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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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

**HIGHLIGHTS**

The Group's corporate vision is "deploying the whole industry chain, be innovative with digital intelligence, and be a global dairy farming leader". With the raw milk production as its core business, the Group has built a business system covering the entire value chain of the dairy industry through the dual drives of digital transformation and ecological development. The Group's current business scope covers breeding research and development, forage plantation, feed, dairy cows breeding and value chain digital intelligence platform. Through the collaborative development model of the entire value chain, the Group's business maintained a steady growth trend.

- **Excellent Product Quality:** Modern Dairy's brand of pure milk has won the gold medal at the Monde Selection Quality Awards for twelve 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 node in the whole dairy value chain to ensure every drop of milk is of the highest quality and is both nutritious and safe.

- **Strong Operating Cash Flow:** The Group has continuously taken effective measures to enhance quality and increase efficiency, achieving significant cost savings during the period. The Group recorded net cash from operating activities of RMB490.0 million, an increase of 23.3% compared to the same period in 2024, enhancing the Group's core competitiveness and resilience to industry cycles.
- **Healthy Dairy Cow Structure:** As at 30 June 2025, the Group raises a total of 472,480 dairy cows, representing a year-on-year (“yoy”) increase of 6.2%, and the proportion of milkable cows to the total number of dairy cows increased by 3.5 percentage point (“ppt”) to 54.1% as compare to same period last year, which are in line with the Group's overall herd management strategy.
- **Continued Raw Milk Business Growth:** During the period, the average annualized milk yield (“AMY”) per milkable cow and total milk production reached record highs. The average AMY per milkable cow reached 13.2 tons, a yoy increase of 1.5%, leading the industry. The total raw milk yield reached 1.661 million tons, representing a yoy increase of 14.6%, for the period.
- **Outstanding ESG Performance:** MSCI Inc., one of the world's largest index companies, has upgraded Modern Dairy's rating to A, ranking it first among Chinese livestock companies. Furthermore, we were again selected into the S&P Global Sustainability Yearbook (China Edition) 2025, highlighting our achievements and influence in the global sustainable development field.

## INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

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).

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

	Six months ended 30 June		Period to
	2025	2024	Period
	(unaudited)	(unaudited)	Change
FINANCIAL DATA			
Revenue	6,072.5	6,418.5	-5.4%
Cash EBITDA <i>(Note 1)</i>	1,476.5	1,515.0	-2.5%
Loss for the period	(983.8)	(207.2)	N/A
Net cash from operating activities	490.0	397.5	+23.3%
Net asset value per share (RMB) <i>(Note 2)</i>	1.08	1.35	-20.0%
Loss per share (basic) (RMB cents)	(11.67)	(2.91)	N/A
KEY OPERATION DATA			
Herd size (heads)	472,480	444,859	+6.2%
Average annualised milk yield (tons/head • year)	13.2	13.0	+1.5%
Milk yield (ten thousand tons)	166.1	145.0	+14.6%

Notes:

- (1) Cash EBITDA is defined as earnings before finance costs and tax having added back: i) depreciation and amortisation charged to profit or loss; ii) other gains and losses, net; iii) impairment losses under expected credit loss model, net of reversal; and iv) loss arising from changes in fair value less costs to sell of dairy cows.
- (2) Equity attributable to owners of the Company at the period end divided by the number of ordinary shares in issue at the end of the reporting periods, defined as of 30 June 2025 and 30 June 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of China Modern Dairy Holdings Ltd. (the “**Company**” or “**Modern Dairy**”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025, together with comparative figures for the corresponding period in 2024. The interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and the Group’s auditor KPMG.

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

*For the six months ended 30 June 2025*

		Six months ended 30 June	
		2025	2024
	Note	RMB’000	RMB’000
		(unaudited)	(unaudited)
<b>Revenue</b>	4	<b>6,072,518</b>	6,418,499
Cost of sales		(5,842,037)	(6,148,307)
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest		<u>1,373,132</u>	<u>1,407,547</u>
<b>Gross profit</b>		<b>1,603,613</b>	1,677,739
Loss arising from changes in fair value less costs to sell of dairy cows		(1,822,852)	(1,151,149)
Other income	5	134,620	158,442
Selling and distribution costs		(214,055)	(214,671)
Administrative expenses		(338,972)	(359,012)
Impairment losses on trade and other receivables	9	(8,655)	629
Other gains and losses, net	6	(16,708)	(53,651)
Other expenses		(8,670)	(25,443)
Share of profits less losses of associates and a joint venture		(8,367)	20,300
<b>(Loss)/profit before finance costs and taxation</b>		<b>(680,046)</b>	53,184
Finance costs	7	<u>(292,427)</u>	<u>(244,427)</u>
<b>Loss before taxation</b>		<b>(972,473)</b>	(191,243)
Income tax	8	<u>(11,298)</u>	<u>(15,951)</u>
<b>Loss for the period</b>		<u><b>(983,771)</b></u>	<u>(207,194)</u>

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
		(unaudited)	(unaudited)
<b>Attributable to:</b>			
Equity shareholders of the Company		(913,474)	(228,346)
Non-controlling interests		<u>(70,297)</u>	<u>21,152</u>
<b>Loss for the period</b>		<u><b>(983,771)</b></u>	<u><b>(207,194)</b></u>
<b>Loss per share</b>	10		
Basic (RMB)		<u><b>(11.67) cents</b></u>	<u>(2.91) cents</u>
Diluted (RMB)		<u><b>(11.67) cents</b></u>	<u>(2.91) cents</u>
<b>Loss for the period</b>		<u><b>(983,771)</b></u>	<u><b>(207,194)</b></u>
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>			
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		(370)	(15,625)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>(780)</u>	<u>1,851</u>
<b>Other comprehensive income for the period</b>		<u><b>(1,150)</b></u>	<u><b>(13,774)</b></u>
<b>Total comprehensive income for the period</b>		<u><b>(984,921)</b></u>	<u><b>(220,968)</b></u>
<b>Attributable to:</b>			
Equity shareholders of the Company		(914,501)	(242,018)
Non-controlling interests		<u>(70,420)</u>	<u>21,050</u>
<b>Total comprehensive income for the period</b>		<u><b>(984,921)</b></u>	<u><b>(220,968)</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		At 30 June 2025 <b>RMB'000</b> (unaudited)	At 31 December 2024 <b>RMB'000</b> (audited)
	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		7,510,996	7,549,795
Right-of-use assets		2,446,394	2,559,449
Goodwill		1,819,179	1,819,377
Intangible assets		33,791	37,353
Interests in associates and a joint venture		608,345	615,712
Biological assets	11	11,662,447	12,435,776
Equity instruments at FVTOCI		39,998	40,368
Prepayments		–	36,015
Derivative financial instruments		161,998	179,846
Bank balances		1,288,082	577,498
Deferred tax assets		10,665	10,704
		<u>25,581,895</u>	<u>25,861,893</u>
<b>CURRENT ASSETS</b>			
Inventories		2,191,914	3,130,762
Trade and other receivables and prepayments	12	1,704,028	1,840,205
Pledged bank deposits		11,136	31,017
Bank balances and cash		3,897,027	3,059,213
		<u>7,804,105</u>	<u>8,061,197</u>
Assets classified as held for sale		–	17,460
		<u>7,804,105</u>	<u>8,078,657</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	3,479,082	5,364,424
Tax payable		2,148	4,869
Bank borrowings	14	2,315,418	2,371,072
Other borrowings	15	1,037,694	559,491
Lease liabilities		209,201	238,667
Long term bonds	16	32,728	32,476
Short term debenture	17	202,007	–
Other liabilities		12,872	27,179
Contract liabilities		14,235	13,687
Deferred income		27,584	17,855
		<u>7,332,969</u>	<u>8,629,720</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>471,136</u>	<u>(551,063)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>26,053,031</u>	<u>25,310,830</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2025

		At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
	<i>Note</i>		
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings	14	8,396,648	6,888,188
Other borrowings	15	1,520,253	1,385,597
Other payables		3,259	3,121
Long term bonds	16	3,466,968	3,226,314
Lease liabilities		2,103,231	2,195,031
Derivative financial instruments		607	1,083
Other liabilities		238,863	253,122
Deferred tax liabilities		9,687	10,375
Deferred income		257,934	225,203
		<u>15,997,450</u>	<u>14,188,034</u>
<b>NET ASSETS</b>		<u>10,055,581</u>	<u>11,122,796</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		675,869	675,869
Reserves		<u>7,858,348</u>	<u>8,855,143</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<u>8,534,217</u>	<u>9,531,012</u>
<b>Non-controlling interests</b>		<u>1,521,364</u>	<u>1,591,784</u>
<b>TOTAL EQUITY</b>		<u>10,055,581</u>	<u>11,122,796</u>

## NOTES

### 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 since 26 November 2010. The registered office of the Company is Maples Corporate Services Limited, PO Box 309, Uglan House, Grand Cayman, KYI-1104, Cayman Islands.

As at 30 June 2025, 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 (together, the “**Group**”) are mainly engaged in production and sales of milk, trading, production and sales of feeds, sales of breeding products and provision of platform services.

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

### 2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34, Interim financial reporting, issued by the International Accounting Standards Board (“**IASB**”). It was authorised for issue on 26 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA.



The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

### 3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4. REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments.

#### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products of service lines		
– Raw milk	5,068,880	5,111,706
– Feeds and farm supplies	980,106	1,262,865
– Breeding products and platform services	23,532	43,928
	<u>6,072,518</u>	<u>6,418,499</u>
Disaggregated by geographical location of customers		
– Mainland China	5,920,005	6,248,396
– Other countries	152,513	170,103
	<u>6,072,518</u>	<u>6,418,499</u>

**(b) Information about profit or loss**

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. 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 period’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.
- Comprehensive dairy farming solution business – trading, production and sales of feeds and breeding products, provision of platform and other services through digital intelligence platform.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group’s reportable segments as provided to the Group’s most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

For the six months ended	Raw milk business		Comprehensive dairy farming solution business		Total	
	2025	2024	2025	2024	2025	2024
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Disaggregated by timing of revenue recognition</b>						
Point in time	5,068,880	5,111,706	989,041	1,296,700	6,057,921	6,408,406
Over time	–	–	14,597	10,093	14,597	10,093
<b>Revenue from external customers</b>	<b>5,068,880</b>	<b>5,111,706</b>	<b>1,003,638</b>	<b>1,306,793</b>	<b>6,072,518</b>	<b>6,418,499</b>
Inter-segment revenue	–	–	949,389	991,554	949,389	991,554
<b>Reportable segment revenue</b>	<b>5,068,880</b>	<b>5,111,706</b>	<b>1,953,027</b>	<b>2,298,347</b>	<b>7,021,907</b>	<b>7,410,053</b>
<b>Reportable segment (loss)/profit</b>	<b>(897,583)</b>	<b>(156,767)</b>	<b>51,780</b>	<b>68,424</b>	<b>(845,803)</b>	<b>(88,343)</b>

(c) **Reconciliations of reportable segment profit or loss**

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b> <b>(unaudited)</b>	<b><i>RMB'000</i></b> <b>(unaudited)</b>
Reportable segment loss	<b>(840,049)</b>	(85,415)
Elimination of inter-segment profit	<u><b>(5,754)</b></u>	<u>(2,928)</u>
Reportable segment loss derived from the Group's external customers, associates and joint venture	<b>(845,803)</b>	(88,343)
Unallocated share of profits less losses of associates	<b>11,319</b>	11,646
Unallocated other income	<b>1,786</b>	2,298
Unallocated other gains and losses	<b>13,301</b>	20,841
Unallocated expenses	<u><b>(153,076)</b></u>	<u>(137,685)</u>
Consolidated loss before taxation	<u><u><b>(972,473)</b></u></u>	<u><u>(191,243)</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit before tax earned by each segment without allocation of central administration expenses, corporate income and expenses, other gains and losses and share of profit 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.

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.

## 5. OTHER INCOME

	Six months ended 30 June	
	2025 <i>RMB'000</i> (unaudited)	2024 <i>RMB'000</i> (unaudited)
Interest income	45,631	38,078
Government grants related to		
– Assets ( <i>Note i</i> )	59,425	76,684
– Income ( <i>Note ii</i> )	21,457	15,140
	80,882	91,824
Others	8,107	28,540
	<u>134,620</u>	<u>158,442</u>

### Notes:

- i. These government grants are in relation to (i) compensations of the capital expenditure incurred for purchase of plant and machinery and right-of-use assets, which are recognised over the useful life of the related assets; (ii) the purchase of inventories, which are credited to the profit or loss over the periods in which the inventories were consumed; and (iii) purchase of biological assets measured at fair value less costs to sell, which are credited to the profit or loss, when the conditions attaching to the government grant are met.
- ii. These government grants are unconditional government subsidies received by the Group for the purpose of giving immediate financial support to the Group's operation.

## 6. LOSS BEFORE FINANCE COSTS AND TAX

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Cost of sales:		
Breeding costs to produce raw milk	3,538,310	3,564,743
Raw milk fair value adjustments included in cost of sales	1,373,132	1,407,547
Cost of feeds and farm supplies sold	926,657	1,162,781
Cost of breeding products sold and platform services	3,938	13,236
	<u>5,842,037</u>	<u>6,148,307</u>
Other gains and losses, net:		
Net foreign exchange (gain)/losses	(12,214)	32,955
Loss on disposal of property, plant and equipment	6,436	7,810
Gain on partially redemption of long term bonds ( <i>Note 16</i> )	(1,564)	(13,796)
Impairment loss on goodwill	–	72,471
Fair value gain/(loss) on derivative financial instruments:		
Foreign currency forward contracts	–	1,508
Foreign currency option contracts	(476)	(6,340)
Capped and floored cross currency swap	26,243	(19,446)
Changes in provision for obligation to return dairy cows	(1,825)	(945)
Fair value gain on commitment to non-controlling interests	(15,778)	(19,585)
Loss on early termination of leases	–	3,639
Others	15,886	(4,620)
	<u>16,708</u>	<u>53,651</u>
Depreciation of property, plant and equipment	393,816	340,960
Depreciation of right-of-use assets	115,857	91,480
Amortisation of other intangible assets	4,743	4,563
Less: capitalised in biological assets	<u>(206,074)</u>	<u>(179,323)</u>
Depreciation and amortisation charged to profit or loss	<u>308,342</u>	<u>257,680</u>
Employee benefits expense:		
Salaries and allowances	569,204	531,550
Retirement benefit schemes contributions	46,953	43,942
Equity-settled share award expense	25,101	27,930
Less: capitalised in biological assets	<u>(145,094)</u>	<u>(157,897)</u>
Employee benefits charged to profit or loss	<u>496,164</u>	<u>445,525</u>

## 7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Interest expenses on:		
Bank borrowings	176,476	147,608
Long term bonds	43,086	41,104
Short term debenture	2,007	—
Lease liabilities	48,674	44,485
Other borrowings	22,184	11,230
	<u>292,427</u>	<u>244,427</u>
Total finance costs	<u>292,427</u>	<u>244,427</u>

## 8. INCOME TAX

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Current tax:		
PRC enterprise income tax	11,187	14,435
Other jurisdictions	768	733
	<u>11,955</u>	<u>15,168</u>
Deferred tax:		
PRC enterprise income tax	—	1,231
Other jurisdictions	(657)	(448)
	<u>(657)</u>	<u>783</u>
Income tax expense	<u>11,298</u>	<u>15,951</u>

The Company is incorporated as an exempted company and as such is not subject to any tax in the Cayman Islands.

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 People's Republic of China (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 periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

According to the prevailing tax rules and regulation of the EIT Law, 58 subsidiaries of the Group is exempted from EIT for taxable profit from the operation of agricultural business in the PRC for the six months ended 30 June 2025 (six months ended 30 June 2024: 49).

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 condensed consolidated financial statements in respect of the accumulated profits of the PRC subsidiaries amounting to RMB4,575,685,000 (31 December 2024: RMB4,924,126,000) 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 be reversed in the foreseeable future.

## 9. IMPAIRMENT LOSSES ON TRADE AND OTHER RECEIVABLES

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Impairment loss/(reversal) in respect of:		
Trade receivables	4,635	(639)
Other receivables	4,020	10
	<u>8,655</u>	<u>(629)</u>

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's financial statements for the year ended 31 December 2024 and six months ended 30 June 2024.

## 10. LOSS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Loss		
Loss for the purposes of basic and diluted loss per share	<u><b>(913,474)</b></u>	<u><b>(228,346)</b></u>
	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>'000</b>	<b>'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Issued ordinary shares at 1 January	<b>7,915,662</b>	7,915,662
Effect of award shares vested	<b>27,491</b>	22,742
Effect of shares repurchased under the Company's Share Award Scheme	<u><b>(117,809)</b></u>	<u><b>(101,209)</b></u>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><b>7,825,344</b></u>	<u><b>7,837,195</b></u>

The number of shares adopted in the calculation of the basic loss 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 30 June 2025 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 be anti-dilutive and result in decrease in loss per share.

## 11. BIOLOGICAL ASSETS

The fair value less costs to sell of dairy cows at the end of the reporting period is set out below:

	<b>At 30 June</b>	<b>At 31 December</b>
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Milkable cows	<b>7,497,000</b>	7,920,423
Heifers and calves	<u><b>4,165,447</b></u>	<u><b>4,515,353</b></u>
Total dairy cows	<u><b>11,662,447</b></u>	<u><b>12,435,776</b></u>



The Group has engaged Jones Lang LaSalle Corporate Appraisal And Advisory Limited, an independent firm of professional valuers, to assist it in assessing the fair values of the Group's dairy cows.

## 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Trade receivables	1,395,511	1,482,187
Bills receivable	6,431	67
Less: allowance for credit losses	<u>(42,365)</u>	<u>(37,730)</u>
	<b>1,359,577</b>	1,444,524
Prepayments for feeds, materials, insurance and others	120,327	149,104
Prepayments for property, plant and equipment	–	36,015
Input value added tax recoverable	16,890	8,548
Short term entrusted loans to associates	173,695	176,724
Guarantee deposit receivables	17,199	34,692
Others	<u>16,340</u>	<u>26,613</u>
	<b><u>1,704,028</u></b>	<b><u>1,876,220</u></b>
Analysed as:		
Current	1,704,028	1,840,205
Non-current	<u>–</u>	<u>36,015</u>
	<b><u><u>1,704,028</u></u></b>	<b><u><u>1,876,220</u></u></b>

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:

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Trade receivables		
– within 30 days	1,182,034	1,262,507
– beyond 30 days but within 90 days	115,529	154,081
– beyond 90 days but within 1 year	54,324	27,869
– beyond 1 year but within 2 years	1,259	–
	<u>1,353,146</u>	<u>1,444,457</u>
Bills receivables		
– within 30 days	–	5
– beyond 30 days but within 90 days	1,731	62
– beyond 90 days but within 1 year	4,700	–
	<u>1,359,577</u>	<u>1,444,524</u>

### 13. TRADE AND OTHER PAYABLES

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
<b>Trade payables</b>	<b>1,338,143</b>	<b>1,574,929</b>
Trade payables under supplier finance arrangements ( <i>Note i</i> )	<b>887,703</b>	<b>2,319,535</b>
	<u><b>2,225,846</b></u>	<u><b>3,894,464</b></u>
Payables for purchase of property, plant and equipment	768,158	867,058
Accrued staff costs	245,246	353,843
Receipts in advance from disposal of dairy cows	8,710	9,227
Payables for acquisition of subsidiaries	11,985	11,985
Guarantee deposit	123,167	155,183
Others	99,229	75,785
	<u>3,482,341</u>	<u>5,367,545</u>
Analysed as:		
Current	3,479,082	5,364,424
Non-current	3,259	3,121
	<u><b>3,482,341</b></u>	<u><b>5,367,545</b></u>

*Note:*

- 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 at 30 June 2025, suppliers have already received RMB822,384,000 payments from the finance providers (31 December 2024: RMB2,202,242,000).

The credit period granted by suppliers for trade purchases is generally within 180 days (31 December 2024: 180 days). The following is an aged analysis of trade payables based on invoice dates at the end of the reporting period:

	At 30 June 2025 <b>RMB'000</b> (unaudited)	At 31 December 2024 <b>RMB'000</b> (audited)
within 180 days	2,135,213	3,850,902
beyond 180 days but within 360 days	47,071	14,855
beyond 360 days but within 720 days	43,562	28,707
	<u>2,225,846</u>	<u>3,894,464</u>

#### 14. BANK BORROWINGS

	At 30 June 2025 <b>RMB'000</b> (unaudited)	At 31 December 2024 <b>RMB'000</b> (audited)
Bank borrowings:		
Unsecured	9,277,368	7,675,868
Secured ( <i>Note i</i> )	1,434,698	1,583,392
	<u>10,712,066</u>	9,259,260
Carrying amounts repayable:		
Within one year	2,315,418	2,371,072
Between one to two years	3,870,077	2,831,914
Between two to five years	4,526,571	4,048,299
Over five years	–	7,975
	<u>10,712,066</u>	9,259,260
Less: Amounts due within one year shown under current liabilities	<u>(2,315,418)</u>	(2,371,072)
Amounts shown under non-current liabilities	<u>8,396,648</u>	<u>6,888,188</u>

The bank borrowings comprised:

	<b>At 30 June 2025 RMB'000 (unaudited)</b>	At 31 December 2024 RMB'000 (audited)
Fixed-rate borrowings	<b>8,377,276</b>	8,584,434
Variable-rate borrowings	<b><u>2,334,790</u></b>	<u>674,826</u>
	<b><u><u>10,712,066</u></u></b>	<u><u>9,259,260</u></u>

*Note:*

- i. RMB1,434,698,000 bank borrowings as at 30 June 2025 were secured by property, plant and equipment, leasehold lands, biological assets, bank deposits, and equity interests in subsidiaries owned by the Group (2024: RMB1,583,392,000 bank borrowings were secured by property, plant and equipment, leasehold lands, biological assets, trade receivables, bank deposits and equity interests in subsidiaries).

The interest rate of the bank borrowings as at 30 June 2025 ranged from 2.40% to 4.20% (31 December 2024: 2.50% to 4.50%) per annum. Interest rate of variable-rate borrowings are determined based on the benchmark lending rate and loan prime rate announced by the People's Bank of China and the SOFR.

The Group's bank borrowings are all denominated in Renminbi.

## 15. OTHER BORROWINGS

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
<b>Other borrowings:</b>		
– From Mengniu	2,184,942	1,599,462
– Others	<u>373,005</u>	<u>345,626</u>
	<u>2,557,947</u>	<u>1,945,088</u>
Unsecured	2,556,280	1,942,171
Secured (Note i)	<u>1,667</u>	<u>2,917</u>
	<u>2,557,947</u>	<u>1,945,088</u>
Carrying amounts repayable:		
Within one year	1,037,694	559,491
Between one to two years	733,682	366,075
Between two to five years	602,639	725,170
Over five years	<u>183,932</u>	<u>294,352</u>
	<u>2,557,947</u>	<u>1,945,088</u>
Less: Amounts due within one year shown under current liabilities	<u>(1,037,694)</u>	<u>(559,491)</u>
Amounts shown under non-current liabilities	<u><u>1,520,253</u></u>	<u><u>1,385,597</u></u>

*Note:*

- i. Certain other borrowings as at 30 June 2025 are secured by trade receivables owned by the Group (2024: trade receivables).

The interest rate of the other borrowings as at 30 June 2025 ranged from 2.80% to 8.00% (31 December 2024: 3.00% to 8.00%) per annum.

## 16. LONG TERM BONDS

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Carrying amounts repayable:		
Within one year	32,728	32,476
Between one to two years	3,166,968	3,226,314
Between two to five years	300,000	—
	<b>3,499,696</b>	3,258,790
Less: Amounts due within one year shown under current liabilities	<b>(32,728)</b>	(32,476)
Amounts shown under non-current liabilities	<b>3,466,968</b>	3,226,314

On 15 July 2021, the Company issued bonds in an aggregate principal amount of USD500 million which will mature on 14 July 2026 (the “**USD Bonds**”). The net proceeds of the USD Bonds amounted to USD495,165,000 (equivalent to RMB3,200,760,000) after deducting the underwriting discounts and commissions. The USD Bonds bear interest at the rate of 2.125% per annum, payable semi-annually in arrears. The Company used the proceeds from the USD Bonds for refinancing and general corporate purposes. The carrying amounts repayable within one year are interests payable. During the current period, the Company redeemed long term bond in principal amount of USD6,880,000. The difference of RMB1,564,000 between carrying amount of the redeemed long term bond of RMB 49,721,000 and the consideration paid of RMB 48,157,000 is recognised in profit or loss.

On 28 April 2025, Modern Farming (Group) Co., Ltd. (the “**Issuer**”), a non-wholly owned subsidiary of the Company issued medium-term notes in an aggregate principal amount of RMB300 million maturing on 28 April 2028 (the “**RMB Notes**”). The net proceeds of the RMB Notes amounted to RMB299,100,000 after deducting the underwriting discounts and commissions. The RMB Notes bear interest at the rate of 2.75% per annum, payable annually in arrears. The Issuer used the proceeds from the RMB Notes for refinancing and general corporate purposes. The carrying amounts repayable within one year are interests payable.

## 17. SHORT TERM DEBENTURE

At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
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Analysed as:  
Current

<u>202,007</u>	<u>–</u>
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On 9 January 2025, Modern Farming (Group) Co., Ltd. (the “**Issuer**”) issued domestic short-term debentures of principal amount RMB200 million at 2.1% per annum with 365 days tenure in the PRC. The net proceeds of the short-term debentures amounted to RMB199,800,000 after deducting the underwriting discounts and commissions. The Issuer used the proceeds from the short term debenture for refinancing and general corporate purposes.

## 18. DIVIDENDS

### Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period.

Six months ended 30 June 2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
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Final dividend in respect of the previous financial year,  
approved and paid during the following interim period, of  
RMB1.22 cents per share (six months ended 30 June 2024:  
RMB0.45 cents per share)

<u>95,589</u>	<u>34,888</u>
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The directors of the Company have determined that no dividend will be proposed in respect of the interim period.

## BUSINESS REVIEW

### Raw Milk Business

In the first half of 2025, facing a challenging market environment, the Group proactively implemented quality-improving and efficiency-enhancing measures, achieving significant results, which had strengthened our core competitiveness and resilience to industry cycles. 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.

### Herd Scale

	As at	
	30 June	30 June
	2025	2024
	<i>Heads</i>	<i>Heads</i>
	(unaudited)	(unaudited)
<b>Dairy cows</b>		
Milkable cows	255,535	225,303
Heifers and calves	<u>216,945</u>	<u>219,556</u>
Total	<u><b>472,480</b></u>	<u><b>444,859</b></u>

As at 30 June 2025, the Group invested in and operated 47 farm companies spanning 13 provinces and autonomous regions, with 472,480 dairy cows (as at 30 June 2024: 444,859 heads), representing a yoy increase of 6.2% in the Chinese Mainland, and the proportion of milkable cows increased by 3.5 ppt to 54.1% (as at 30 June 2024: 50.6%) yoy, which is in line with the Group's overall herd management strategies. To further enrich the Group's raw milk product mix and reinforce our raw milk core business, the Group has operated 5 large-scale organic raw milk farms since last year. The number of dairy cows was 40,979 as at 30 June 2025. The Group is a leading dairy farming operator and raw milk producer in terms of herd size in Chinese Mainland. The Group will continue to optimize and adjust its herd structure so as to achieve sustainable, healthy and stable development.



## **Milk Yield**

During the period, the AMY of milkable cows was 13.2 tons (2024: 13.0 tons) per head on average, representing a yoy increase of 1.5%, and the total milk yield was 1,661 thousand tons (2024: 1,450 thousand tons) during the period, representing a yoy increase of 14.6%. Improving milk production in dairy cows relies on comprehensive and effective herd management. This includes generational genetic optimization, extending the peak lactation period, and meticulous control and adjustment of various factors such as lactation number, breed, living comfort, health status, and feed composition. Our Company continuously conducts in-depth research and optimization in these areas, and regularly invites domestic and international dairy experts to provide on-site guidance. This ensures that our farm management and technical standards align with international practices, steadily enhancing production efficiency.

## **INTEGRATED DAIRY FARMING SOLUTIONS**

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

### **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 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 customers, establish strategic cooperation and continuously improve product offerings; and it also actively identifies upstream suppliers and strengthens close cooperation with large domestic feeds companies to ensure high product quality, improve the stability of product supply, enhance customer stickiness, and achieve value marketing.

In terms of forage grass plantation, the Group currently operates two plantation bases covering an area reaching 9,400 mu, with an annual output reaching 20,000 tons of high-quality forage grass and cooperates 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 six production and processing plants in Chinese Mainland, and has jointly built and operated three feed production plants with large domestic feed companies. We produce high-quality alfalfa and operated three processing and production bases in three major states in the United States, and can supply more than 200,000 tons of high-quality forage grass annually.

### **Intelligent Digital Platform Business**

The Aiyangniu e-commerce platform upholds the mission of “making dairy farming greener, simpler and more efficient”, the vision of “gathering global resources and empowering digital intelligence to create a world-class dairy value chain sharing platform”, and the cornerstone of “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.

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 during the period:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Raw milk business	<b>5,068,880</b>	5,111,706
Integrated dairy farming solutions	<b><u>1,003,638</u></b>	<u>1,306,793</u>
Consolidated revenue	<b><u><u>6,072,518</u></u></b>	<u><u>6,418,499</u></u>

During the period, the Group recorded sales revenue of RMB6,072.5 million (2024: RMB6,418.5 million), representing a yoy decrease of 5.4%. Among which, the sales revenue of raw milk amounted to RMB5,068.9 million (2024: RMB5,111.7 million), representing a slight decrease of 0.8% yoy. The sales revenue of the integrated dairy farming solutions amounted to RMB1,003.6 million (2024: RMB1,306.8 million), representing a yoy decrease of 23.2%.

#### 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 periods indicated:

	<b>2025</b>			<b>2024</b>		
	<b>(unaudited)</b>			<b>(unaudited)</b>		
	<b>Sales</b>	<b>Sales</b>	<b>ASP</b>	<b>Sales</b>	<b>Sales</b>	<b>ASP</b>
	<b>revenue</b>	<b>volume</b>		<b>revenue</b>	<b>volume</b>	
	<b><i>RMB'000</i></b>	<b><i>tons</i></b>	<b><i>RMB/kg</i></b>	<b><i>RMB'000</i></b>	<b><i>tons</i></b>	<b><i>RMB/kg</i></b>
Raw milk	<b><u><u>5,068,880</u></u></b>	<b><u><u>1,541,713</u></u></b>	<b><u><u>3.29</u></u></b>	<b><u><u>5,111,706</u></u></b>	<b><u><u>1,398,437</u></u></b>	<b><u><u>3.66</u></u></b>

The total revenue from the sales of raw milk decreased slightly by 0.8% yoy to RMB5,068.9 million during the period (2024: RMB5,111.7 million). This was mainly due to the overall impact of the decrease in ASP of raw milk and the increase in sales volume of raw milk.

ASP of raw milk declined by 10.1% yoy to RMB3.29/kg during the period (2024: RMB3.66/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 10.3% yoy to approximately 1,542 thousand tons during the period (2024: 1,398 thousand tons), mainly due to the rise in AMY per milkable cow and the increase in the number of milkable cows.

### **Integrated Dairy Farming Solutions Business**

During the period, sales revenue of the integrated dairy farming solutions amounted to RMB1,003.6 million (2024: RMB1,306.8 million), representing a yoy decrease of 23.2%, which was mainly affected by the market environment. 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 Group's cost of sales consisted of cost of raw milk and integrated dairy farming solutions. The following table sets forth the breakdown of the cost of sales of our products for the periods indicated:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Raw milk	<b>3,538,310</b>	3,564,743
Integrated dairy farming solutions	<b>930,595</b>	1,176,017
Total cost of sales	<b><u>4,468,905</u></b>	<b><u>4,740,760</u></b>

During the period, the Group's cost of sales amounted to RMB4,468.9 million (2024: RMB4,740.8 million), representing a yoy decrease of 5.7%, mainly due to the decrease in sales scale of integrated dairy farming solutions.

## Raw Milk Business

During the period, the cost of sales of raw milk business amounted to RMB3,538.3 million (2024: RMB3,564.7 million), representing a slight yoy decrease of 0.7%, mainly due to the increase in sales volume of raw milk and the decrease of feed prices.

During the period, 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 RMB2.32/kg (2024: RMB2.58/kg). The Group's cost-control ability maintains an industry-leading level, where the average feed cost of raw milk amounted to RMB1.79/kg (2024: RMB2.02/kg), representing a yoy decrease of RMB0.23/kg, mainly due to the decrease in feed prices.

## Integrated Dairy Farming Solutions Business

During the period, the cost of sales of integrated dairy farming solutions amounted to RMB930.6 million (2024: RMB1,176.0 million), representing a yoy decrease of 20.9%, 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 periods indicated:

	Six months ended 30 June			
	2025		2024	
	(unaudited)		(unaudited)	
	Gross profit	Gross profit	Gross profit	Gross profit
	margin	margin	margin	margin
	RMB'000		RMB'000	
Raw milk business	1,530,570	30.2%	1,546,963	30.3%
Integrated dairy farming solutions business	73,043	7.3%	130,776	10.0%
Total	1,603,613	26.4%	1,677,739	26.1%

During the period, gross profit of the Group's raw milk business amounted to merely RMB1,530.6 million (2024: RMB1,547.0 million), representing a yoy decrease of 1.1% as the demand for raw milk in the market was lower than expected, while the gross profit margin remained stable at 30.2% (2024: 30.3%). The gross profit of the Group's integrated dairy farming solutions was RMB73.0 million (2024: RMB130.8 million), representing a yoy decrease of 44.1%. Gross profit margin the Group's integrated dairy farming solutions stood at 7.3% (2024: 10.0%), representing a yoy drop of 2.7 ppt, mainly due to the decrease in sales scale of integrated dairy farming solutions.

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

During the period, losses arising from changes in the dairy cow fair value less costs to sell of dairy cows were RMB1,822.9 million (2024: RMB1,151.1 million), representing a yoy increase of 58.4%. During the period, 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 period, the gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest amounted to RMB1,373.1 million (2024: RMB1,407.5 million), representing a decrease of 2.4% yoy.

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**

Other income mainly consisted of government subsidies, interest income and other business income. Government subsidies mainly consisted of subsidies for agricultural projects and subsidies for the operations of the Group. During the period, other income amounted to RMB134.6 million (2024: RMB158.4 million), representing a decrease of 15.0% yoy.

The following table sets forth the breakdown of other income of our business for the periods indicated:

	<b>2025</b> <b>RMB'000</b> (unaudited)	2024 <b>RMB'000</b> (unaudited)
Interest income	<b>45,631</b>	38,078
Government grants related to		
– Assets	<b>59,425</b>	76,684
– Income	<b>21,457</b>	15,140
	<b>80,882</b>	91,824
Others	<b>8,107</b>	28,540
Total	<b>134,620</b>	158,442

## OPERATING EXPENSES

	<b>Six months ended 30 June</b> <b>2025</b> <b>RMB'000</b> (unaudited)	2024 <b>RMB'000</b> (unaudited)
Selling and distribution costs	<b>214,055</b>	214,671
Administrative expenses	<b>338,972</b>	359,012
Total operating expenses	<b>553,027</b>	573,683

During the period, the overall operating expenses of the Group amounted to approximately RMB553.0 million (2024: RMB573.7 million). The analysis is set forth as follows:

- **Selling and Distribution Costs**

The analysis of the selling and distribution costs is set forth below:

	<b>Six months ended 30 June</b> <b>2025</b> <b>RMB'000</b> (unaudited)	2024 <b>RMB'000</b> (unaudited)
Transportation costs and others	<b>204,429</b>	203,770
Taxes and surcharges	<b>9,626</b>	10,901
Total selling and distribution costs	<b>214,055</b>	214,671

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 period, the Group recorded selling and distribution costs of RMB214.1 million (2024: RMB214.7 million), approximately the same as last year.

- **Administrative Expenses**

Administrative expenses mainly included remuneration of management staff (including equity-settled share award expenses) and depreciation charges of office building, staff quarters and facilities, and other daily administrative expenses. During the period, the administrative expenses of the Group were RMB339.0 million (2024: RMB359.0 million), representing a decrease of RMB20.0 million or 5.6%, 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 period, the impairment losses under expected credit loss model, net of reversal of the Group amounted to RMB8,655 thousand (2024: reversal of the impairment losses of RMB629 thousand). The Group has assessed the corresponding expected credit loss of its trade receivables and other 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.

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Impairment loss/(reversed) in respect of:		
Trade receivables	<b>4,635</b>	(639)
Other receivables	<b>4,020</b>	10
	<b><u>8,655</u></b>	<b><u>(629)</u></b>



## OTHER GAINS AND LOSSES, NET

Other gains and losses mainly consisted of net foreign exchange gain or loss and fair value gain/loss on derivative financial instruments. During the period, the Group recorded a net loss arising from other gains and losses of RMB16.7 million (2024: net loss of RMB53.7 million), representing a decrease of RMB37.0 million yoy.

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Other gains and losses, net:		
Net foreign exchange (gain)/losses	<b>(12,214)</b>	32,955
Loss on disposal of property, plant and equipment	<b>6,436</b>	7,810
Gain on partially redemption of long term bonds	<b>(1,564)</b>	(13,796)
Impairment loss on goodwill	–	72,471
Fair value gain/(loss) on derivative financial instruments:		
Foreign currency forward contracts	–	1,508
Foreign currency option contracts	<b>(476)</b>	(6,340)
Capped and floored cross currency swap	<b>26,243</b>	(19,446)
Changes in provision for obligation to return dairy cows	<b>(1,825)</b>	(945)
Fair value gain on commitment to non-controlling interests	<b>(15,778)</b>	(19,585)
Loss on early termination of leases	–	3,639
Others	<b>15,886</b>	(4,620)
	<b><u>16,708</u></b>	<b><u>53,651</u></b>

## FINANCE COSTS

During the period, finance costs amounted to RMB292.4 million (2024: RMB244.4 million), among which, the finance costs generated from interest-bearing borrowings amounted to RMB243.8 million (2024: RMB199.9 million), representing an increase of 21.9% yoy, mainly due to the increase in the scale of interest-bearing borrowings.

## **PROFIT(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY**

During the period, the loss attributable to owners of the Company amounted to RMB913.5 million (2024: loss of RMB228.3 million), representing a yoy increase in loss of RMB685.2 million, as a result of the substantial non-cash loss arising from changes in fair value less costs to sell of dairy cows.

During the period, basic loss per share was approximately RMB11.67 cents (2024: loss of RMB2.91 cents). Diluted loss per share was approximately RMB11.67 cents (2024: loss of RMB2.91 cents).

## **LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO**

The Group's total equity as at 30 June 2025 was RMB10,055.6 million (as at 31 December 2024: RMB11,122.8 million). As at 30 June 2025, the Group's net gearing ratio (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 117.1% (as at 31 December 2024: 97.1%), representing a lift of 20.0 ppt as compared with that as at 31 December 2024.

As at 30 June 2025, the Group's available and unutilised credit facilities amounted to approximately RMB6,862.4 million (31 December 2024: RMB6,541.1 million). Having considered (i) forecast cash flow from operating activities of continuing operation; and (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 as well as contracted capital expenditures as at 30 June 2025.

## **GROUP STRUCTURE**

Save as disclosed in this announcement, there was no material change in the structure of the Group during the period.

## **CAPITAL STRUCTURE**

As at 30 June 2025, the number of issued ordinary shares of the Company was 7,915,662,048 shares.

As at 30 June 2025, the net assets attributable to owners of the Company amounted to approximately RMB8,534.2 million (31 December 2024: approximately RMB9,531.0 million), the net borrowings of the Group (total interest-bearing borrowings less cash and deposit assets) amounted to approximately RMB11,775.5 million (31 December 2024: approximately RMB10,795.4 million).

## **CONTINGENT LIABILITIES AND PLEDGE OF ASSETS**

As at 30 June 2025, no buildings or equipment of the Company (as at 31 December 2024: nil) were pledged as security for the Group's borrowings.

As at 30 June 2025, biological assets with carrying value of RMB1,020.5 million (as at 31 December 2024: RMB1,038.6 million), trade receivables of RMB1.67 million (as at 31 December 2024: RMB4.83 million) and properties of RMB11.9 million (as at 31 December 2024: RMB15.9 million) were pledged to secure the Group's borrowings.

Saved as disclosed above, the Group did not have any significant contingent liabilities as at 30 June 2025.

## **CAPITAL COMMITMENTS**

As at 30 June 2025, the Group had capital commitments of RMB188.5 million relating to acquisition of property, plant and equipment (as at 31 December 2024: RMB247.2 million), representing a yoy decrease of RMB58.7 million or 23.7%, mainly due to the Group's caution in new investments and strict control of capital expenditures.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

Saved as disclosed elsewhere in this announcement, the Group did not have any significant acquisitions and disposal during the period.

## **SIGNIFICANT INVESTMENTS**

Saved as disclosed elsewhere in this announcement, the Group had no significant investments during the period.

## **PLANS FOR MATERIAL INVESTMENTS OR CAPITAL**

Saved as disclosed elsewhere in this announcement, the Group does not have any concrete plans for material investments and capital assets.

## **CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES**

Saved as otherwise disclosed in this announcement, our Directors have confirmed that, as of 30 June 2025, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

## **EVENTS AFTER THE REPORTING PERIOD**

Saved as disclosed elsewhere in this announcement, no other material events occurred after the end of the reporting period and up to the date of this announcement.

## **Foreign Exchange Risk Management**

The Group mainly operates its business in the 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 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.

## **HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES**

As of 30 June 2025, the Group had 9,080 employees in Chinese Mainland and Hong Kong (2024 same period: 8,819), with a male-to-female staff ratio of 7:3. During the period, the total employee costs (excluding equity-settled share-based compensation expenses) amounted to approximately RMB616.2 million (2024: RMB 575.5 million).

The Group provides retirement and welfare benefits in compliance with Chinese laws, including pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing provident fund for employees in Chinese Mainland. For employees in Hong Kong, the Group offers retirement benefits through the Mandatory Provident Fund (MPF) scheme, along with life and medical insurance. Additionally, under the Company's share incentive plan, the Group may grant share-based awards to middle and senior management as recognition for their contributions and as an incentive to retain talent.

In 2025, the Group continued to advance the development of its excellent operational management system, leveraging advanced management tools such as Five Disciplines Management, Benchmarking Management, and Lean Management to deepen organizational transformation, optimise talent and structural frameworks, and enhance operational precision and process efficiency. These efforts drive the transition toward a leaner organization, refined management, and more efficient operations. The Group is committed to strengthening its high-level and highly-skilled talent supply capabilities by enhancing employer branding, promoting a dual-track talent development pipeline, implementing targeted training and empowerment programs for key talent segments, and building a reserve of global talent to fully support strategic expansion needs. Furthermore, the Group has upgraded its performance management system with a strategic focus, deepening the "PK Mechanism" (performance competition) across three key dimensions: performance, skills, and innovation. While offering competitive compensation and benefits, the Group continuously improves employees' professional capabilities and fosters a sustainable career development platform, aligning with the strategic objectives of "enhancing quality, reducing costs, improving efficiency, and expanding innovation". By prioritising talent growth as a core driver, the Group is paving the way for high-quality and sustainable development.

## 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 green and low-carbon development, 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, improving forage quality and yield to enhance overall efficiency. Simultaneously, we will explore supply chain financial services to provide more comprehensive support to upstream and downstream partners.
3. **Exploring Dairy Farming Service Chain:** We will actively explore commercial models for the dairy farming service chain, cultivating new growth points. This includes collaborating with major universities and institutions to jointly establish a modern “Smart Cows” company, sharing expertise and resources. Concurrently, we will investigate overseas ranches, expand into international markets, and explore new avenues for global expansion, exporting advanced technologies and management models to empower the entire industry chain for upgrading and transformation.

We will continue to implement cost control measures and a lean management structure, 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.

## INTERIM DIVIDEND

The Board did not declare the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (“**CG Code**”) as set out in Appendix C1 to the Listing Rules. The Company has, throughout the period, complied with the code provisions set out in the CG Code.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the Company’s code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities for the six months ended 30 June 2025.

## **AUDIT COMMITTEE**

The Audit Committee currently comprises two independent non-executive Directors, namely Mr. Lee Kong Wai, Conway, Mr. Chow Ming Sang and one non-executive Director Mr. Zhang Ping. The Audit Committee has reviewed, with the Company’s management and the external auditors the accounting principles and practices adopted by the Company and discussed auditing, risk management, internal control and system and financial reporting matters, including the review of the Group’s unaudited interim financial statements for the six months ended 30 June 2025.

## **REVIEW OF INTERIM RESULTS**

The condensed consolidated interim financial statements for the six months ended 30 June 2025 of the Group have been reviewed by the Group’s auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, and the Audit Committee.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the website of the Company ([www.moderndairyir.com](http://www.moderndairyir.com)) and the website of The Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

The 2025 interim report of the Group will be published on the aforesaid websites and will be dispatched to the shareholders of the Company in due course.

## **APPRECIATION**

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

By order of the Board  
**China Modern Dairy Holdings Ltd.**  
**Zhao Jiejun**  
*Chairman*

Hong Kong, 26 August 2025

*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. Chen Yiyi, Mr. Zhang Ping and Ms. Gan Lu, and the independent non-executive Directors are Mr. Li Shengli, Mr. Lee Kong Wai Conway and Mr. Chow Ming Sang.*