in		
cost of sales	2,956,624	2,678,046
Cost of feeds and farm supplies sold	2,587,236	2,962,537
Cost of breeding products sold and		
platform services	<u>18,429</u>	<u>16,999</u>
	<u>12,759,500</u>	<u>13,008,256</u>

	2024 RMB'000	2023 RMB'000
Other gains and losses, net:		
Net foreign exchange loss	57,516	77,638
Loss on disposal of property, plant and equipment	16,258	12,081
Loss on termination of lease agreements	3,940	10
Loss on disposal of other intangible assets	72	12,386
Gain on disposal of assets classified as held for sale	–	(4,470)
Loss on liquidation of a subsidiary	–	215
Gain on remeasurement of previously held equity interests	(15,212)	(5,050)
Fair value loss (gain) on derivative financial instruments:		
Foreign currency forward contracts	1,508	59,371
Foreign currency option contracts	(16,259)	(74,430)
Capped and floored cross currency swap	(44,938)	(80,640)
Changes in provision for obligation to return dairy cows	(3,318)	(4,034)
Fair value gain on commitment to non-controlling interests	(41,935)	–
Gain on partial redemption of long term bonds	(20,901)	–
Bargain purchase arose in the acquisition of business	(26,204)	–
Others	4,662	1,750
	<u>(84,811)</u>	<u>(5,173)</u>
Depreciation of property, plant and equipment	729,435	652,610
Depreciation of right-of-use assets	200,605	152,552
Amortisation of other intangible assets	9,201	9,249
Less: capitalised in biological assets	<u>(403,572)</u>	<u>(361,304)</u>
Depreciation and amortisation charged to profit or loss	<u>535,669</u>	<u>453,107</u>
Short-term lease expense	22,196	25,238
Less: capitalised in biological assets	<u>(7,936)</u>	<u>(10,662)</u>
Short-term lease expense charged to profit or loss	<u>14,260</u>	<u>14,576</u>
Employee benefits expense:		
Salaries and allowances	1,058,834	1,004,636
Retirement benefit schemes contributions	93,433	82,346
Equity-settled share award expense	51,711	50,049
Less: capitalised in biological assets	<u>(362,992)</u>	<u>(309,840)</u>
Employee benefits charged to profit or loss	<u>840,986</u>	<u>827,191</u>
Auditors' remuneration	<u>4,350</u>	<u>4,250</u>

9. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expenses on:		
Bank borrowings	311,324	330,525
Long term bonds	83,110	82,744
Short term debenture	–	986
Other borrowings	37,231	18,855
Lease liabilities	97,009	72,402
	<hr/>	<hr/>
Total borrowing cost	528,674	505,512
Fair value loss on interest rate swaps	–	15,735
	<hr/>	<hr/>
	528,674	521,247
	<hr/>	<hr/>

10. IMPAIRMENT LOSSES UNDER ECL MODEL NET OF REVERSAL

	2024 RMB'000	2023 RMB'000
Impairment losses recognised in respect of:		
Trade receivables	18,650	17,216
Other receivables	36	62
	<hr/>	<hr/>
	18,686	17,278
	<hr/>	<hr/>

11. INCOME TAX (CREDIT) EXPENSE AND DEFERRED TAXATION

Income tax (credit) expense

	2024 RMB'000	2023 RMB'000
Current tax:		
PRC Enterprise Income Tax	16,049	18,634
Other jurisdiction	1,378	3,897
(Over) under provision in respect of prior years:		
PRC Enterprise Income Tax	(15,033)	36,142
Deferred tax:	<hr/>	<hr/>
	(7,171)	(15,111)
	<hr/>	<hr/>
	(4,777)	43,562
	<hr/>	<hr/>

The Company is incorporated as an exempted company and as such is not subject to Cayman Islands taxation.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the statutory income tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdiction.

According to the prevailing tax rules and regulation of the EIT Law, 58 subsidiaries of the Group is exempted from enterprise income tax for taxable profit from the operation of agricultural business in the PRC for the year ended 31 December 2024 (2023: 49 subsidiaries).

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. Deferred taxation has not been provided for in the consolidated financial statements in respect of the accumulated profits of the PRC subsidiaries amounting to RMB4,924,126,000 as at 31 December 2024 (31 December 2023: RMB5,348,821,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The income tax (credit) expense for the current year can be reconciled to (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
(Loss) profit before tax	<u>(1,474,212)</u>	<u>228,996</u>
Tax at applicable income tax rate at 25 % (2023: 25%)	(368,553)	57,249
Effect of tax exemption granted to agricultural business subsidiaries	(48,066)	(261,171)
Effect of unutilised losses incurred from agricultural business subsidiaries and other non-deductible expenses	427,777	202,376
Effect of different tax rates of entities operating in other jurisdictions	(56)	(2,615)
Effect of tax losses not recognised	1,784	12,497
Utilisation of tax losses previously not recognised	(2,630)	(916)
(Over) under provision in respect of prior years	<u>(15,033)</u>	<u>36,142</u>
Income tax (credit) expense	<u>(4,777)</u>	<u>43,562</u>

As at 31 December 2024, the Group's PRC subsidiaries had unused tax losses of RMB120,626,000 (2023: RMB124,598,000) incurred by non-agricultural business in the PRC. These unused tax losses as at 31 December 2024 will expire in year 2025 to year 2029 as disclosed in the following table if not utilised. No deferred tax asset has been recognised in relation to such tax losses as it is not probable that taxable profit will be available against which the tax losses can be utilised.

12. DIVIDENDS

During the year, a final dividend of RMB0.0045 per share in respect of the year ended 31 December 2023 (2023: RMB0.0142 per share in respect of the year ended 31 December 2022) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current year amounted to RMB34,888,000 (2023: RMB111,997,000) and was appropriated from the Company's distributable share premium.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of RMB0.0122 per share has been proposed by the board of directors and is subject to approval by the shareholders in the forthcoming general meeting.

13. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(Loss) profit		
(Loss) profit for the year attributable to owners of the Company	<u>(1,416,753)</u>	<u>175,159</u>
(Loss) profit for the purpose of basic and diluted (loss) earnings per share	<u><u>(1,416,753)</u></u>	<u><u>175,159</u></u>
	2024 <i>Shares</i>	2023 <i>Shares</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	7,832,195,355	7,861,049,217
Effect of dilutive potential ordinary shares:		
Share awards	<u>—</u>	<u>51,084,645</u>
	<u><u>7,832,195,355</u></u>	<u><u>7,912,133,862</u></u>

The number of shares adopted in the calculation of the basic earnings per share has been arrived at after adjusting the effect of shares repurchased by the Company and the shares held under the Company's share award scheme. The calculation of diluted loss per share for the period ended 31 December 2024 has not taken into account the effect of the share awards of the Company and the effect of the option granted to China Agricultural since the assumed vesting and exercise would result in decrease in loss per share.

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Trade receivables	1,482,187	1,549,119
Bills receivable	67	6,657
Less: allowance for credit losses	<u>(37,730)</u>	<u>(19,107)</u>
	1,444,524	1,536,669
Prepayments for feeds, materials, insurance and others	149,104	198,359
Prepayments for property, plant and equipment	36,015	12,914
Input value added tax recoverable	8,548	4,666
Short term entrusted loans to associates (<i>Note</i>)	176,724	94,786
Guarantee deposit paid	34,692	29,624
Receivables from selling biological assets	3,507	36,785
Others	<u>23,106</u>	<u>35,043</u>
	<u>1,876,220</u>	<u>1,948,846</u>
Analysed as:		
Current	1,840,205	1,935,932
Non-current	<u>36,015</u>	<u>12,914</u>
	<u>1,876,220</u>	<u>1,948,846</u>

Note: As at 31 December 2024 and 2023, the Group granted entrusted loans to certain associates with the annual interest rate of 4.35%-5.00% which will mature in 1 year.

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB1,631,200,000.

As at 31 December 2024, the Group's trade receivables with carrying amount of RMB4,830,000 (2023: RMB12,925,000) were pledged to secure certain borrowings of the Group.

Trade receivables at the end of the reporting period principally represent receivables from sales of raw milk, feeds and farm supplies. The Group allows a credit period of 30 days to its customers of raw milk and no more than 90 days to its customers of feeds and farm supplies.

The following is an aged analysis of trade receivables and bills receivable, net of allowance for credit losses, presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates at the end of the reporting period:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables		
– within 30 days	1,262,507	1,360,978
– beyond 30 days but within 90 days	154,081	126,007
– beyond 90 days but within 1 year	27,869	43,027
Bills receivable		
– within 30 days	5	572
– beyond 30 days but within 90 days	62	6,085
	<u>1,444,524</u>	<u>1,536,669</u>

15. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	1,574,929	1,373,517
Trade payables under supplier finance arrangements (<i>Note i</i>)	2,319,535	3,022,045
Bills payables (<i>Note ii</i>)	–	41,870
	<u>3,894,464</u>	4,437,432
Payable for acquisition of property, plant and equipment	867,058	481,547
Accrued staff costs	353,843	358,533
Receipts in advance from disposal of dairy cows	9,227	8,418
Guarantee deposits	155,183	159,955
Payables for acquisition of subsidiaries	11,985	29,101
Others	75,785	64,403
	<u>5,367,545</u>	<u>5,539,389</u>
Analysed as:		
Current	5,364,424	5,534,188
Non – current	3,121	5,201
	<u>5,367,545</u>	<u>5,539,389</u>

Notes:

- i. These supplier finance arrangements permit certain suppliers of the Group to be paid a discounted amount by certain financial companies earlier than the due date. The Group repays the financial companies the full amount on the originally scheduled payment due date and does not bear any finance costs. As the arrangements do not permit the Group to extend payment terms from financial companies by paying financial companies later than the credit period which the Group would have paid its suppliers, the Group considers amounts payable to financial companies should be classified as trade payables. In the consolidated statement of cash flows, settlements of these trade payables are included within operating cash flows based on the nature of the arrangements. Range of payment due dates of liabilities that are part of supplier finance arrangements approximates the range of due dates of comparable trade payables that are not part of supplier finance arrangements.

As at 31 December 2024, suppliers have already received RMB2,202,242,000 payments from the finance providers.

- ii. Bills payables are with maturities within twelve months from the respective issuance dates.

The credit period granted by suppliers for trade purchases is generally within 180 days (2023: 180 days). The following is an aged analysis of trade payables based on invoice dates at the end of the reporting period:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 180 days	3,850,902	4,357,309
Beyond 180 days but within 360 days	14,855	26,751
Beyond 360 days	28,707	11,502
	<u>3,894,464</u>	<u>4,395,562</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

The Chinese dairy industry faced significant challenges in 2024. Falling raw milk prices, weak consumer demand, and lower beef prices led to declining profits for dairy farmers and milk processors. The price of fresh milk experienced a three-year decline, weakening enthusiasm for upstream dairy farming and resulting in a decrease in raw milk production. According to the National Bureau of Statistics, China's total raw milk output in 2024 was 40.79 million tons, a 2.8% yoy decrease, which marks the first decline since 2018. Domestic demand for dairy products also weakened, leading to a 1.9% yoy decrease in dairy product output, totaling 29.62 million tons.

Although the average annual prices of feed ingredients like corn and soybean meal decreased by 14.8% and 21.3% respectively, providing some relief to dairy farming costs, the persistently low raw milk prices kept farming profitability at a low level.

In response to these difficulties, the Chinese government implemented supportive policies to boost industry confidence and stabilize market expectations. The “No. 1 Central Document” explicitly called for improving liquid milk standards, regulating the labeling of reconstituted milk, and promoting fresh milk consumption. Subsequently, the Ministry of Agriculture and Rural Affairs and six other departments jointly issued the “Notice on Promoting the Stable Development of Beef and Dairy Cattle Production”. Several major dairy-producing provinces have also introduced specific implementation guidelines, including subsidies for fresh milk powder production, dairy cattle breeding subsidies, loan interest discounts, and encouragement of mergers and acquisitions, to help farmers and businesses reduce costs and stabilize production.

In the international market, according to Chinese customs data, China's total imports of dairy products in 2024 were 2.768 million tons, a 9.5% yoy decrease, marking the third consecutive year of significant decline. Notably, starting in May 2024, the average price of imported whole milk powder (WMP), when converted to raw milk equivalent, exceeded the domestic raw milk acquisition price. This trend continued throughout the year. By December, the price of WMP converted to liquid milk was approximately RMB4.2 per kg, while the market price in major domestic raw milk producing areas was only RMB3.1 per kg. This reflects a temporary imbalance between domestic raw milk supply and demand and has encouraged dairy companies to reduce their reliance on imported dairy products. As a result, the raw milk self-sufficiency rate in 2024 rose to 72%, a 1 ppt increase compared to 2023, achieving a third consecutive year of growth.

BUSINESS REVIEW

The Group is a leader among dairy cow farming operators and raw milk producers in China. We produce and provide high-quality raw milk to customers for processing into a variety of premium dairy products in China. We have established long-term and stable strategic cooperation relationships with large dairy manufacturing enterprises, joining forces to strive for the development of the Chinese dairy industry.

The Group's corporate vision is "deploying the whole industry chain, being innovative with digital intelligence, and being a global dairy farming leader". We remain committed to raw milk production as our core business while guiding our development through digitalization and ecological practices. Pursuing the mission of "raising healthy cows, safeguarding each and every drop of milk", we are dedicated to the health of our people.

With the support of the solid core business of raw milk, the Group has been expanding into feeds, forage grass, intelligent digital platforms, breeding and other businesses in a steady and orderly manner. The Group has optimized resource utilization during the period and consolidated its business into two major business segments: (1) the raw milk business, and (2) the integrated dairy farming solutions business. The synergistic benefits between the segments are maximized following the consolidation of businesses, laying a solid foundation for the Group's high-quality and sustainable development.

Raw Milk Business

Facing a challenging market environment, the Group proactively implemented cost-reduction and efficiency-enhancing measures during the period, achieving significant results. These efforts further strengthened our core competitiveness and resilience against industry cyclical fluctuations. During the period, we proactively accelerated the elimination of low-yielding and inefficient cows to improve herd structure and increase dairy cow milk yield. Moreover, the Group has also further strengthened its quality farm management, focusing on increasing the ratio of core dairy cows and the overall health level of the dairy cows, resulting in significant improvements in key operational indicators during the period and the solid development of the core business of raw milk.

Herd Size

As at 31 December 2024, the Group invested and operated a total of 47 dairy farming companies with 491,169 dairy cows in Chinese Mainland (2023: 450,562 heads) spanning 13 provinces and autonomous regions, representing a yoy increase of 9.0%. The Group is a leading dairy farming operator and raw milk producer in terms of herd size in Chinese Mainland. The proportion of milkable cows to the total number of dairy cows increased by 2.6 ppt to 51.1% in 2024 (2023: 48.5%) yoy, which is in line with the Group's overall herd management strategy. To further enrich the Group's raw milk product mix and reinforce our raw milk core business, the Group operated 5 large-scale organic raw milk farms. The number of dairy cows was 41,926, of which 30,939 were from the four newly acquired organic raw milk farms during the year. The Group will continue to optimize and adjust its herd structure so as to achieve sustainable, healthy and stable development.

	2024	2023
	<i>Heads</i>	<i>Heads</i>
Dairy cows		
Milkable cows	250,894	218,711
Heifers and calves	240,275	231,851
Total	491,169	450,562

Milk Yield

During the year, the Group recorded AMY of 12.8 tons per milkable cow (2023: 12.6 tons), representing a yoy increase of 1.6%, maintaining sustained growth. The total annual milk production of the Group grew by 16.1% yoy to 3.005 million tons (2023: 2.588 million tons). The total organic raw milk yield was 115,000 tons, of which 69,000 tons was produced from the four newly acquired organic raw milk farms during the year. The increase in milk yield was attributable to effective herd management, genetic enhancement over generations, the extension of peak lactation period of dairy cows, frequency of lactation, breed, comfort level, health and feed mix. The Company continuously researches and optimizes each factor, inviting foreign and domestic cow experts to regularly station and give guidance at the farms from time to time.

INTEGRATED DAIRY FARMING SOLUTIONS

The integrated dairy farming solutions business covers the entire dairy farming value chain, including feed, forage grass, breeding and intelligent digital platforms, and we strive to provide one-stop professional services for dairy farming operators and facilitate small and medium-sized operators in the industry to improve their dairy farms' operational efficiency and bring economic benefits.

Feeds and Forage Grass Business

High-quality feeds and forage grass are the essential factors for the health and high yield of dairy cows, and both are the key cost components in the dairy farming industry. Therefore, a high-quality, low-cost, continuous and stable supply is crucial to farms. While ensuring the supply of high-quality forage grass for our own farms, the Group is committed to creating value in the value chain, deepening its involvement in feeds trade and pioneering forage grass planting, providing high-quality forage grass and corresponding services to domestic small and medium-sized farms, and thus promoting the sustained and healthy development of the dairy farming industry of China.

In terms of feeds trading, the Group continues to develop relationships with high-quality downstream customers, establish strategic cooperation and continuously improve product offerings. It also actively identifies upstream suppliers and strengthens close cooperation with large domestic feeds companies to ensure high product quality, stable supply, customer stickiness, and achieve multi-win value marketing.

In terms of forage grass plantation, the Group has established four plantation bases covering an area reaching 66,000 mu, with an annual output reaching 30,000 tons of high-quality forage grass and cooperated with third-party companies to improve saline-alkali land, involving an area of 15,000 mu; we cooperated with farmers and have controlled such land area of over 1 million mu. In terms of feeds and forage grass production and processing, the Group owns five production and processing plants in China, and has jointly built and operated three feed production plants with large domestic feed companies. It also has produced high-quality alfalfa and operated three processing and production bases in four major states in the United States, and can supply more than 200,000 tons of high-quality forage grass annually.

Intelligent Digital Platform

The Aiyangniu e-commerce platform has the mission of “making dairy farming greener, simpler and more efficient”. Its vision is “gathering global resources, empowering digital intelligence and creating a world- class dairy value chain sharing platform”, with the cornerstone advantage of having “the strongest financing platform, the best empowerment platform, the best resource platform and the largest e-commerce platform”. Through in-depth collaboration to reduce costs, the Group has built an integrated value chain service platform to improve supply chain and channel capabilities.

In 2024, there were significant increases in both the transaction amount and transaction volume through the Aiyangniu e-commerce platform. Meanwhile, another intelligent digital system, the Yunyangniu, embraces production, breeding, management and other data on dairy cows and focuses on digital farming in farms. Through digital systems and hardware links, such system breaks through data barriers, accurately forecasts the demand of dairy cows, and lays the foundation for accurate data requirements for a digitally intelligent supply chain, so as to comprehensively improve digital and intelligent breeding capabilities and technical service capabilities and understand the status of each cow, thereby opening a new era of “digital cattle breeding”.

Breeding Business

The Group actively responded to the national call by continuously increasing investment in the breeding business and improving the self-owned rate of core breeding sources, and made every effort to promote the genetic improvement of dairy cows to enhance breeding technology and achieve self-sufficiency. The Group independently developed the “Modern No. 1” Genomic Germplasm “Chip”, filling in the domestic commercial dairy cows genomic germplasms market. The Group continues to promote independent breeding and cultivation of breeding bulls and build national-level core breeding farms for dairy cows, and actively participated in the genetic improvement project of millions of cows in the Ningxia Hui Autonomous Region.

FINANCIAL OVERVIEW

SALES REVENUE

Business Analysis

The following table sets forth the details of the consolidated revenue for the years ended 31 December:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Raw milk business	10,454,371	10,263,657
Integrated dairy farming solutions	<u>2,799,970</u>	<u>3,194,566</u>
Consolidated revenue	<u><u>13,254,341</u></u>	<u><u>13,458,223</u></u>

During the year, the Group recorded sales revenue of RMB13,254.3 million (2023: RMB13,458.2 million), representing a yoy decrease of 1.5%. Among which, the sales revenue of raw milk amounted to RMB10,454.4 million (2023: RMB10,263.7 million), representing a yoy increase of 1.9%. The sales revenue of the integrated dairy farming solutions business amounted to RMB2,800.0 million (2023: RMB3,194.6 million), representing a yoy decrease of 12.4%.

Raw Milk Business

The following table sets forth the details of sales revenue, sales volume and average selling price (“ASP”) of raw milk for the years indicated:

	2024			2023		
	Sales	Sales	ASP	Sales	Sales	ASP
	revenue	volume		revenue	volume	
	<i>RMB'000</i>	<i>tons</i>	<i>RMB/ton</i>	<i>RMB'000</i>	<i>tons</i>	<i>RMB/ton</i>
Raw milk	<u><u>10,454,371</u></u>	<u><u>2,893,271</u></u>	<u><u>3,613</u></u>	<u><u>10,263,657</u></u>	<u><u>2,546,924</u></u>	<u><u>4,030</u></u>

The Group’s total revenue of the sales of raw milk increased by 1.9% yoy to RMB10,454.4 million during the year (2023: RMB10,263.7 million). The increase was mainly due to the comprehensive impact of the increase in sales volume of raw milk and the decrease in ASP of raw milk.

ASP of raw milk has decreased by 10.4% yoy to RMB3.61/kg during the year (2023: RMB4.03/kg). This was mainly due to the downward trend of selling prices in the domestic raw milk market.

Total sales volume of raw milk increased by 13.6% yoy to approximately 2.893 million tons during the year (2023: 2.547 million tons), mainly due to the increase in the number of milkable cows and the rise in AMY per milkable cow.

Integrated Dairy Farming Solutions Business

During the year, sales revenue of the integrated dairy farming solutions amounted to RMB2,800.0 million (2023: RMB3,194.6 million), representing a yoy decrease of 12.4%. Mainly affected by weakened market demand, in order to control operational risks effectively, the Group proactively adjusted the sales strategy in a timely manner, increased customer screening efforts, and focused on high-quality customers. Although the revenue scale has declined in the short term, the management expects that the integrated dairy farming solutions will continue to contribute to the profits of the Group and improve the layout of the value chain, enhance the resilience of the value chain, and help the Group achieve high-quality, sustainable and stable development.

COST OF SALES

The following table sets forth the breakdown of the cost of sales of our products for the years indicated:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Raw milk business	7,197,211	7,350,674
Integrated dairy farming solutions	<u>2,605,665</u>	<u>2,979,536</u>
Total cost of sales	<u><u>9,802,876</u></u>	<u><u>10,330,210</u></u>

During the year, the Group's cost of sales amounted to RMB9,802.9 million (2023: RMB10,330.2 million), representing a yoy decrease of 5.1%, mainly due to the decrease in cost of sales of raw milk and the decrease in sales scale of integrated dairy farming solutions.

Raw Milk Business

During the year, the cost of sales of raw milk business amounted to RMB7,197.2 million (2023: RMB7,350.7 million), representing a yoy decrease of 2.1%, mainly due to the decrease in the feed cost of raw milk.

During the year, we continued to strengthen our lean management of farms. The Company has lowered operating costs through improving formula, adjusting feed mix, enhancing health of cows, raising AMY per milkable cow, broadening sources of income and reducing expenditure concurrently. Benefiting from falling prices of key bulk feedstuffs, the Group kept the average unit cost of raw milk before inter-segment offset at RMB2.53/kg (2023: RMB2.92/kg), representing a yoy decrease of RMB0.39/kg, where the average feed cost of raw milk amounted to RMB1.95/kg (2023: RMB2.34/kg), representing a yoy decrease of RMB0.39/kg, mainly due to the decrease in feed prices. The Group's cost-control ability maintains at an industry-leading level.

Integrated Dairy Farming Solutions Business

During the year, the cost of sales of integrated dairy farming solutions amounted to RMB2,605.7 million (2023: RMB2,979.5 million), representing a yoy decrease of 12.5%, mainly due to the decrease in sales scale of integrated dairy farming solutions, which is in line with the decrease in sales revenue of integrated dairy farming solutions.

Overall Gross Profit and Profitability

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

	2024		2023	
	Gross profit RMB'000	Gross profit margin	Gross profit RMB'000	Gross profit margin
Raw milk business	3,257,160	31.2%	2,912,983	28.4%
Integrated dairy farming solutions	194,305	6.9%	215,030	6.7%
Total	<u>3,451,465</u>	<u>26.0%</u>	<u>3,128,013</u>	<u>23.2%</u>

The Company's financial performance is highly correlated with market prices and costs of raw milk and also affected by the milk yield of each milkable cow. In general, when milk prices increase, the Company's profitability will increase correspondingly under normal operation condition. When milk yield improves, the unit cost of sales of raw milk will correspondingly decrease.

The gross profit of the Group's raw milk business amounted to RMB3,257.2 million (2023: RMB2,913.0 million), representing an increase of 11.8% yoy, which was mainly due to the increase in the sales volume of raw milk. Gross profit margin of raw milk business reached 31.2% (2023: 28.4%), representing a yoy lift of 2.8 ppt, resulting from the increase in sale volume and effective cost control. The gross profit of the Group's integrated dairy farming solutions was RMB194.3 million (2023: RMB215.0 million), representing a yoy decrease of 9.6%, mainly due to the decrease in sales scale of integrated dairy farming solutions. Gross profit margin of the Group's integrated dairy farming solutions stood at 6.9% (2023: 6.7%), representing a yoy lift of 0.2 ppt.

Losses Arising from Changes in Fair Value Less Costs to Sell of Dairy Cows

Losses arising from changes in the fair value of dairy cows less costs to sell dairy cows were RMB2,862.6 million during the year (31 December 2023: RMB1,280.4 million), representing an increase of 123.6% yoy. During the year, the Group proactively accelerated the strategic elimination of low-yielding and inefficient cows to improve its herd structure. However, due to the decrease in market prices for eliminated cows and the market prices for raw milk, the re-assessment in fair value of the dairy cows recorded a relatively substantial loss.

Gains Arising on Initial Recognition of Raw Milk at Fair Value Less Costs to Sell at the Point of Harvest

During the year, the gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest amounted to RMB2,956.6 million (2023: RMB2,678.0 million), representing an increase of 10.4% yoy, mainly due to the increase in the sales volume of raw milk.

International Financial Reporting Standards requires that raw milk harvested was initially measured at fair value less costs to sell, and the difference between the fair value less costs to sell and the actual costs incurred was booked to profit or loss account.

Other Income

During the year, other income amounted to RMB278.3 million (2023: RMB221.1 million), representing an increase of 25.8% yoy, which mainly consisted of government grants and interest income, of which interest income accounted for RMB75.3 million (2023: RMB67.5 million), while the government grants amounted to RMB154.1 million (2023: RMB127.5 million). Government grants mainly consisted of subsidies for agricultural projects and subsidies for the operations of the Group.

	2024 RMB'000	2023 RMB'000
Interest income	75,343	67,505
Government grants related to		
– Assets	100,311	89,582
– Others	53,764	<u>37,934</u>
	154,075	127,516
Others	48,834	<u>26,105</u>
Total	278,252	<u>221,126</u>

Operating Expenses

	2024 RMB'000	2023 RMB'000
Selling and distribution costs	445,108	377,784
Administrative expenses	766,215	<u>852,386</u>
Total operating expenses	1,211,323	<u>1,230,170</u>

The total operating expenses was RMB1,211.3 million during the year (2023: RMB1,230.2 million), representing a decrease of 1.5% yoy. The analysis is as follows:

- ***Selling and distribution costs***

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Transportation costs and others	424,094	356,712
Taxes and surcharges	21,014	21,072
Total selling and distribution costs	<u>445,108</u>	<u>377,784</u>

Selling and distribution costs mainly consisted of transportation costs for sales of raw milk, transportation costs and other expenses (mainly salaries and other daily expenses of the sales department) for integrated dairy farming solutions, as well as taxes and surcharges related expenses. During the year, the Group's selling and distribution costs stood at RMB445.1 million (2023: RMB377.8 million), a yoy increase of RMB67.3 million or 17.8% which was mainly due to the increase in the Group's raw milk sales volume.

- ***Administrative expenses***

Administrative expenses mainly included remuneration of management staff (including equity-based share award expenses) and depreciation charges of office buildings, staff quarters and facilities, and other daily administrative expenses. During the year, the Group's administrative expenses amounted to RMB766.2 million (2023: RMB852.4 million), representing a decrease of RMB86.2 million or 10.1% yoy, as the Group continued to strengthen cost reduction and efficiency improvement, simplify processes, and reduce administrative expenses correspondingly.

IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

During the year, the impairment losses under expected credit loss model, net of reversal of the Group amounted to RMB18,686 thousand (2023: RMB17,278 thousand). The Group has assessed the corresponding expected credit loss of its trade receivables based on the principle of prudence, resulting in an increase in expected credit losses based on the expected credit loss model. However, it does not indicate the ultimate actual losses.

	2024 RMB'000	2023 RMB'000
Impairment losses recognised in respect of:		
Trade receivables	18,650	17,216
Other receivables	<u>36</u>	<u>62</u>
Total	<u>18,686</u>	<u>17,278</u>

Other Gains and Losses, Net

During the year, net gains arising from other gains and losses amounted to RMB84.8 million (2023: net gains of RMB5.2 million) mainly consisting of net amount of foreign exchange (gains)/losses, fair value (gain)/loss on derivative financial instruments. The breakdown of other gains and losses is as follows:

	2024 RMB'000	2023 RMB'000
Other gains and losses, net:		
Net foreign exchange loss	57,516	77,638
Losses on disposal of property, plant and equipment	16,258	12,081
Losses on termination of lease agreements	3,940	10
Loss on disposal of other intangible assets	72	12,386
Gain on disposal of assets classified as held for sale	–	(4,470)
Loss on liquidation of a subsidiary	–	215
Gains on remeasurement of previously held equity interests	(15,212)	(5,050)
Fair value loss/(gain) on derivative financial instruments		
Foreign currency forward contracts	1,508	59,371
Foreign currency option contracts	(16,259)	(74,430)
Capped and floored cross currency swap	(44,938)	(80,640)
Changes in provision for obligation to return dairy cows	(3,318)	(4,034)
Fair value gain on commitment to non-controlling interests	(41,935)	–
Gain on partial redemption of long term bonds	(20,901)	–
Bargain purchase arose in the acquisition of business	(26,204)	–
Others	<u>4,662</u>	<u>1,750</u>
Total	<u>(84,811)</u>	<u>(5,173)</u>

Finance Costs

During the year, the Group's finance costs amounted to RMB528.7 million (2023: RMB521.2 million), representing an increase of 1.4% yoy. Among which, 1) the financial costs for interest-bearing borrowings were RMB431.7 million (2023: RMB433.1 million), approximately the same as the last year; and 2) the financial costs for lease liabilities were RMB97.0 million (2023: RMB72.4 million), a yoy increase of 34.0%, which was mainly due to the increase in the scale of lease liabilities.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's cash EBITDA amounted to RMB2,985.8 million during the year (2023: RMB2,495.8 million), representing an increase of 19.6% yoy. The cash EBITDA margin was 22.5% (2023: 18.5%), with a yoy increase of 4.0 ppt.

Taking into account the above factors, loss attributable to owners of the Company amounted to RMB1,416.8 million during the year (2023: profit of RMB175.2 million).

During the year, basic loss per share of the Company (the “Share”) was RMB18.09 cents (2023: earnings of RMB2.23 cents per Share). Diluted loss per Share was RMB18.09 cents (2023: earnings of RMB2.21 cents per Share).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2024, the net gearing ratio, which was calculated on the basis of the amount of total interest-bearing borrowings less cash and deposit assets as a percentage of the total equity, was 97.1% (as at 31 December 2023: 74.4%) with a yoy increase of 22.7 ppt, mainly because the Group has actively seized the opportunities in the domestic and international financing markets, where it appropriately increased interest-bearing borrowings, continuously optimizing its debt structure and reducing financing costs.

As at 31 December 2024, the Group's available and unutilised credit facilities were approximately RMB6,541.1 million. Having considered (i) cash flow forecast from operating activities of continuing operation; (ii) existing financial resources and gearing level of the Group, the Directors believe that the Group's financial resources are sufficient to meet its debt repayment, day-to-day operations, contracted capital expenditures as at 31 December 2024.

FINANCIAL MANAGEMENT POLICIES

The Group mainly operates its business in Chinese Mainland, and the foreign exchange risks related to its operations are not significant. Even so, the Group still strictly monitors and controls potential financial risks. The Group's major financial instruments include equity instruments at FVTOCI, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, bank borrowings, other borrowings, long term bonds, derivative financial instruments and certain other liabilities. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk.

The Group was primarily subject to foreign currency risk from the movement of the exchange rates between RMB against USD. We manage the foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into foreign currency option contracts or capped and floored cross currency swap, when necessary, to manage its foreign exchange exposure.

We manage the interest rate risk (if any) by performing regular reviews of the Group's net interest rate exposures and may enter into interest rate swap contracts, when necessary, to manage its interest rate exposure.

For credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action if necessary is taken to recover overdue debts.

The management believes the risks associated with the financial instruments were properly managed and didn't pose material impact to the Group's operation.

GROUP STRUCTURE

Save for disclosed in this report, during the year, there was no material change in the structure of the Group.

CAPITAL STRUCTURE

As at 31 December 2024, the total number of ordinary shares in issue of the Company was 7,915,662,048 shares (31 December 2023: 7,915,662,048 shares).

As at 31 December 2024, the net assets attributable to owners of the Company amounted to approximately RMB9,531.0 million (31 December 2023: approximately RMB11,201.0 million), the net borrowings of the Group (total interest-bearing borrowings less cash and deposit assets) amounted to approximately RMB10,795.4 million (31 December 2023: approximately RMB8,813.2 million).

CAPITAL COMMITMENTS

As at 31 December 2024, the Group's capital commitments in relation to the acquisition of property, plant and equipment amounted to RMB247.2 million (31 December 2023: RMB281.1 million) with a decrease of RMB33.9 million yoy.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As at 31 December 2024, the Group had approximately 9,007 employees (31 December 2023: 8,873 employees) in the PRC and Hong Kong. As a result of continuous expansion of the Group's business scale, the number of employees increased during the year, and the total staff costs of the Group amounted to (excluding equity-settled share award expense) approximately RMB1,152.3 million (2023: RMB1,087.0 million).

A defined contribution plan is a pension plan under which the Group pays fixed contributions to publicly administered pension insurance plans on a mandatory basis. Payments to defined contribution retirement benefit under the state-managed retirement benefit schemes in the PRC (the “**State-managed Retirement Benefit Schemes**”) are charged as an expense when employees have rendered service entitling them to the contribution. The PRC employees of the Group are eligible members of the State-managed Retirement Benefit Schemes operated by the government of the PRC. The employees of the PRC subsidiaries of the Company are required to contribute in accordance with employee pension insurance and other insurance benefits requirements on monthly basis to the State-managed Retirement Benefit Schemes to fund the benefits. The only obligation of the Group with respect to the State-managed Retirement Benefit Schemes is to make the required contributions under the schemes. Employees in Hong Kong are provided with retirement benefits, under the Mandatory Provident Fund scheme and medical insurance.

In 2024, based on business development needs, the Group continued to optimize its human resources strategy with the goal of building a system for striving towards industry leadership. It focused on three core initiatives: upgrading the value-driven mechanism, deeply integrating functional and business operations, and enhancing business-oriented thinking. These efforts aim to establish the Modern Dairy 6+1 Excellence Operations Management System, advancing the Company's management towards a scientific and standardized framework. By upgrading the performance management system, building an honor-driven system, and innovating a company-wide performance competition mechanism, the Group fully activates the organization, enhances team cohesion and creativity, and develops a first-class talent pipeline to realize a talent-driven strategy. At the same time, the Group strictly complies with all relevant laws and regulations while offering competitive compensation and diverse benefit policies. It prioritizes employee health and safety, striving to create a happy workplace that attracts and retains talent. By sharing the Company's business achievements, the Group aims to achieve high-quality development goals together with its employees.

SOCIAL RESPONSIBILITY

Upholding the principle of “safety and quality come first”, the Group is proactive when it comes to fulfilling its social responsibility. The Group devotes great effort to strike a balance between business growth and social responsibility, so as to convey the Group's care and blessing to all stakeholders. The Group is committed to improving the quality of its products by providing consumers with a commitment to provide healthy, safe, nutritious and high-quality dairy products. Meanwhile, it adheres to the production principle of energy conservation and environmental protection.

The Group actively promotes the economic development of the surrounding areas where the farms are located and increases the income of local residents. The Group actively implements the precise poverty alleviation policy, responds to the call of poverty alleviation, and is devoted to poverty alleviation within the industry and society. Firstly, the contracts of silage planting were signed with local farmers in the farming areas to reduce the impact of natural disasters on crop harvest and simultaneously solve the local employment problem. The Group's farms provide multiple jobs throughout the country, effectively alleviating the pressure of surplus rural labor force and increasing the income of local farmers. The Group also undertakes social responsibility and promotes local economic development through measures such as making direct donation of materials, money and paying visits to nursing homes. During the year, the Group has made charitable and other donations amounted to approximately RMB2.33 million.

PROSPECTS

Looking ahead, the Group will continue to cultivate the dairy farming industry, focusing on market demand and continuously enhancing our core competitiveness to build a sustainable business model. We will concentrate on the robust growth of our core business while actively exploring new growth opportunities, striving to create a more resilient, efficient, and socially responsible modern animal husbandry group.

Our development strategy will revolve around the following three aspects:

1. **Strengthening Core Business:** We will continuously improve product quality, optimize raw milk composition, and enhance production efficiency. Through technological innovation and lean procurement, we will reduce production costs, promote environmentally friendly and low-carbon practices, and ensure the stable development and profitability of our core business.
2. **Expanding New Business:** We will deepen our focus on breeding, strengthen farming techniques, and actively expand our feed business by improving forage quality and yield to enhance overall efficiency. Simultaneously, we will explore supply chain finance services to provide more comprehensive support to upstream and downstream partners.
3. **Exploring Cattle Farming Service Chain:** We will explore services ranging from breeding calves to selling mature milkable cow, management output, technical training, and consulting services. We aim to establish a product-based business model covering the entire industry chain, providing one-stop solutions for our customers.

We will continue to implement cost control and lean management, drive development through innovation, and actively embrace digitalization, intelligent technologies, and sustainable development within a modern animal husbandry system. At the same time, we will actively fulfill our social responsibilities, providing consumers with safe and healthy fresh milk, contributing to the development of the industry, and striving to become a leading animal husbandry group with international competitiveness.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (“**CG Code**”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Company has, throughout the year and up to the date of this announcement, complied with the code provisions set out in the CG Code except for the deviation from code provisions C.1.6.

Code provision C.1.6 of the CG Code provides that non- executive Directors should attend general meetings and develop a balanced understanding of the views of the shareholders of the Company. Mr. Li Shengli, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 12 June 2024 due to other business arrangements. The views of the Shareholders had been reported to Mr. Li after the annual general meeting.

Save as disclosed above, the Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with all applicable code provisions of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the code of conduct regarding securities transactions by Directors adopted by the Company during the year.

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

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year, except that the trustee of the share award scheme of the Company, pursuant to the rules of which, purchased on the open market of the Main Board of the Hong Kong Stock Exchange a total of 71,585,000 (2023: 62,123,000 shares) ordinary shares of the Company as restricted shares at a consideration of approximately HK\$57,494,000 (equivalent to RMB52,590,000) (2023: HK\$48,488,000 (equivalent to RMB44,470,000)).

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.0122 (2023: RMB0.0045) per ordinary share for the year ended 31 December 2024. Upon shareholders' approval at the forthcoming annual general meeting of the Company, which will be held on Thursday, 12 June 2025 (the "**2025 AGM**"), the proposed final dividend will be paid on or about Friday, 27 June 2025 to shareholders whose names appear on the register of members of the Company on Friday, 20 June 2025. Currently, the Company is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

No interim dividend was paid during the year (2023: nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 9 June 2025 to Thursday, 12 June 2025, both days inclusive, for the purpose of ascertaining shareholders' eligibility to attend and vote at 2025 AGM. In order to be eligible to attend and vote at 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 6 June 2025.

The register of members of the Company will be closed from Wednesday, 18 June 2025 to Friday, 20 June 2025, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at the same address as set out above not later than 4:30 p.m. on Tuesday, 17 June 2025.

EVENTS AFTER THE REPORTING PERIOD

Issue of Domestic Short-term Debentures in the PRC by a Subsidiary

Reference is made to the announcement dated 9 January 2025 (the “**Announcement**”, terms used in this section shall have the same meanings as defined in the Announcement), that Modern Farming (Group) Co., Ltd.* (現代牧業(集團)有限公司) (the “**Issuer**”), a non-wholly owned subsidiary of the Company has obtained the approval from the National Association of Financial Market Institutional Investors to issue domestic short-term debentures of principal amount RMB200 million at 2.1% per annum with 365 days tenure in the PRC.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 25 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, namely Mr. Lee Kong Wai, Conway and Mr. Chow Ming Sang and one non-executive Director, Mr. Zhang Ping. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company, and discussed the risk management and internal control systems and financial reporting matters including the review of the audited results for the year ended 31 December 2024.

PUBLICATION OF THE ANNUAL REPORT

The annual report of the Group for the year ended 31 December 2024 will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.moderndairyir.com) in due course.

BOARD OF DIRECTORS

As of the date of this announcement, the executive Directors are Mr. Sun Yugang and Mr. Zhu Xiaohui, the non-executive Directors are Mr. Zhao Jiejun (Chairman), Mr. Zhang Ping, Mr. Chen Yiyi and Ms. Gan Lu, and the independent non-executive Directors are Mr. Li Shengli, Mr. Lee Kong Wai, Conway and Mr. Chow Ming Sang.

APPRECIATION

The Board would like to take this opportunity to express gratitude to our shareholders and the public for their continued support, and to all staff for their industrious work and commitment.

On behalf of the Board
China Modern Dairy Holdings Ltd.
Mr. Zhao Jiejun
Chairman

Hong Kong, 25 March 2025