

# 2025 Annual Results

China Modern Dairy Holdings Ltd. (1117.HK)



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# Business Highlights

## Cost Down, Efficiency Up



Cost of sales plummet 8.3%, finance rate hit record low.

## Profits Rebound



Unit yields rose to record high, Gross profit margin rose against the trend by 1.4 ppt.

## Cash Flow Stronger



Operating cash flow up 4.1%; capex slashed 29.3%.

## Strategy Upgrade



Deepening the layout of the entire industrial chain, focusing on digital services and overseas markets, and successfully diversifying profit growth drivers.

**01 | Financial Results**

**02 | Business Updates**

**03 | Industry Trends**

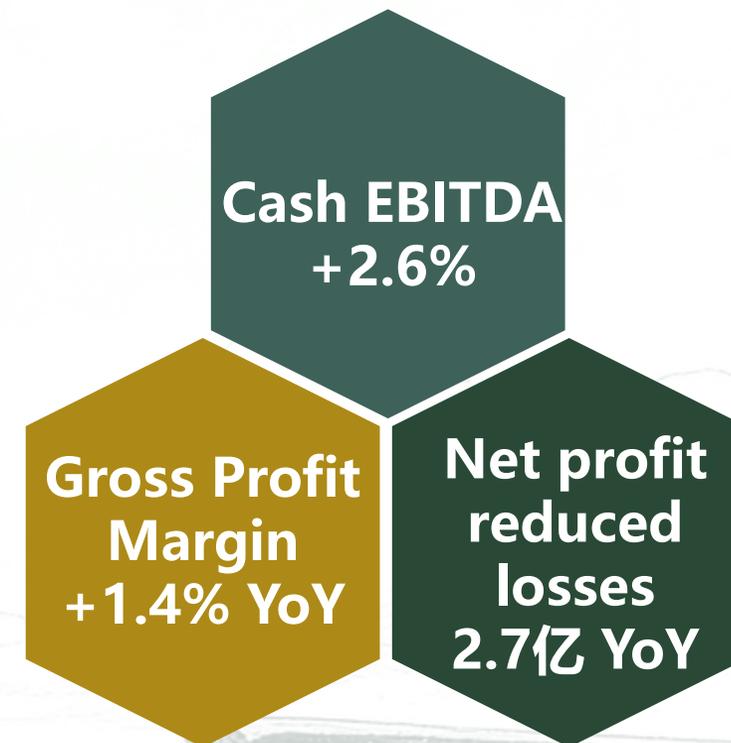
# 01 Financial Results

# 2025 Annual Results Reviews

RMB Million	2025	2024	Change
<b>Revenue</b>	<b>12,601</b>	13,254	-4.9%
raw milk sales	<b>10,466</b>	10,454	+0.1%
integrated dairy farming solutions	<b>2,135</b>	2,800	-23.8%
<b>Gross Profit</b>	<b>3,454</b>	3,451	+0.1%
<b>Gross Profit Margin (%)</b>	<b>27.4</b>	26.0	+1.4 ppt
raw milk sales (%)	<b>31.2</b>	31.2	+0.0 ppt
<b>Cash EBITDA<sup>(1)</sup></b>	<b>3,063</b>	2,986	+2.6%
<b>Cash EBITDA Margin (%)</b>	<b>24.3</b>	22.5	+1.8 ppt
Losses arising from changes in fair value of dairy cows less costs to sell dairy cows	<b>3,108</b>	2,863	+8.6%
Impairment Losses of Goodwill	<b>0</b>	599	N/A
<b>Net Profit</b>	<b>-1,204</b>	-1,469	N/A
Basic earnings per Share (RMB cents)	<b>-14.41</b>	-18.09	N/A

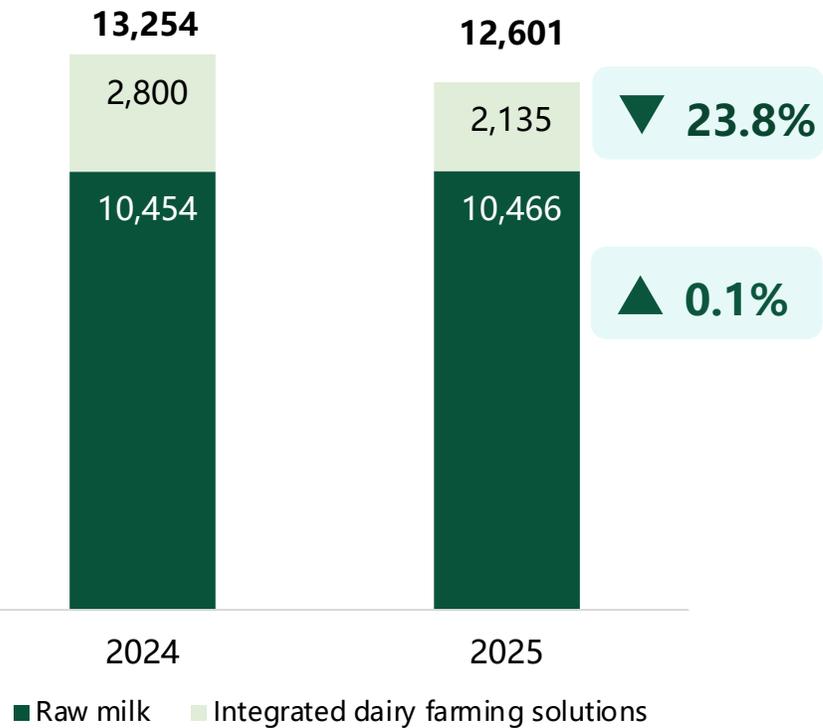
Note:

(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.

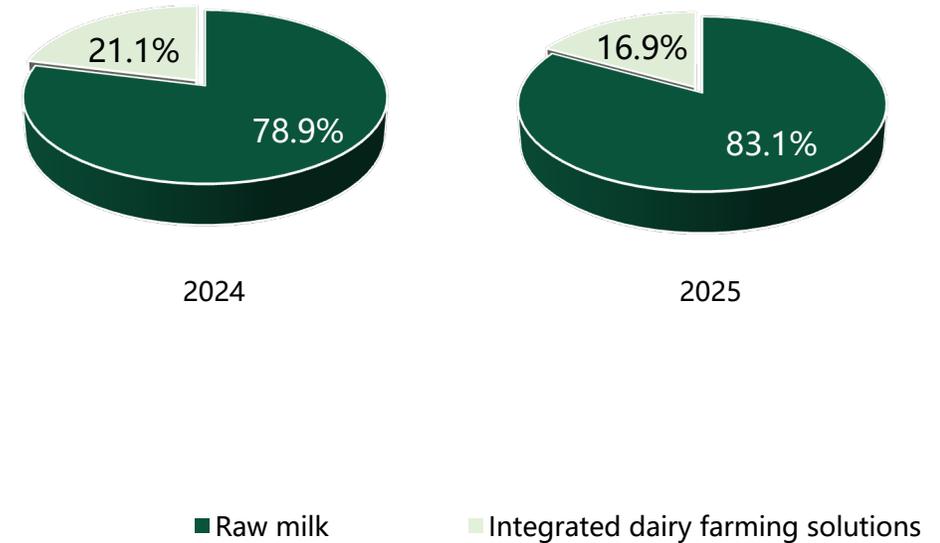


# Raw Milk Business Maintained Stable

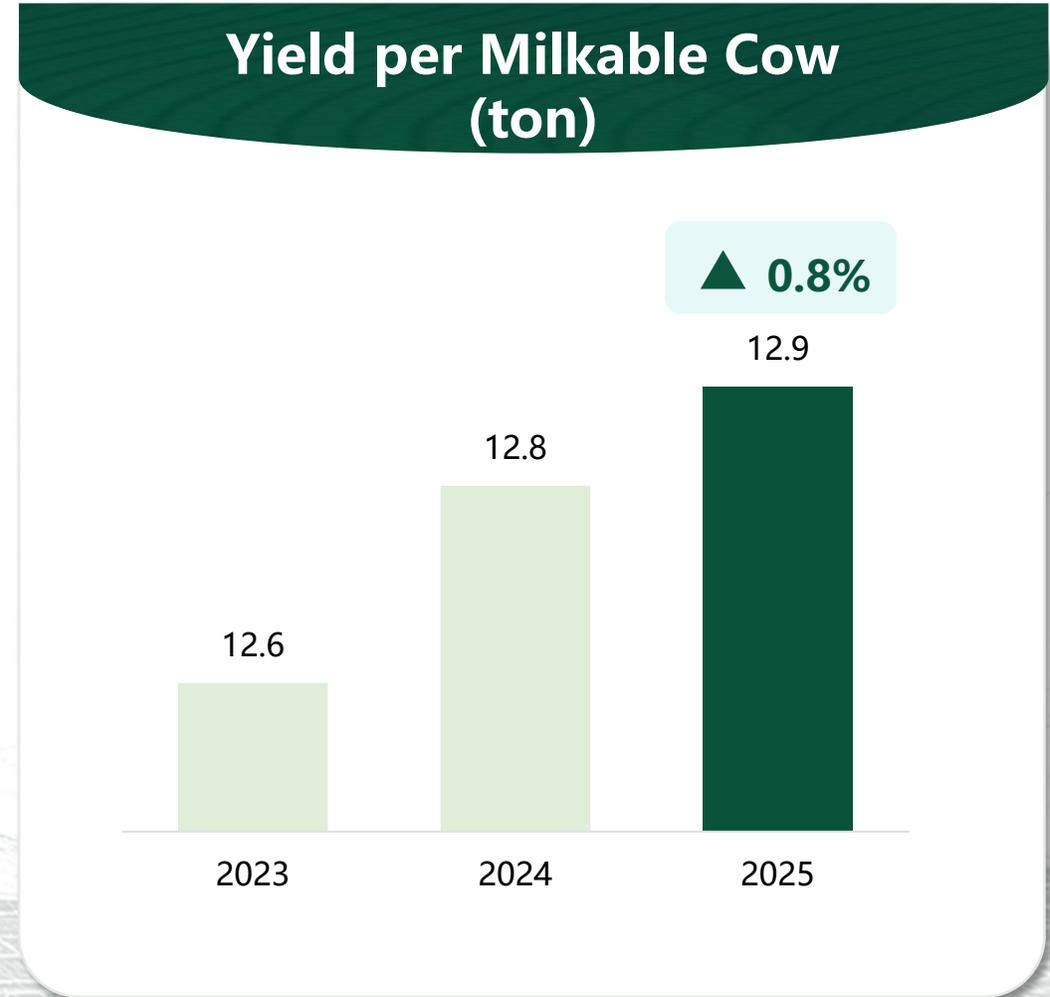
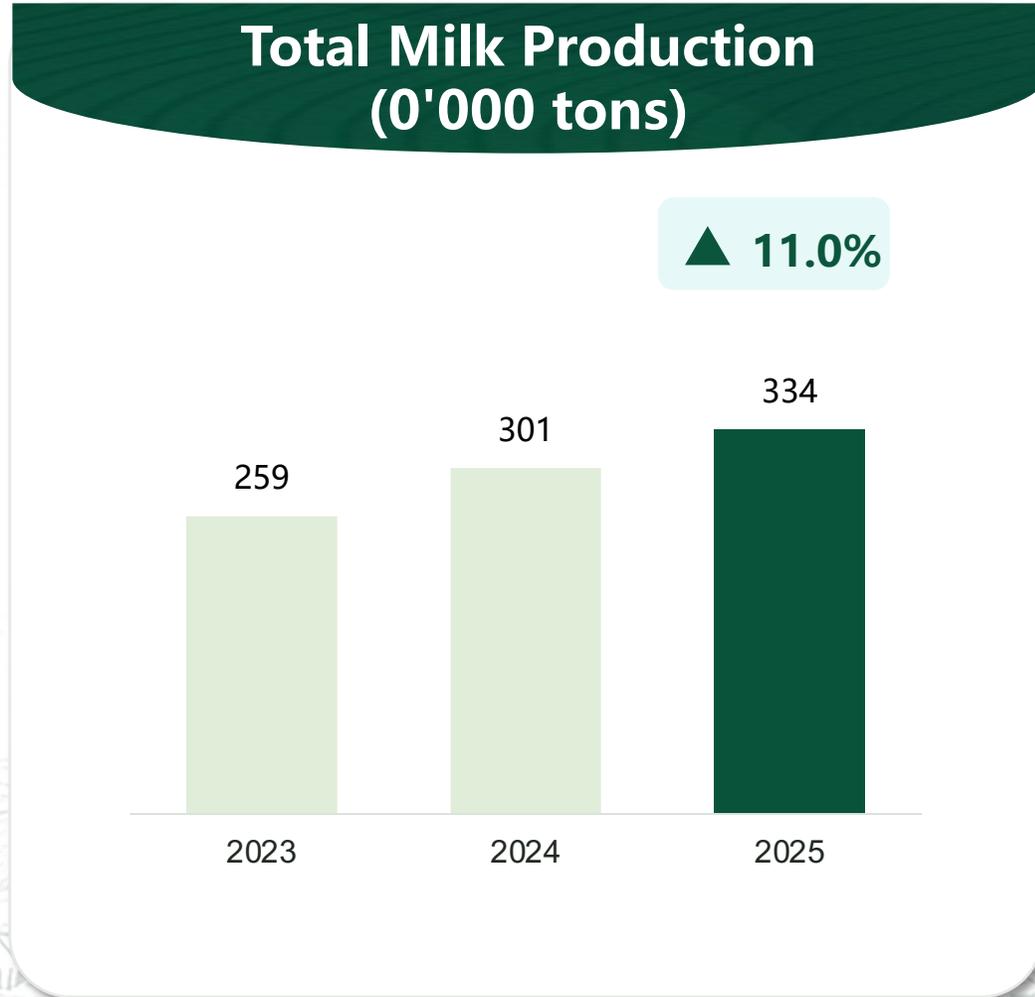
## Sales Revenue by segment (RMB Million)



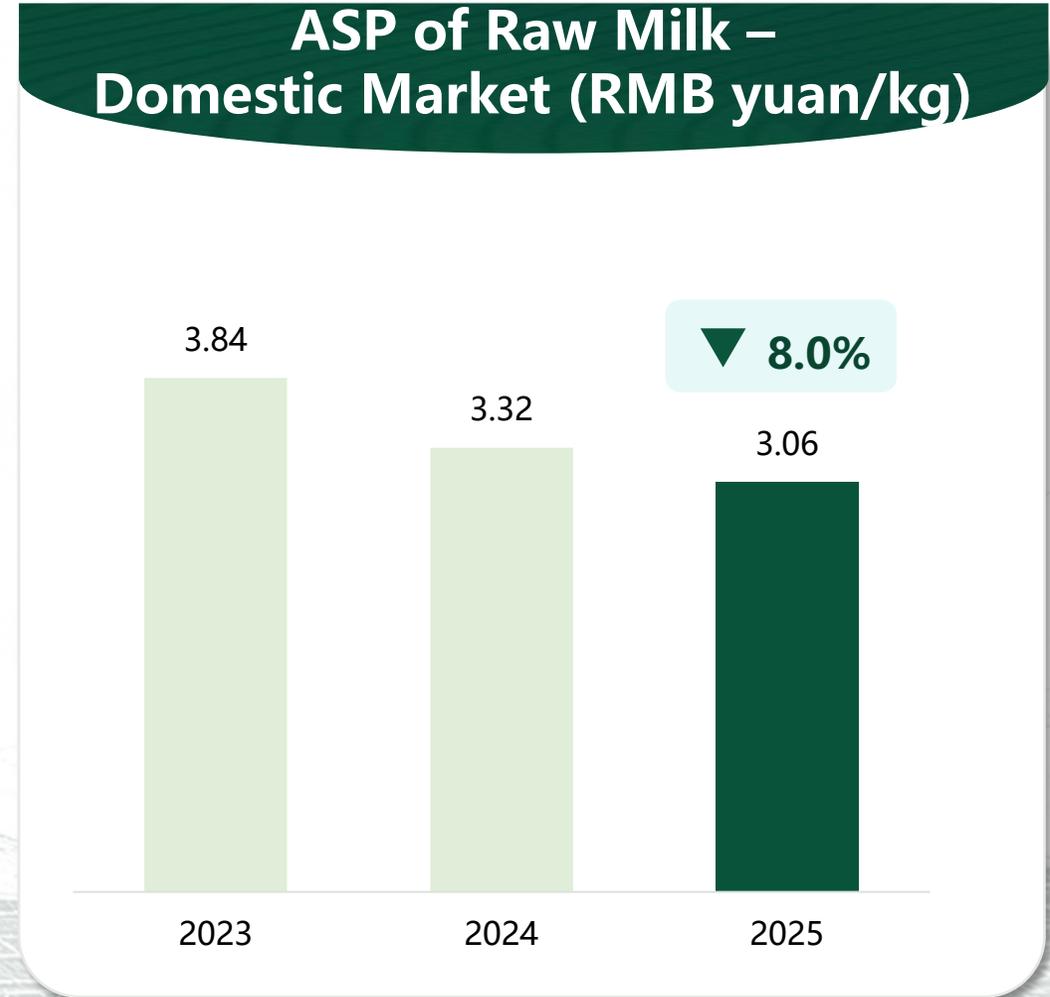
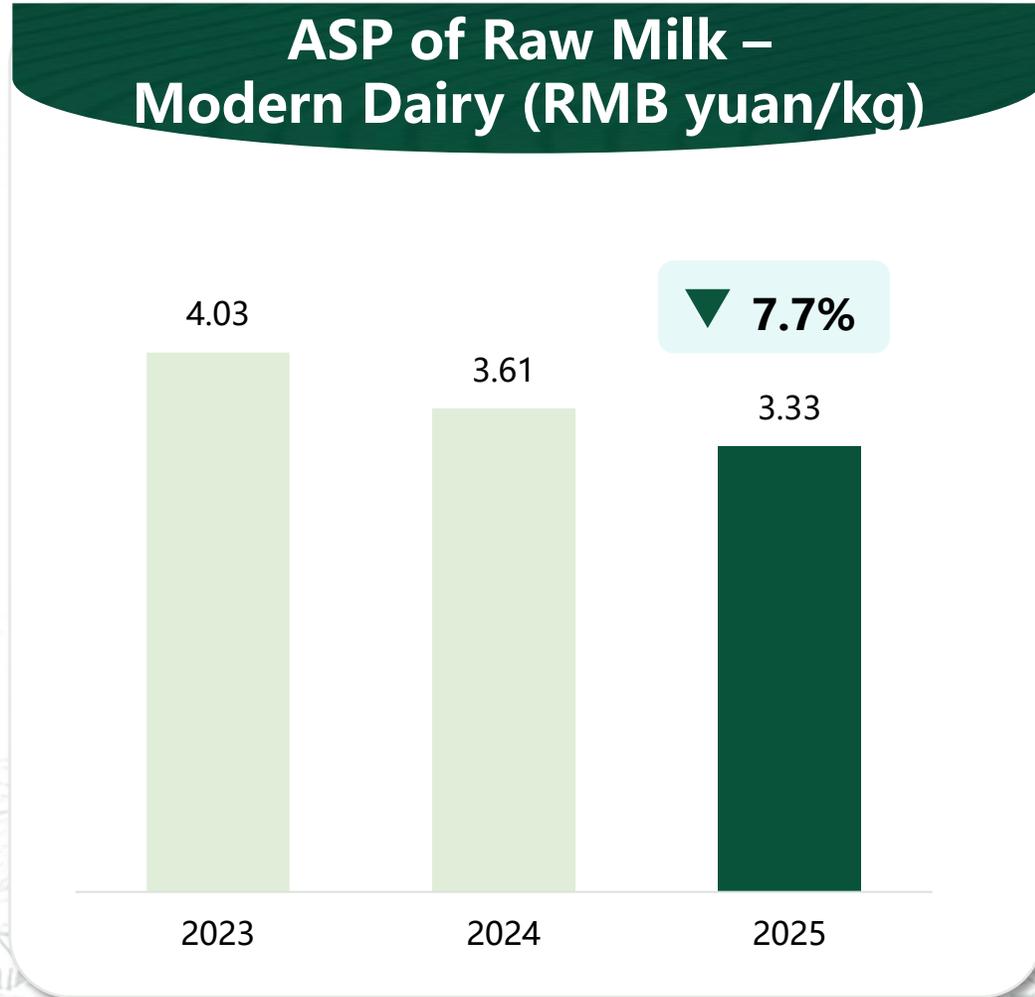
## Revenue breakdown by segment (%)



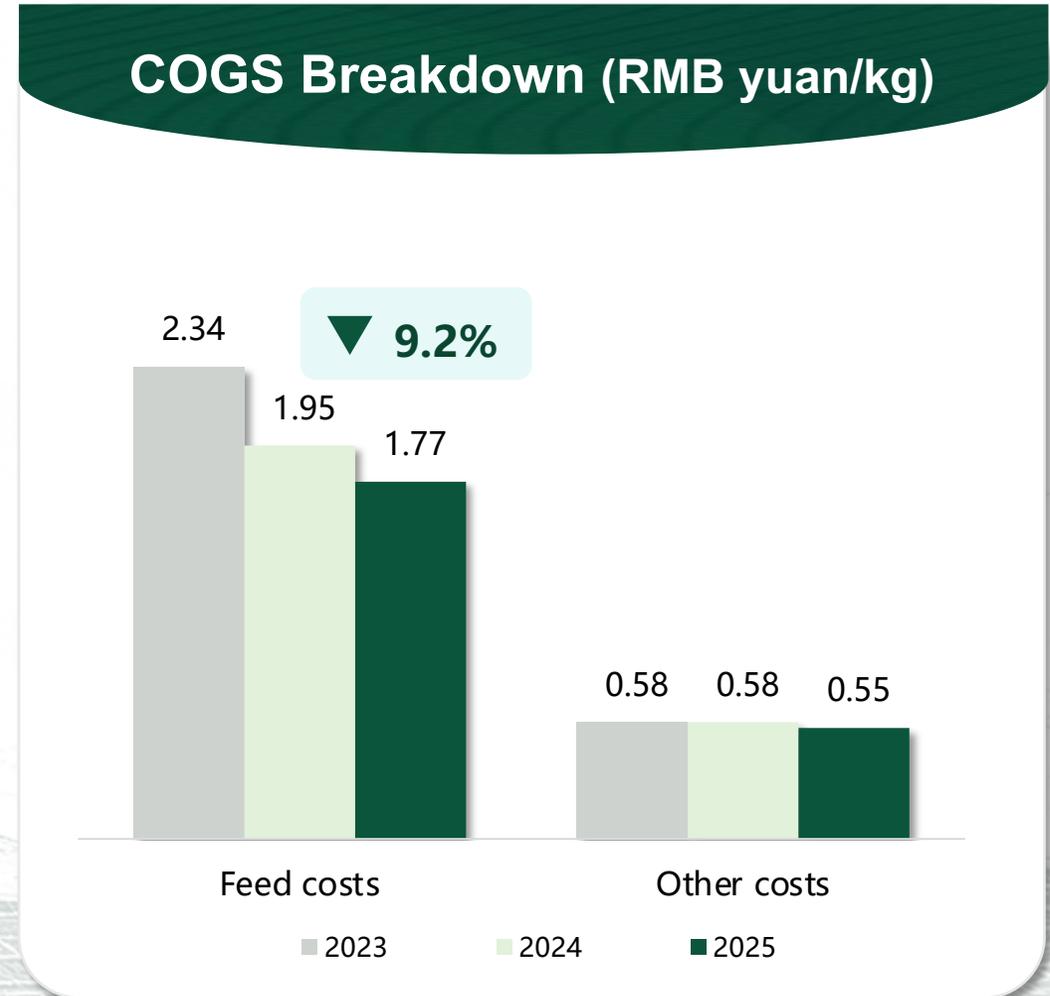
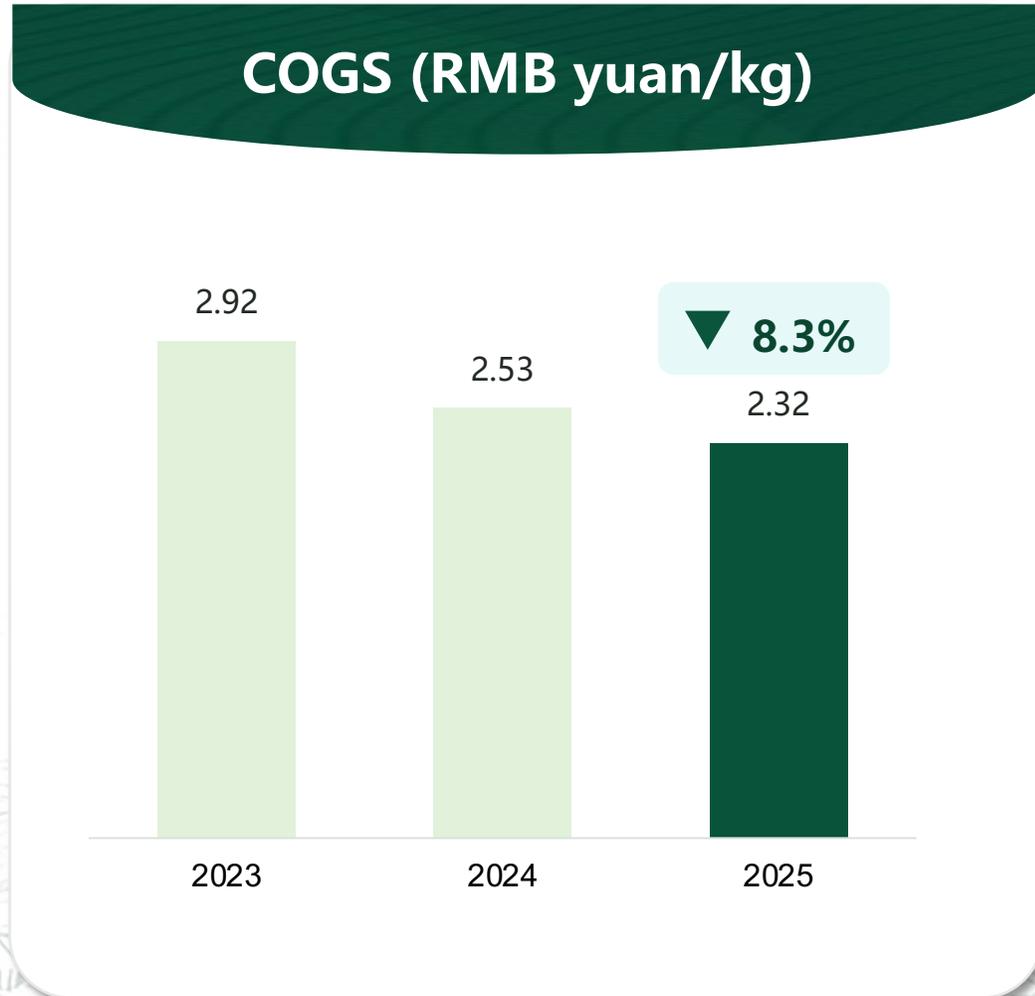
# Enhancement in Yield per Milkable Cow and Total Milk Production



# Milk Prices Remained Flat with Market

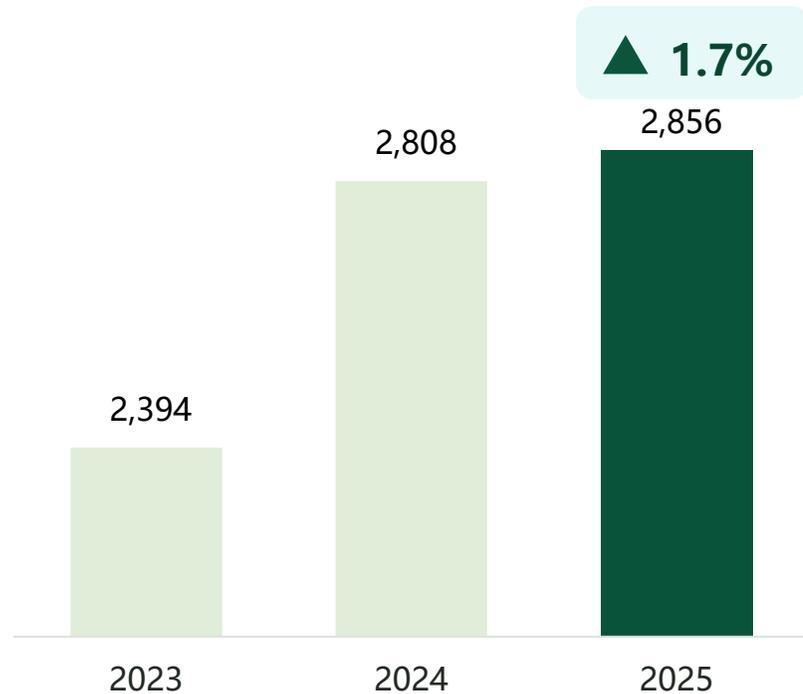


# Significant Decrease in COGS per Kilogram



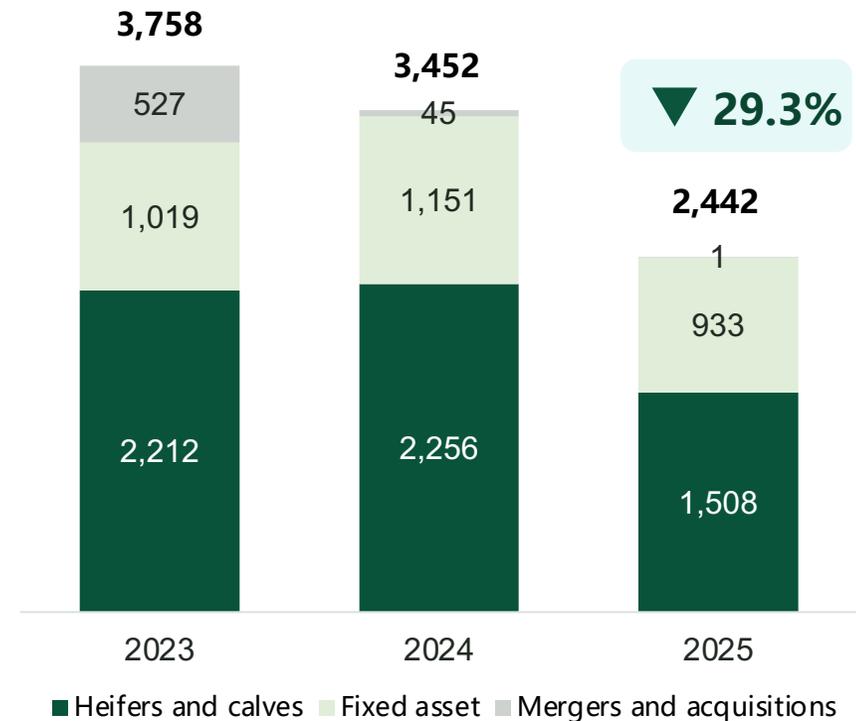
# Enhanced OCF with Decreased CAPAX

## Operating Cash Flow (RMB Million)



Note: Operating Cash Flow is calculated as Cash Flow From Operating Activities excluding changes in working capital

## Capital Expenditure (RMB Million)



# Balance Sheet



RMB 100Million	2025	2024	Change
<b>Biological Assets</b>	<b>112.7</b>	124.4	-9.4%
<b>Fixed Assets</b>	<b>74.6</b>	75.5	-1.2%
<b>Total Assets</b>	<b>365.8</b>	339.4	+7.8%
<b>Total Liabilities</b>	<b>267.6</b>	228.2	+17.3%
<b>Total Equity</b>	<b>98.2</b>	111.2	-11.7%
Net Asset Value per Share <sup>(1)</sup> (RMB yuan)	1.05	1.20	-13.0%
<b>Total Interest-bearing Borrowings</b>	<b>192.6</b>	144.6	+33.2%
Bank borrowings	105.8	92.6	+14.3%
Bonds	60.4	32.6	+85.4%
Other borrowings	26.4	19.4	+35.7%
<b>Cash and Cash Equivalents</b>	<b>79.1</b>	36.7	+115.6%
<b>Net Interest-bearing Borrowings<sup>(2)</sup></b>	<b>113.5</b>	108.0	+5.2%
<b>Net Interest-bearing Debt Ratio<sup>(3)</sup> (%)</b>	<b>53.6</b>	49.3	+4.4 ppt
<b>Debt-to-asset Ratio<sup>(4)</sup> (%)</b>	<b>73.2</b>	67.2	+5.9 ppt

Notes:

(1) Net Asset Value per Share = Equity Attributable to Owners of the Company/Year-end Number of Shares Outstanding

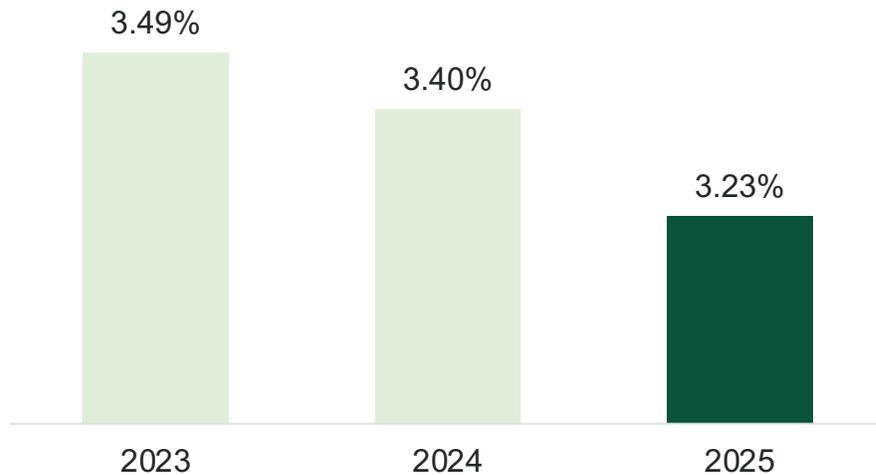
(2) Net Interest-bearing Borrowings = Interest-bearing borrowings - Cash and bank deposits

(3) Net Interest-bearing Debt Ratio = Net Interest-bearing Borrowings/(Net Interest-bearing Borrowings + Equity)

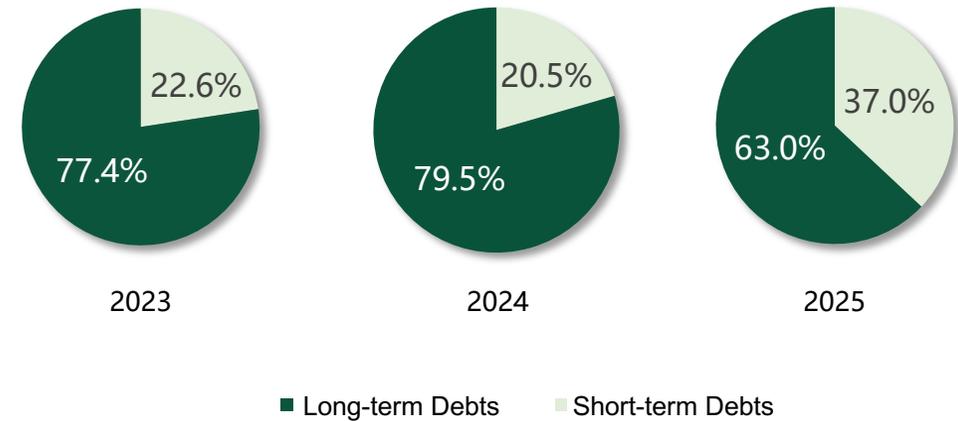
(4) Debt-to-asset Ratio = Total Liabilities/Total Assets

# Finance Costs Reduced and Structure Remained Stable

## Finance Rate



## Net Interest-bearing Debts



# 02 Business Updates

# Farm and Herd Scale

## Inner Mongolia Region

- Helin Farm
- Helin Farm I
- Helin Farm II
- Tuoxian Farm
- Saihan Farm
- Zhengyuan Farm
- Yilei Farm
- Xinyuan Farm

## Bayan Nur Region

- Dengkou Farm
- Zhaokai Farm
- Mufeng Farm
- Jingyuan Farm
- Shajin Farm

## Organic Milk Region

- Urad Front Banner Farm I
- Urad Front Banner Farm II
- Urad Front Banner Farm III
- Urad Front Banner Farm IV
- Urad Front Banner Farm V

## Northeast Region

- Wulan Farm
- Shuangcheng Farm
- Shangzhi Farm
- Daqing Farm I
- Daqing Farm II
- Gegental Farm
- Tongliao Farm

## Cha-Sai Region

- Chabei Farm I
- Chabei Farm II
- Hengsheng Farm
- Saibei Farm I
- Saibei Farm II
- Saibei Farm III
- Saibei Farm IV
- Saibei Farm V

## North China Region

- Hengshui Farm I
- Hengshui Farm II
- Xinle Farm
- Tangshan Farm

## Central China Region

- Shanghe Farm
- Linyi Farm
- Wenshang Farm
- Lankao Farm I
- Lankao Farm II
- Suqian Farm

## East China Region

- Bengbu Farm
- Maanshan Farm
- Hefei Farm

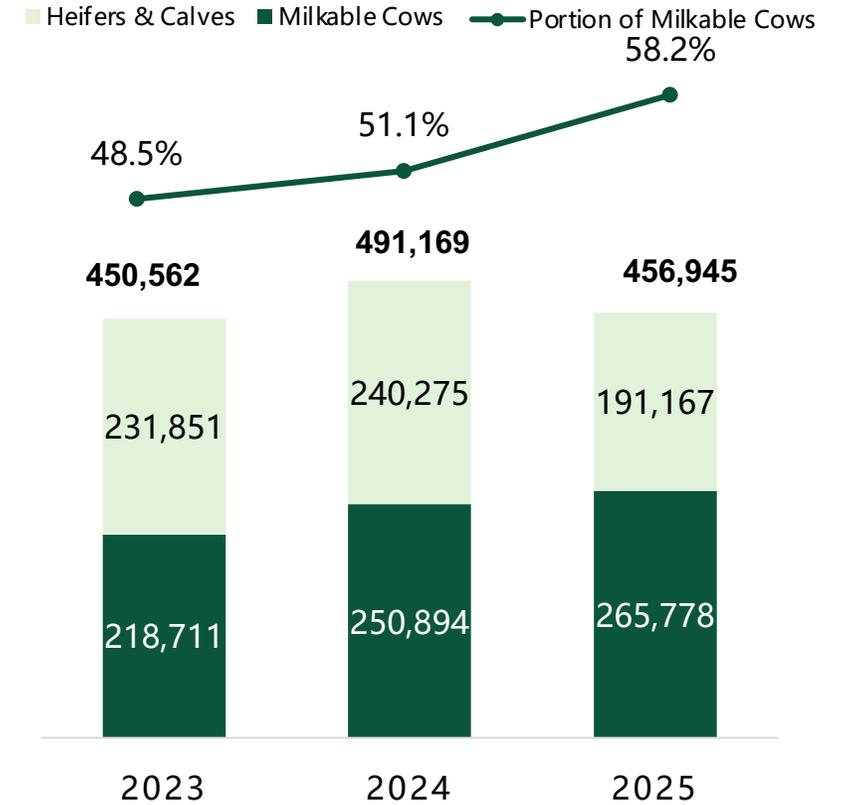
## West Region

- Baoji Farm
- Wuzhong Farm
- Fuminfeng Farm
- Changji Farm
- Yunman Farm I
- Yunnan Farm II
- Hongya Farm



Note: As of 31 December 2025, the Group has invested in and operated 47 dairy farms in China (in terms of legal entities), with a total herd of over 450,000 dairy cows across 14 provinces, autonomous regions and municipality.

## Herd Size & Portion of Milkable Cows



# Dual-Efficiency Empowerment Driving Sustained Cost Leadership

COGS per kg down **8.3%** to RMB **2.32**



Standardization Execution and SOP Optimization

Frontline Engagement and Targeted Talent Development

Digitalized Call System with Real-Time Response

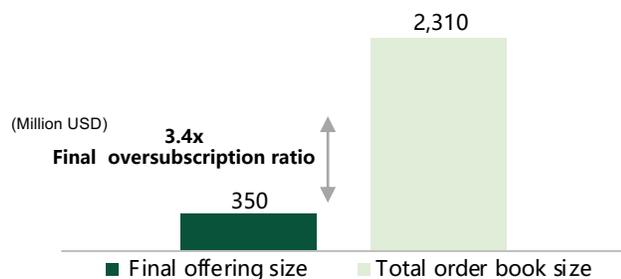
Mechanism Empowerment to Activate Organizational Vitality

# Leading ESG Performance in China's Dairy Industry

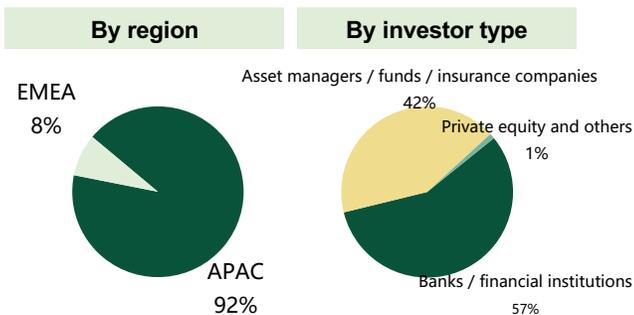


## Successful Issuance of Sustainability Bonds

Final order book exceeded USD 1.2 billion, with peak subscription reaching 6.6x



Investor base diversified: 92% APAC, 8% EMEA; strong ESG investor participation



## Leading in Four Major Ratings

**MSCI** ESG rating upgraded to **A**  
Ranked **number 1** in China's dairy farming industry

**S&P Global** Our ESG score in S&P Global CSA ranks in **top 7%** of the industry  
Included in "S&P Global Sustainability Yearbook (China Edition)" **for two consecutive years**

**Wind ESG** Wind ESG rating upgraded to **AA**  
**Number 1** in China's dairy products industry

**CDP** CDP rating awarded at **Management level**  
Climate, Water, and Forests rated **B**

## Low Carbon Sets Industry Benchmark

Low-carbon livestock farming model recognized by the **United Nations Food and Agriculture Organization (FAO)**

The **only** livestock enterprise recognized by multiple national ministries, including the **Ministry of Agriculture and Rural Affairs**, the **Ministry of Ecology and Environment**, and **SASAC**

Participated in developing the Ministry of Ecology and Environment's **CCER** methodology

Contributed to the national standard **GB/T 44903-2024 "Greenhouse gases—Quantification methodologies and requirements for carbon footprint of products—Livestock products"**, officially released

Shanghe, Baoji, and Hefei Farm awarded **China's first low-carbon dairy demonstration farms** and obtained authoritative certification

Published China's **first "Low-Carbon Dairy White Paper"** in collaboration with China Agricultural University

# Technological Innovation and Independent R&D Achievements

**Smart hardware:** developed cow udder health monitoring device (filling industry gap) and unmanned feed pusher (industry first)

**Gene chip:** launched the country's first commercial low-density dairy cow chip "Modern No.1 mini" (industry leading)

**Germplasm resources:** semen bull NM\$954 ranked top in domestic semen bull list (industry leading)

**Core strains:** first discovery of Bacillus B102 probiotic effective against calf diarrhea

**Disease prevention and treatment:** overcame persistent granular vulvitis and published the country's first prevention and treatment paper

**IP and standards:** obtained 9 national patents and contributed to 4 industry standards



## Major Scientific and Technological Achievement Award

High-efficiency dairy cow farming through natural active substances



## Science and Technology Innovation Award

Key technologies and applications for carbon and nitrogen reduction in dairy cows and green healthy farming



## Agriculture, Animal Husbandry and Fishery Harvest Award

Key technologies for integrated mother-calf dairy farming



## Agriculture, Animal Husbandry and Fishery Harvest Award

Construction and promotion of grain-to-forage management and technical system

# Integrated Dairy Farming Solutions

## Feeds & Forage Grass Group

- Mudanjiang Liangyuan Technology's soybean meal sales exceed **200,000 tons**; HayKingdom alfalfa ranks **number one** in China's import volume
- Unified Planting, Shared Prosperity" project achieves **4.4 tons/mu**, leading neighboring fields by **10%**
- Aliben organic silage corn achieves a record yield of **3.2 tons/mu**,
- Honghao Feed Factory successfully obtained **organic certification** and **feed production license**



## Intelligent Digital Platform

- The Aiyangniu platform **ranks number one in industry** transaction volume
- Yunyangniu intelligent system has covered **370** farms and **1.50 million** cows
- Accurately calculates cattle demand and provides real-time production, farming, and management data



## Breeding

- Established **2** national-level core breeding farms for dairy cow
- **45 breeding bulls** independently cultivated
- Produced **15,000** embryos
- Independently produced **200,000** doses of frozen semen

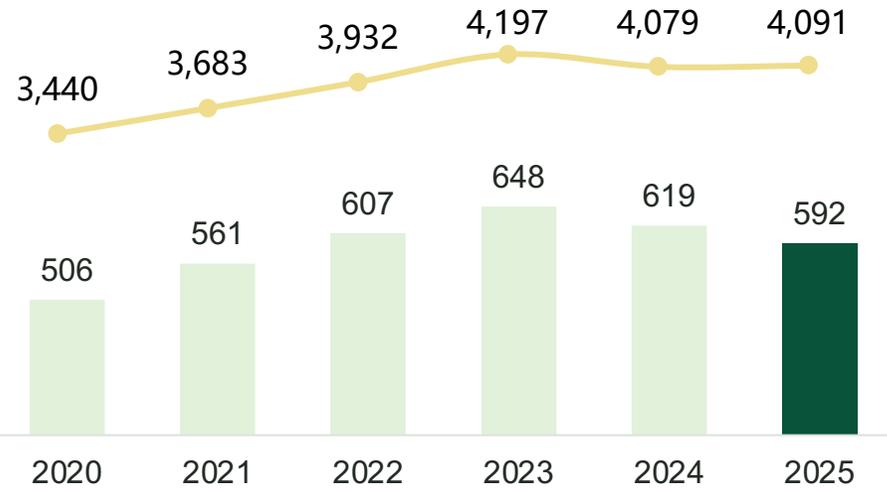


# 03 Industry Trends

# Domestic herd has declined for two consecutive years

## Domestic Herd Size (0,000 heads) and Raw Milk Production (0,000 tons)

Source: NDCITS, National Bureau of Statistics of China



- ▶ The herd size decreased by 277,000 head to 5.92 million in 2025 compared with 2024, and further declined to 5.84 million by the end of February 2026.
- ▶ In 2025, China's raw milk production reached 40.91 million tons, a slight increase of 0.3% year-on-year. In Q4 2025, national milk production was 11.7 million tons, down 0.6% year-on-year.

## Livestock profitability (RMB/kg)

Source: Ministry of Agriculture and Rural Affairs; Huachuang Securities

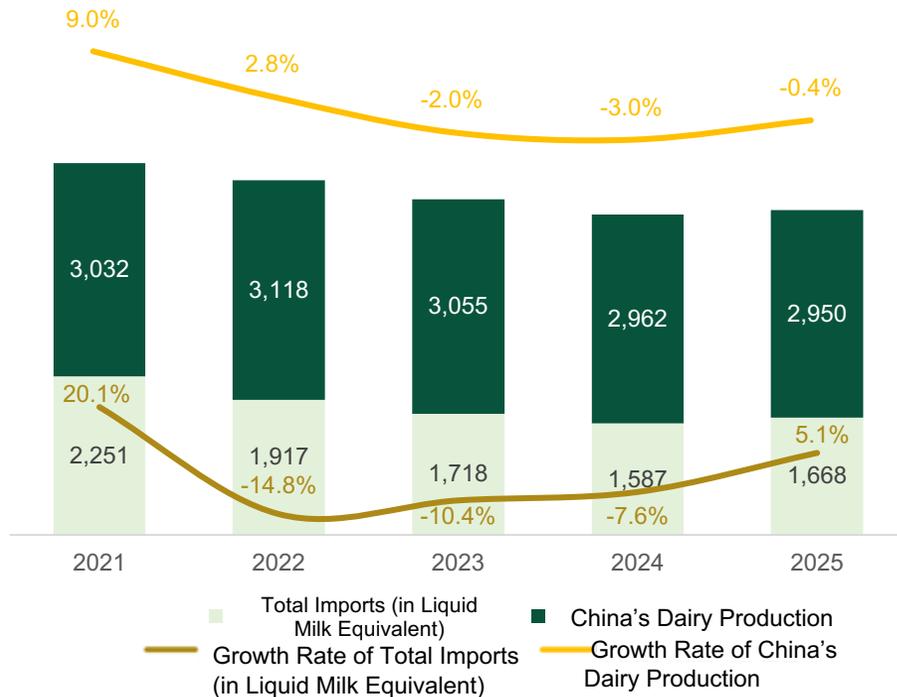


- ▶ Industry losses exceeded 90% in 2024 due to milk price pressure. In 2025, easing feed costs and rebounding milk prices narrowed losses, though the loss ratio stayed high.

# Ongoing adjustment of import product structure

## Total imports and China's dairy production (10,000 tons)

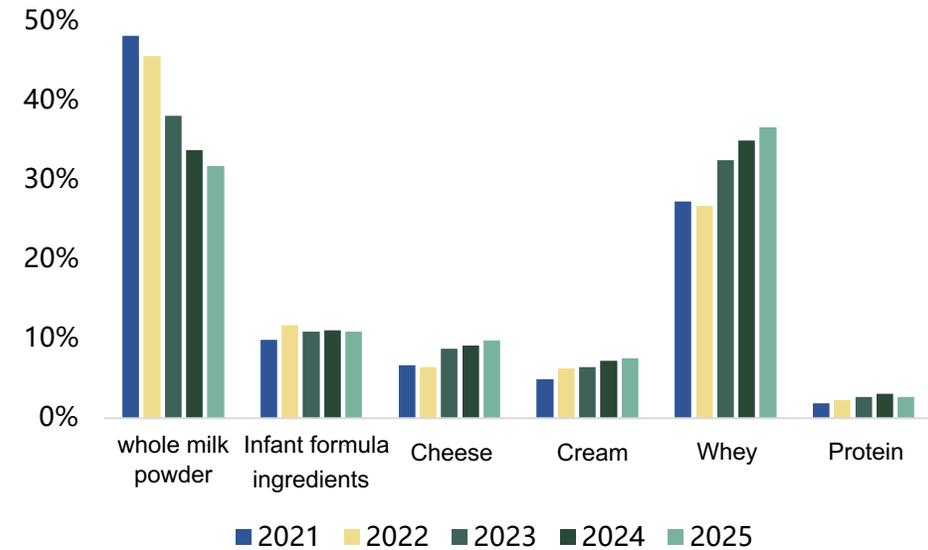
Source: China Customs, Fonterra



- ▶ In 2025, China's dairy production fell 0.4% YoY, while total imports (in liquid milk equivalent) rose 5.1% YoY.

## Share of imported dairy solids (%)

Source: China Customs

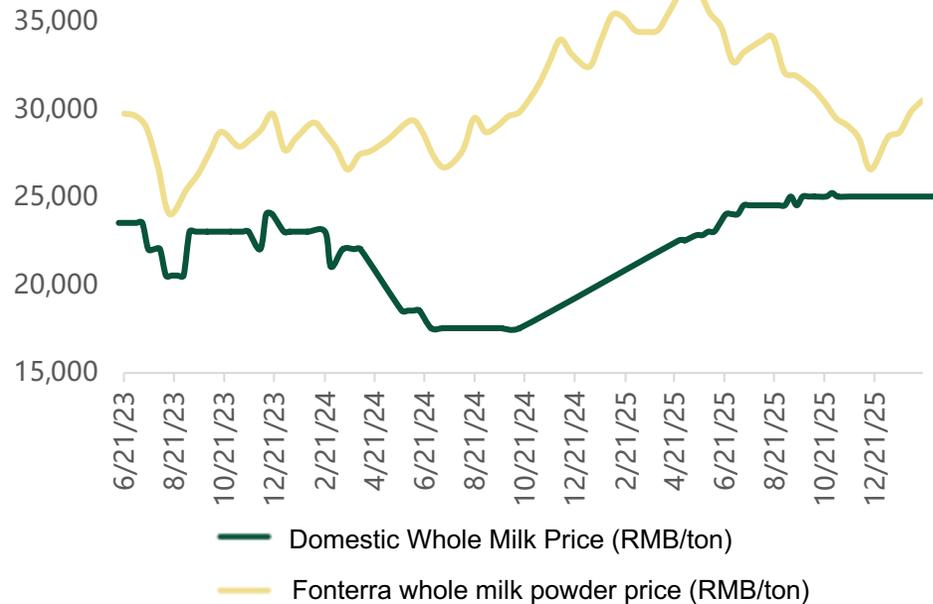


- ▶ Driven by strong demand from B2B channels such as bakery, tea beverages, and catering, imports of dairy solids increased YoY, with higher shares of value-added products including cheese, butter, and whey.

# Divergence in Domestic and International Milk Prices

## China and Fonterra Whole Milk Powder Prices (RMB/ton)

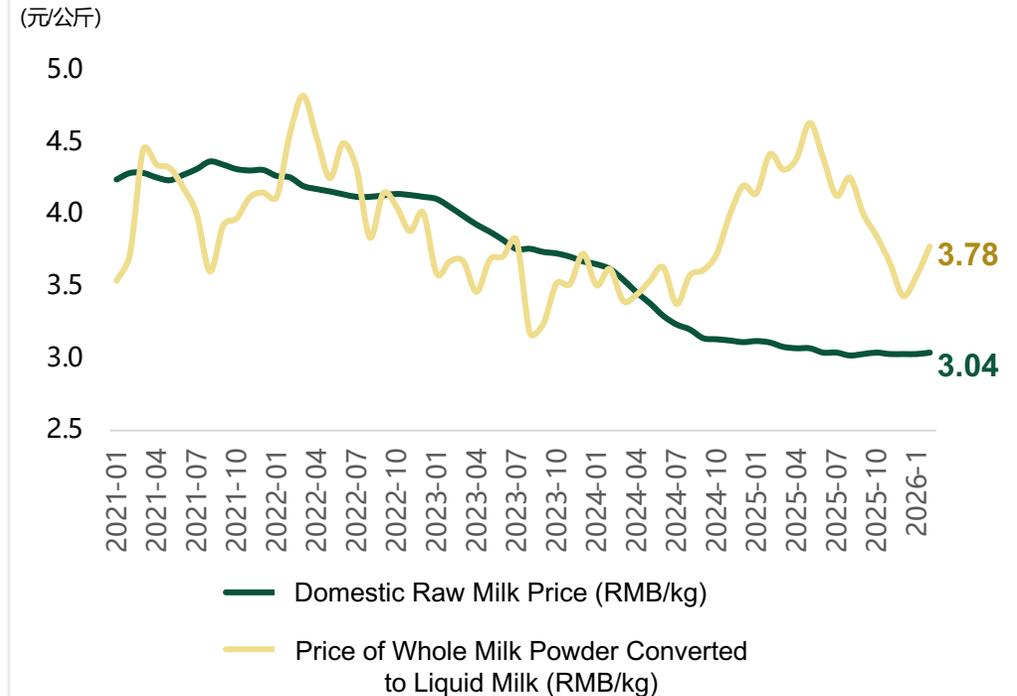
Source: Fonterra, CITIC Securities, Dairy Online



► Domestic whole milk powder stabilized around RMB 25,000/ton. The price gap between domestic and imported whole milk powder narrowed from a peak of RMB 14,000/ton to RMB 5,000/ton, before international whole milk powder rebounded above RMB 30,000/ton in early 2026.

## Domestic Raw Milk and Whole Milk Powder Converted to Liquid Milk Price (RMB/kg)

Source: Ministry of Agriculture and Rural Affairs, Fonterra

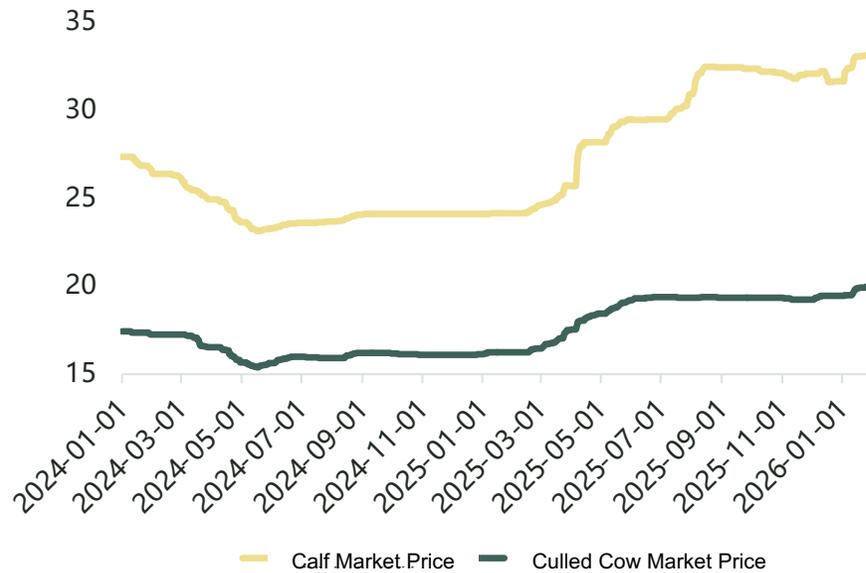


► Global dairy commodity prices bottomed in Q3 2023. Since May 2024, the price of whole milk powder converted to liquid milk has remained above domestic raw milk prices.

# Beef Prices Bottomed Out and Rebounded

## Calf and Culled Cow Prices (RMB yuan/kg)

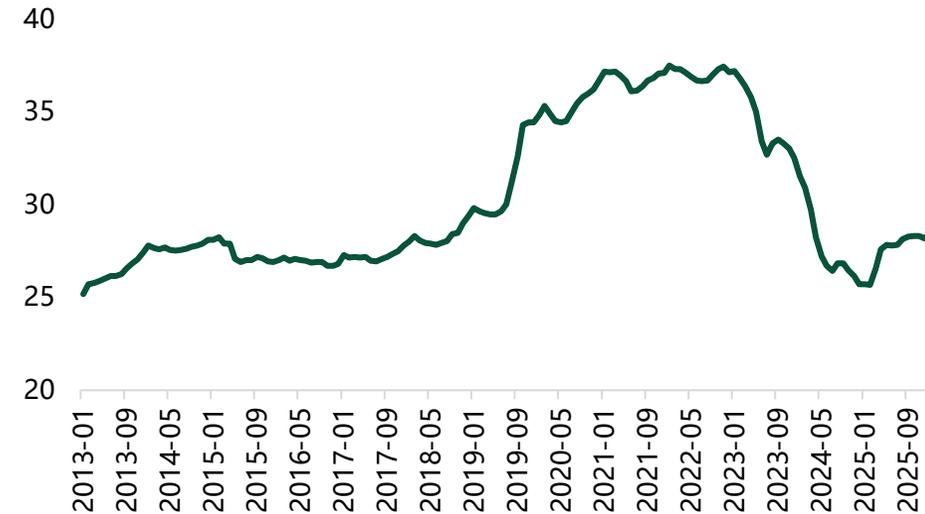
Source: Mysteel



- ▶ Driven by declining domestic stocks, lower imports, and steady demand growth, live cattle prices rebounded significantly in 2025. Culled cow prices rose from a low of RMB 15/KG in May 2024 to over RMB 20/KG in early 2026.

## Live Cattle Prices in Wholesale Markets (RMB yuan/kg)

Source: National Bureau of Statistics of China



- ▶ In 2025, culled cow prices have rebounded, but it was still far from the previous high point.

# Market Analysis: Challenges and Opportunities

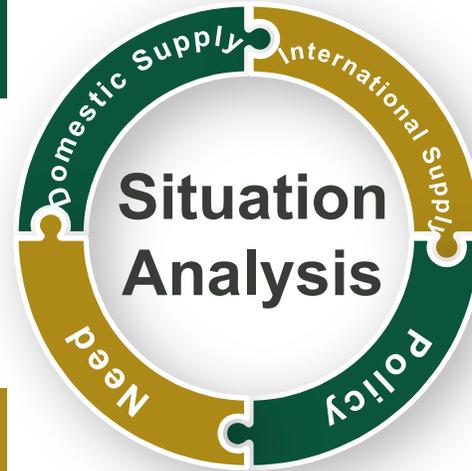
## Domestic Capacity Continues to be Reduced, Supply-demand Balance at a Critical Stage

Herds declined **4.5%** YoY in 2024 and 2025.  
Rabobank predicts China's dairy cow herd will **fall 2% YoY** in 2026.

## Steady Growth in Dairy Processing Demand Drives Export Expansion

**Rising consumption of high-quality chilled dairy products** in China. Increased demand for butter, cheese, and other value-added products via catering, bakery, and other channels supports **rapid development of China's dairy processing industry**.

Chinese processors **plan to expand overseas exports** to balance domestic oversupply: in 2025, China exported 138,000 tons of dairy products (**+77.6%** YoY), including 69,000 tons of bulk milk powder (**+205.1%** YoY).



## Slower International Supply Growth Supports Global Milk Prices

Rabobank forecasts milk output in the seven major exporting regions to grow only **0.2%** YoY, slowing production growth provides an opportunity for price recovery. Pace of international price recovery depends on global demand resilience and inventory clearance.

Based on recent commodity price improvements and strong Fonterra sales, the average price per kg of milk solids for 2025/2026 has been raised from NZD 9.0 to **NZD 9.5**.

## Industry Standards and Trade Policies Strengthen Domestic Protection

**Upgraded standards:** New national standard for sterilized milk (effective Sep 2025) prohibits the use of reconstituted milk, establishing raw milk as the sole ingredient, boosting upstream raw milk demand and raising quality standards.

**EU anti-subsidy ruling:** Since Dec 2025, China's Ministry of Commerce imposed provisional anti-subsidy duties on imported EU cheese and cream, increasing import costs and accelerating domestic substitution for high-value dairy ingredients.

**Beef tariff barriers:** From 2026, import quotas and 55% excess tariffs on beef aim to curb low-price imports and support domestic beef price recovery.

# Thank You

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