



YuanShengTai Dairy Farm Limited 原生态牧业有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 1431

2025 INTERIM REPORT



Contents

2	Corporate Information
3	Management Discussion and Analysis
12	Corporate Governance and Other Information
16	Independent Review Report
17	Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
18	Interim Condensed Consolidated Statement of Financial Position
20	Interim Condensed Consolidated Statement of Changes In Equity
21	Interim Condensed Consolidated Statement of Cash Flows
22	Notes to Interim Condensed Consolidated Financial Information



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Yongjiu (張永久)

(Chairman and Chief Executive Officer)

Mr. Chen Xiangqing (陳祥慶) (Chief Financial Officer)

Mr. Liu Gang (劉剛)

Non-executive Directors

Mr. Leng Youbin (冷友斌)

Mr. Liu Hua (劉華)

Mr. Cai Fangliang (蔡方良)

Independent Non-executive Directors

Mr. Zhang Yuezhou (張月周)

Mr. Meng Jingzong (alias Owens Meng) (蒙靜宗)

Ms. Liu Jinping (劉晉萍)

JOINT COMPANY SECRETARIES

Ms. Song Miao (宋淼)

Ms. Cheng Lucy (曾若詩)

AUTHORISED REPRESENTATIVES

Mr. Chen Xiangqing (陳祥慶)

Mr. Liu Gang (劉剛)

AUDIT COMMITTEE

Mr. Meng Jingzong (alias Owens Meng) (蒙靜宗) (Chairman)

Mr. Zhang Yuezhou (張月周)

Ms. Liu Jinping (劉晉萍)

REMUNERATION COMMITTEE

Mr. Zhang Yuezhou (張月周) (Chairman)

Mr. Meng Jingzong (alias Owens Meng) (蒙靜宗)

Ms. Liu Jinping (劉晉萍)

Mr. Zhang Yongjiu (張永久)

NOMINATION COMMITTEE

Ms. Liu Jinping (劉晉萍) (Chairlady)

Mr. Meng Jingzong (alias Owens Meng) (蒙靜宗)

Mr. Zhang Yuezhou (張月周)

Mr. Zhang Yongjiu (張永久)

INDEPENDENT AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place, 979 King's Road, Quarry Bay,
Hong Kong

PRINCIPAL BANKERS

Agricultural Development Bank of China

Industrial and Commercial Bank of China

Agricultural Bank of China

China Construction Bank

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC" OR "CHINA")

12/F, Gaoxinzhibu Building

787 Bukui South Street

Longsha District, Qiqihar

Heilongjiang Province

The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, 148 Electric Road

North Point

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

LEGAL ADVISORS

As to Hong Kong Laws

Loeb & Loeb LLP

As to PRC Laws

Jingtian & Gongcheng (北京市競天公誠律師事務所)

STOCK CODE

1431

BOARD LOTS

1,000 shares

COMPANY'S WEBSITES

www.ystdfarm.com

www.ystdairyfarm.com

Management Discussion and Analysis

MARKET REVIEW

In the first half of 2025, the global economy entered a “critical period”, with economic growth decelerating due to trade barriers and an uncertain global policy environment. The World Bank, the International Monetary Fund (IMF), the United Nations Conference on Trade and Development and the Organization for Economic Cooperation and Development have successively lowered their forecasts of global economic growth this year. Among them, the World Bank’s latest Global Economic Prospects report, released in June 2025, has significantly lowered its forecast of global economic growth in 2025 from 2.7% in January to 2.3%. In the first half of the year, China’s national economy remained generally stable and showed signs of improvement. According to data released by the National Bureau of Statistics in July 2025, the gross domestic product for the first half of the year was RMB66,053.6 billion, representing a year-on-year increase of 5.3% at constant prices.

In terms of the industry, after more than three years of adjustment, China’s dairy industry is currently at a new turning point. During this round of adjustments, dairy companies have proactively adjusted their farming scales, and the market supply-demand relationship is gradually improving, with signs of recovery beginning to emerge. However, the overall market has yet to break free from the cyclical development challenges it faces. According to data from the Ministry of Agriculture and Rural Affairs, by the fourth week of June, the average price of raw milk in 10 major producing provinces, including Inner Mongolia and Hebei, was RMB3.04 per kilogram, representing a year-on-year decrease of 7.0%. Although milk prices have bottomed out, the structural contradiction between rapid growth in raw milk supply and sluggish consumption demand of dairy products remains unresolved. Raw milk prices have yet to show signs of recovery and the industry as a whole face challenges in terms of profit growth.

In the short term, the dairy industry is at a critical juncture. On the one hand, the dairy industry needs to face the significant relief pressure that has continued since 2022. It needs the cooperation of all sectors of society to integrate policies, technologies, and financial resources to promote relief for the dairy industry and optimize production capacity. On the other hand, the dairy industry is about to usher in a new five-year plan of the 15th Five-Year Plan, entering a critical juncture in a new round of development.

In the long term, the dairy industry spans the primary, secondary, and tertiary industries. It is an important part of modern agriculture and food industry, as well as a cornerstone of China’s health strategy. However, per capita milk consumption in China is still less than one-third of the world average. Rural residents’ consumption is less than 60% of that in urban areas. Furthermore, liquid milk consumption is the mainstay, while the penetration rate of processed products such as cheese and butter, which use the most amount of raw milk, is less than 5%. This indicates that the future dairy market still holds enormous potential for development. Based on this, in early 2025, the Ministry of Agriculture and Rural Affairs, the National Health Commission, and the Ministry of Industry and Information Technology jointly issued the China Food and Nutrition Development Outline (2025–2030) (《中國食物與營養發展綱要 (2025–2030年)》), which proposes that by 2030, per capita annual milk consumption will reach 47 kilograms. Low-temperature dairy product market will be cultivated, and consumption of cheese and other dry dairy products will be promoted. In the future, as the consumption structure of dairy products continues to optimize and product diversification develops, the dairy industry will be able to address the issue of insufficient rigid demand of raw milk through more flexible and effective measures.

Management Discussion and Analysis

As one of the leading companies in the dairy farming industry in the PRC, YuanShengTai Dairy Farm Limited (“**YuanShengTai**” or the “**Company**”) and its subsidiaries (collectively the “**Group**”) will continue to closely follow market trends, flexibly adjust its production and operation strategies, orderly optimize herd size, enhance breeding and production technologies, improve quality and efficiency, and achieve better economies of scale. YuanShengTai will continue to adhere to the Company’s core development philosophy of producing high-quality milk, strictly enforce quality control system, and continue to supply society with a wider range of high-quality products, striving to provide reliable quality support for every citizen’s dairy consumption.

BUSINESS REVIEW

YuanShengTai is a company that focuses on producing high-quality raw milk. In terms of herd size and production volume, YuanShengTai is one of the leading dairy farming companies in the PRC. The sales volume of raw cow milk of the Group for the six months ended 30 June 2025 (the “**Reporting Period**”) was 304,729 tonnes, representing an increase of 17.6% as compared with the same period of last year. The average selling price was RMB4,305 per tonne for the Reporting Period. The total revenue from sales of raw milk of the Group amounted to RMB1,311.8 million for the Reporting Period, representing an increase of 8.9% as compared with the same period of last year. The Group’s net profit for the Reporting Period amounted to RMB118.9 million. During the Reporting Period, decreases in prices of certain feeds led to reduced cost per kilogram milk, while the unit selling price of the Company’s raw milk declined.

The Group continued to expand and optimize its partnership with leading dairy manufacturers in China. In the first half of 2025, the Group’s major customers were China Feihe Limited (“**China Feihe**”) and Huishan Dairy Group, both being leading dairy manufacturers in China. Adhering to the principle of producing high-quality raw milk, the Group continues to optimize and expand the product portfolio, striving to improve quality of dairy products, continue to develop more potential and high-quality customers, and further consolidate the Group’s customer base. In the future, the Group will firmly seize industry development opportunities, deepen refined operation and lean management of farms, while continuously improving technological innovation capabilities, enhancing quality and efficiency, and strengthening the production of standardized, high-quality raw milk to lay a solid foundation for the sustainable development of the Group’s business.

Construction of Farms

As of 30 June 2025, we had ten farms in Heilongjiang Province and one farm in Jilin Province, respectively. Each farm had an actual capacity ranging from 1,960 to 30,000 dairy cows. The total site area of the eleven dairy cow farms amounts to approximately 9,694,458 square metres.



Management Discussion and Analysis

	Actual Designed Capacity <i>(Number of Cows/Head)</i>	Actual Inventory Number	Area <i>(m²)</i>
Gannan Farm	12,000	10,412	986,333
Kedong Heping Farm	6,000	5,682	384,000
Kedong Ruixinda Farm	18,000	12,081	784,000
Kedong Yongjin Farm	12,000	8,319	714,000
Zhenlai Farm	30,000	23,685	2,066,667
Baiquan Farm	15,000	6,091	994,000
Keshan Farm	12,000	10,565	980,000
Longjiang Ruixincheng Farm	1,960	991	84,300
Longjiang Jinyuan Farm	12,000	11,927	798,400
Yi'an Farm	15,000	11,482	857,713
Bei'an Farm	10,000	7,204	1,045,045
Total	143,960	108,439	9,694,458

Milk Yield

During the Reporting Period, the average annual milk yield per matured milkable cow was 12.46 tonnes, representing a slight increase of 0.5% as compared with 12.40 tonnes in the first half of 2024. With the continuous upgrading of farm operation and management system and further optimization of herd structure of cows, the Group expects that the average milk yield of herds will be effectively controlled. In the future, the Group will further optimize production and operation mode and improve feeding formulas.

Size of Our Herds

The Group is deepening its efforts to optimize herd structure of cows and refine management, steadily advancing the development of a high-quality and high-efficiency farm management system. The number of dairy cows on the farms operated by the Group decreased from 109,696 heads as of 30 June 2024 to 108,439 heads as of 30 June 2025. The total number of matured milkable cows increased from 49,231 heads as of 30 June 2024 to 51,452 heads as of 30 June 2025, representing a year-on-year increase of 4.5%. The number of heifers and calves decreased to 56,987 heads, representing a decrease of 5.8% compared to the same period last year. In the future, the Group will dynamically optimize the size of inventory dairy cows, consolidate and strengthen the supply of high-quality raw milk, and bring sustainable and high-quality returns to the Group.

	30 June 2025	30 June 2024
Number of matured milkable cows	51,452	49,231
Number of heifers and calves	56,987	60,465
Total number of dairy cows	108,439	109,696

Management Discussion and Analysis

Price of Raw Milk

Despite ongoing adjustments and consolidation in national raw milk production capacity, terminal consumption demand of dairy products has shown signs of marginal recovery driven by various factors. However, overall consumption growth remains slightly weak. Compounded by the impact of the peak milk production period of dairy cows in the second quarter, the pace of raw milk price recovery remains below market expectations. During the Reporting Period, the average selling price of the Group's raw milk was RMB4,305 per tonne (average selling price during the six months ended 30 June 2024 was RMB4,648 per tonne), representing a decrease of 7.4% as compared with the same period of last year.

OUTLOOK

Looking back on the first half of 2025, the dairy products industry still faced challenges of weak demand and price pressure, but the supply-demand situation was gradually improving. As production capacity at the farming end continues to be optimized and inefficient capacity is gradually phased out, the supply-demand structure of raw milk has significantly improved, and prices are expected to rebound in the second half of the year. Faced with a development situation where consumption demand remains under pressure, dairy enterprises need to continue to push forward with the task of eliminating inefficient production capacity, continuously adjusting the market supply and demand structure, and responding to market challenges through cost reduction and efficiency improvement, as well as product structure optimization in the future. Industry competition may further focus on quality and efficiency.

The dairy industry is currently undergoing a critical period of transformation. Policy support and industrial synergy and integration will form a powerful driving force of development. The No.1 Document in 2025 focuses on the high-quality development of the dairy industry, clearly proposing support of family farms and farmers' cooperatives to develop integrated breeding and processing, which provides policy guidance for expanding processing channels and enriching the supply of dairy products. On 27 March 2025, the introduction of new regulations of National Food Safety Standard - Sterilized Milk (食品安全國家標準滅菌乳) was a breakthrough significance. The requirement that sterilized milk must be made from raw milk is expected to be a key measure in expanding milk consumption and driving up milk prices. In the future, with policy dividends continuing to be released, China's dairy industry will transform from focusing on growth-driven development to a phase of focusing on structural optimization. As an indispensable industry of citizens, the future of the dairy industry looks promising.

Looking ahead, in the face of both opportunities and challenges of industry development, the Group will closely follow the development trends of China's dairy industry and dairy cattle breeding industry and adjust strategic development direction in a timely manner. Focusing on fundamental development, the Group will continue to improve operational efficiency and accelerate digital transformation. Through measures such as smart farm construction and supply chain synergy optimization, the Group will improve operational efficiency, strengthen cost control capabilities, reduce comprehensive breeding costs, improve refined breeding management standards and further unleash development potential. Moreover, the Group will actively fulfil its social responsibilities, deeply integrate the green development concept with its daily management to create eco-friendly farms and promote sustainable development of the industry. The Group will seize the opportunities presented by consumption upgrades, continue to increase investment in research and development and innovation, and build long-term sustainable competitive advantages through collaborative development across the entire industry chain to maintain its leading position in the industry.

OUR REVENUE

During the Reporting Period, our total sales of raw milk increased by 8.9% to RMB1,311.8 million as compared with RMB1,204.8 million for the six months ended 30 June 2024. The sales volume of raw cow milk reached 304,729 tonnes for the Reporting Period, representing an increase of 17.6% as compared with 259,180 tonnes for the six months ended 30 June 2024. The growth in sales volume of raw cow milk was primarily attributable to the increases in (i) herd size of matured milkable cows and (ii) average annual milk yield per cow. Our average selling price of raw cow milk was RMB4,305 per tonne for the Reporting Period, representing a decrease of 7.4% as compared with RMB4,648 per tonne for the same period of last year.

COST OF SALES

Our cost of sales for the Reporting Period was RMB784.4 million. The table below summarizes the components of our cost of sales by nature for the six months ended 30 June 2025 and 2024:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Cost of sales		
Feed	559,019	556,981
Salary, welfare and social insurance	61,941	58,795
Depreciation	59,244	48,400
Veterinary cost	25,110	27,480
Utilities	54,085	48,425
Transportation expenses	665	834
Other costs	24,373	18,129
Cost of sales, total	784,437	759,044

Feed costs represent the feed consumed by our milkable cows and goats. The feed costs for milkable cows (six months ended 30 June 2024: milkable cows and milkable goats) were RMB559.0 million and RMB557.0 million for the six months ended 30 June 2025 and 2024, respectively, representing 71.3% and 73.4% of the cost of sales for the respective six months ended 30 June 2025 and 2024. The increase in our feed costs was attributable to the increase in the number of milkable cows.

GROSS PROFIT

Due to the factors discussed above, the gross profit increased to RMB527.4 million for the Reporting Period (six months ended 30 June 2024: RMB445.7 million), representing an increase of 18.3%. Our gross profit margin increased from 37.0% for the six months ended 30 June 2024 to 40.2% for the Reporting Period.

Management Discussion and Analysis

OTHER INCOME AND GAINS

Other income and gains for the six months ended 30 June 2025 and 2024 amounted to RMB100.8 million and RMB105.5 million, respectively, representing a decrease of 4.5%. The decrease in other income and gains was attributable to (i) the decrease in interest income and (ii) no disposal gain of subsidiary during the Reporting Period.

ADMINISTRATIVE EXPENSES

We incurred administrative expenses of RMB62.5 million for the Reporting Period, representing an increase of approximately 19.3% as compared to RMB52.4 million for the six months ended 30 June 2024. The increase was primarily attributable to the increase in repairs and maintenance expense.

OTHER EXPENSES

Other expenses for the Reporting Period amounted to RMB8.7 million (six months ended 30 June 2024: RMB13.7 million), representing a decrease of approximately 36.5%, which was attributable to the decreases in (i) losses on disposal of equipment and (ii) expense related to the disposal of cow waste.

CHANGES IN FAIR VALUE LESS COSTS TO SELL OF BIOLOGICAL ASSETS

Changes in fair value less costs to sell of biological assets was a loss of RMB423.4 million for the Reporting Period as compared with a loss of RMB336.9 million for the six months ended 30 June 2024. The increase in loss was attributable to the decrease in number and fair value of heifers and calves.

IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the Reporting Period, no impairment loss (six months ended 30 June 2024: Nil) was recognized for property, plant and equipment and right-of-use assets.

PROFIT OF THE GROUP FOR THE REPORTING PERIOD

As a result of all the above factors, the Group recorded a net profit of RMB118.9 million for the Reporting Period, as compared with a net profit of RMB129.0 million for the six months ended 30 June 2024. Basic earnings per share was approximately RMB2.5 cents for the Reporting Period, as compared with basic earnings per share of RMB2.8 cents for the six months ended 30 June 2024.



INTERIM DIVIDEND

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved not to declare the payment of any interim dividend for the Reporting Period (six months ended 30 June 2024: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

For the Reporting Period, the Group’s net cash inflow from operating activities amounted to RMB586.0 million, as compared with RMB634.5 million for the six months ended 30 June 2024. As at 30 June 2025, the Group had cash and cash equivalents of RMB670.9 million (31 December 2024: RMB637.6 million). Save for cash and cash equivalents equivalent to RMB2.3 million which were denominated in the United States dollars (“**USD**”), and RMB3.2 million which were denominated in Hong Kong dollars (“**HKD**”), the Group’s remaining cash and cash equivalents were denominated in Renminbi (“**RMB**”).

The Group had interest-bearing bank borrowings of RMB782.1 million as at 30 June 2025 (31 December 2024: RMB884.3 million) which was denominated in RMB. The annual interest rate of the bank borrowings as at 30 June 2025 ranged from 2.60% to 3.85% (31 December 2024: ranged from 2.90% to 3.85%). The gearing ratio (calculated by dividing net debt by the equity attributable to owners of the parent plus net debt) was 3.3% (31 December 2024: 11.3%). Net debt includes interest-bearing bank borrowings, trade and bills payables, and certain other payables and accruals, less cash and cash equivalents and time deposits.

CAPITAL STRUCTURE

As at 30 June 2025, the Company’s issued share capital was HK\$46,904,964 divided into 4,690,496,400 shares of the Company (the “**Shares**”) of HK\$0.01 each. The Company did not issue any new Shares during the Reporting Period.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the Reporting Period, the principal capital expenditures of the Group were related to construction of new farms and major maintenance and acquisition of additional equipment for its existing dairy farms.

As part of the Group’s future strategies, planned capital expenditures of the Group for its business operations will primarily be related to the construction and commencement of operations of its new dairy farms. The Group anticipates that its capital expenditures will be financed by cash generated from its operations, debt financing or bank loans and the unutilized net proceeds from the issue of new Shares under the global offering as set out in the prospectus of the Company dated 14 November 2013 (the “**Prospectus**”).

Save as disclosed above and in the Prospectus, there were no significant investments held as at 30 June 2025 nor were there other plans for material investments on capital assets as at the date of this report.

Management Discussion and Analysis

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING (THE “IPO”)

The issued Shares were initially listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 November 2013. Gross proceeds raised from the IPO in such connection amounted to approximately HK\$3,298.0 million, and the net proceeds (after deduction of listing expenses and underwriting commissions, and excluding offer proceeds which were payable to selling shareholders of the Company (the “**Shareholders**”) (i.e. not receivable by the Company)) amounted to approximately HK\$2,564.0 million. The net proceeds were spent broadly in accordance with the Company’s plan as disclosed in the Prospectus.

The table below sets out the planned applications of the net proceeds from the IPO and the actual usage:

	Planned use of net proceeds from the IPO (as stated in the Prospectus) <i>HK\$ million</i>	Actual use of net proceeds from the IPO up to 30 June 2025 <i>HK\$ million</i>	Actual use of net proceeds from the IPO during the Reporting Period <i>HK\$ million</i>	Unused net proceeds from the IPO as at 30 June 2025 <i>HK\$ million</i>
Construction of new farms	1,923.0	1,923.0	–	–
Develop upstream operations	384.6	36.8	–	347.8
Working capital and general corporate purpose	256.4	256.4	–	–
Total	2,564.0	2,216.2	–	347.8

The unused net proceeds, being approximately HK\$347.8 million, are expected to develop upstream operations. As the Board is still observing the market conditions which are developing slowly in general, the expected timeline for unused net proceeds in respect of developing upstream operations will be further delayed to the end of 2027. A detailed schedule depends on the overall economic conditions, the development of the Company and market situation.

The Board will continuously evaluate the Group’s business strategies and change or modify the plan in line with market conditions, to support business growth of the Group.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

PLEDGE OF ASSETS

As at 30 June 2025 and 31 December 2024, certain of the Group’s bank loans had been secured by the pledge of the Group’s assets.

FOREIGN EXCHANGE EXPOSURE

Certain assets of the Group are denominated in foreign currencies such as USD and HKD. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out by the management.

TREASURY POLICIES

The Group adopts a conservative approach to treasury management. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments of the Group as at 30 June 2025 were RMB56.7 million (31 December 2024: RMB10.8 million), which were for construction of our new farms and renewal of existing facilities. The Group did not have any significant contingent liabilities as at 30 June 2025 (31 December 2024: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had 2,339 employees (31 December 2024: 2,375 employees), of whom one was located in Hong Kong and all the others were located in the PRC. The remuneration and staff cost for the Reporting Period was RMB141.6 million (six months ended 30 June 2024: RMB177.4 million).

The salaries of the Group's employees largely depend on their type and level of work as well as their length of service with the Group. They receive social welfare benefits and other benefits including social insurance. As required by the PRC regulations on social insurance, the Company participates in the social insurance schemes operated by the relevant local government authorities, which include retirement pension, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance. In addition, the Group has opened its housing funds accounts and started making contributions to housing funds since April 2013. The Group also provides and arranges on-the-job training for the employees.

The Directors and senior management of the Company receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The Company also reimburses them for expenses which are necessarily and reasonably incurred for providing services to the Company or executing their functions in relation to its operations. The Company regularly reviews and determines the remuneration and compensation packages of the Directors and senior management.

Further, the remuneration committee of the Board (the "**Remuneration Committee**") reviews and recommends to the Board for consideration and approval of the remuneration and compensation packages of the Directors and senior management by reference to their time commitment and responsibilities, the salaries paid by comparable companies and the performance of the Group.

EVENTS AFTER REPORTING PERIOD

The Group does not have any material subsequent event after the Reporting Period and up to the date of this report.

Corporate Governance and Other Information

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

The Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares (including sale of treasury shares, if any) during the Reporting Period. As at 30 June 2025, the Company did not hold any treasury shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and its management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the businesses of the Group in a transparent and responsible manner and following good corporate governance practices serve the long-term interests of the Group and those of the Shareholders. The Board considers that the Company complied with all the code provisions as set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) during the Reporting Period and up to the date of publication of this report except for the following:

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The role of the chairman of the Board (the “**Chairman**”) is responsible for overseeing the functions of the Board whilst the role of the chief executive officer of the Company (the “**CEO**”) is responsible for managing the Group's business and overall operations.

On 15 April 2025, Mr. Zhao Hongliang resigned as an executive Director and the Chairman due to his other business commitments and ceased to be a member of the Remuneration Committee. Following the resignation of Mr. Zhao Hongliang, Mr. Zhang Yongjiu, an executive Director and the CEO, has been appointed as the Chairman and a member of the Remuneration Committee on the same day. The Board believes that vesting the roles of the Chairman and the CEO in the same person has the benefit of ensuring strong consistent leadership with the Group and enables more effective and efficient planning and implementation of business decisions and strategies. The Board also believes that it will not impair the balance of power and authority between the Board and the management of the Company.

In addition, as all major decisions are made in consultation with members of the Board and the relevant Board committees, and there are three independent non-executive Directors (the “**INEDs**”) offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct for dealing in securities of the Company by the Directors. In response to specific enquiries made by the Company, all Directors confirmed that they had complied with the Model Code during the Reporting Period.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rules 13.51(B) of the Listing Rules, the change in information of the Directors for the Reporting Period and up to the date of this report are set out below:

Zhao Hongliang	Resigned as an executive Director and the Chairman and ceased as a member of the Remuneration Committee with effect from 15 April 2025.
Zhang Yongjiu	Appointed as the Chairman and a member of the Remuneration Committee with effect from 15 April 2025
Zhu Zhanbo	Resigned as an INED and ceased to be the chairman of the nomination committee of the Board (the “ Nomination Committee ”), a member of each of the audit committee of the Board (the “ Audit Committee ”) and the Remuneration Committee with effect from 20 August 2025
Liu Jinping	Designated as the chairlady of the Nomination Committee and a member of the Remuneration Committee with effect from 20 August 2025

REVIEW BY AUDIT COMMITTEE

The Board has established the Audit Committee with written terms of reference in compliance with the CG Code, which were revised and adopted on 29 December 2018 with effect from 1 January 2019. The Audit Committee comprises all the three INEDs, namely Mr. Meng Jingzong (alias Owens Meng) (“**Mr. Meng**”), Mr. Zhang Yuezhou and Ms. Liu Jinping. Mr. Meng is the chairman of the Audit Committee. The Company’s unaudited condensed consolidated interim results for the Reporting Period and this report have been reviewed by the Audit Committee. In addition, Ernst & Young, the Company’s independent auditor (the “**Independent Auditor**”), has reviewed the unaudited interim condensed consolidated financial information of the Group for the Reporting Period 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. The report on review of interim financial information by the Independent Auditor is included in this report.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the “**SFO**”), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register as referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Long Positions in the Shares

Name of Directors	Capacity/Nature of interests	Number of Shares held	Approximate percentage of issued Shares
Mr. Leng Youbin (“ Mr. Leng ”) <i>(Note)</i>	Interest in a controlled corporation and founder of a discretionary trust/ Corporate and other interest	3,342,320,920	71.26%
Mr. Chen Xiangqing (“ Mr. Chen ”)	Beneficial owner/Personal interest	3,500,000	0.07%

Note: 3,342,320,920 Shares were beneficially owned by China Feihe which is owned as to 49.379% by Mr. Leng, a non-executive Director. Therefore, Mr. Leng is deemed or taken to be interested in 3,342,320,920 Shares beneficially owned by China Feihe by virtue of the SFO.

Corporate Governance and Other Information

(ii) Long Positions in the shares of China Feihe – an associated corporation of the Company

Name of Directors	Capacity/Nature of interests	Number of shares held	Number of underlying shares held	Approximate percentage of issued shares
Mr. Leng ^(Note 1)	Interest in controlled corporation/ corporate interest	587,516,458	–	6.48%
	Founder of a discretionary trust/ other interest	3,889,911,881	–	42.90%
Mr. Liu Hua (“ Mr. Liu ”) ^(Note 2)	Founder of a discretionary trust/ corporate and other interest	345,681,920	–	3.81%
Mr. Cai Fangliang (“ Mr. Cai ”) ^(Note 3)	Interest in a controlled corporation/ Corporate interest	101,647,734	–	1.12%
Mr. Zhang Yongjiu	Beneficial owner/Personal interest	6,151,870	–	0.07%
Mr. Chen	Beneficial owner/Personal interest	117,776	–	0.00%

Notes:

- 587,516,458 shares of China Feihe were held by Mr. Leng through his controlled corporation – Dasheng Limited (“**Dasheng**”). 33.33% of the equity interests in Dasheng were held directly by Mr. Leng. 3,889,911,881 shares were held by Harneys Trustees Limited (“**Harneys**”) as the trustee of Leng Family Trust, which in its capacity as trustee holds the entire issued share capital of LYB International Holding Limited (“**LYB**”), which in turn holds the entire issued share capital of Garland Glory Holdings Limited (“**Garland Glory**”). Leng Family Trust was established by Mr. Leng as the settlor and the only discretionary object. Accordingly, Mr. Leng was deemed to be interested in 3,889,911,881 shares of China Feihe held by Garland Glory by virtue of the SFO.
- 345,681,920 shares of China Feihe were held by Harneys as the trustee of LH Family Trust, which in its capacity as trustee holds the entire issued share capital of LH Capital Holding Limited, which in turn holds the entire issued share capital of LH Financial Holding Limited (“**LH Financial**”), LH Family Trust was established by Mr. Liu as the settlor and the only discretionary object. Accordingly, Mr. Liu was deemed to be interested in 345,681,920 shares of China Feihe directly held by LH Financial by virtue of the SFO.
- 101,647,734 shares of China Feihe were held by Adroit Shipping Limited, which is wholly owned by Mr. Cai.

Corporate Governance and Other Information

Save as disclosed above and so far as is known to the Directors, as at 30 June 2025, none of the Directors and the chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register as referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 June 2025, as far as known by or otherwise notified to any Directors or the chief executive of the Company, the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which/who had 5% or more interests in the Shares and the underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long Positions and Short Positions in the Shares

Name of Shareholders	Capacity/Nature of interests	Number of Shares held	Approximate percentage of issued Shares
China Feihe ^(Note 1)	Beneficial owner/Personal Interest	3,342,320,920	71.26%
Garland Glory ^(Note 2)	Interest in a controlled corporation/ Corporate Interest	3,342,320,920	71.26%
LYB ^(Note 2)	Interest in a controlled corporation/ Corporate Interest	3,342,320,920	71.26%
Harneys ^(Note 2)	Trustee of a trust/Other interest	3,342,320,920	71.26%

Notes:

1. Please refer to note 1 under the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above.
2. 3,342,320,920 Shares were held by Harneys as the trustee of Leng Family Trust, which in its capacity as trustee holds the entire issued share capital of LYB, which in turn holds the entire issued share capital of Garland Glory, which in turn holds 42.90% of China Feihe. Leng Family Trust is a discretionary trust established by Mr. Leng as the settlor and the only discretionary object. Accordingly, each of Harneys, LYB and Garland Glory was deemed or taken to be interest in 3,342,320,920 Shares directly held by China Feihe.

Save as disclosed above, as at 30 June 2025, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations or persons (other than a Director or the chief executive of the Company) which/who had 5% or more interest in the Shares and the underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

Independent Review Report



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the board of directors of YuanShengTai Dairy Farm Limited

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 17 to 34, which comprises the condensed consolidated statement of financial position of YuanShengTai Dairy Farm Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2025 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) as issued by the International Accounting Standards Board.

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

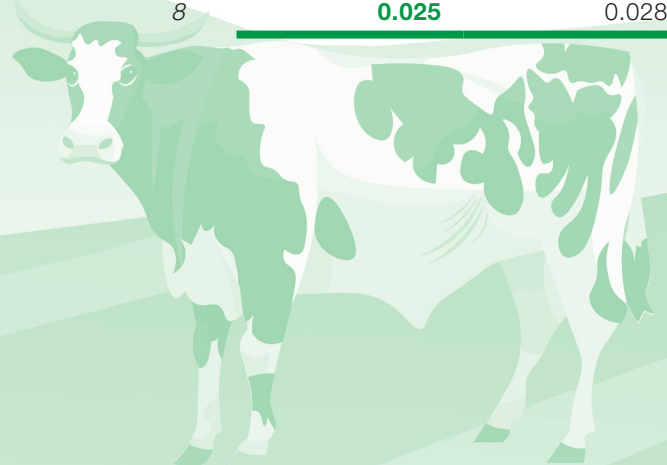
Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
28 August 2025

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	Notes	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
REVENUE	4	1,311,814	1,204,776
Cost of sales		(784,437)	(759,044)
Gross profit		527,377	445,732
Other income and gains		100,760	105,458
Administrative expenses		(62,484)	(52,391)
Other expenses		(8,679)	(13,654)
Finance costs		(14,117)	(22,567)
Changes in fair value less costs to sell of biological assets	10	(423,433)	(336,911)
PROFIT BEFORE TAX	5	119,424	125,667
Income tax (expense)/credit	6	(553)	3,329
PROFIT FOR THE PERIOD		118,871	128,996
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(2,050)	1,765
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		116,821	130,761
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		118,871	128,996
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		116,821	130,761
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (expressed in RMB per share)	8	0.025	0.028



Interim Condensed Consolidated Statement of Financial Position

30 June 2025

	Notes	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,764,867	3,803,316
Investment properties		32,030	38,734
Right-of-use assets		61,500	63,891
Prepayments and other receivables		8,859	4,882
Biological assets	10	2,236,840	2,339,650
Deferred tax assets		1,470	1,537
Total non-current assets		6,105,566	6,252,010
CURRENT ASSETS			
Inventories		459,283	672,945
Trade receivables	11	1,669	35,048
Prepayments and other receivables		29,681	20,771
Time deposits	12	422,533	303,708
Restricted cash	12	–	21,807
Cash and cash equivalents	12	670,866	637,594
Total current assets		1,584,032	1,691,873
CURRENT LIABILITIES			
Trade and bills payables	13	268,255	445,332
Other payables and accruals	14	963,733	1,051,345
Interest-bearing bank borrowings		316,384	399,215
Lease liabilities		13,866	13,518
Tax payable		2,063	2,112
Total current liabilities		1,564,301	1,911,522
NET CURRENT ASSETS/(LIABILITIES)		19,731	(219,649)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,125,297	6,032,361
NON-CURRENT LIABILITIES			
Deferred revenue	14	460,055	450,247
Interest-bearing bank borrowings		465,695	485,054
Lease liabilities		15,853	30,187
Total non-current liabilities		941,603	965,488
NET ASSETS		5,183,694	5,066,873

Interim Condensed Consolidated Statement of Financial Position

		30 June 2025	
		30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
		Note	
EQUITY			
Share capital	15	37,674	37,674
Reserves		5,146,020	5,029,199
Total equity		5,183,694	5,066,873

Director
Zhang Yongjiu

Director
Chen Xiangqing



Interim Condensed Consolidated Statement of Changes in Equity

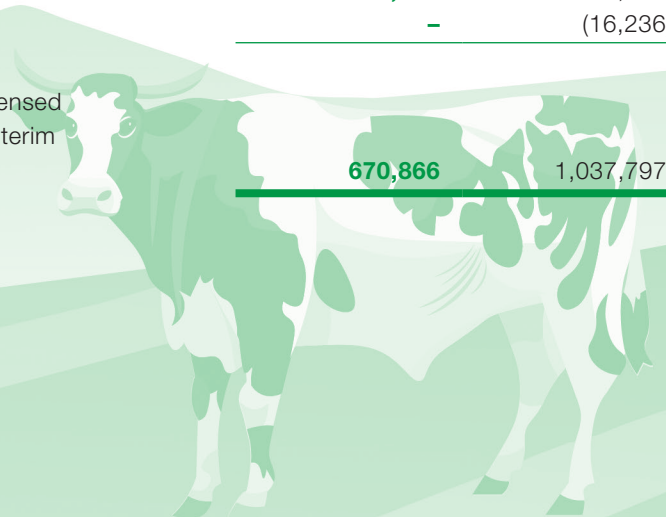
For the six months ended 30 June 2025

	Attributable to owners of the Company							Total equity RMB'000
	Issued capital RMB'000	Merger reserve RMB'000	Share premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	
At 1 January 2025 (audited)	37,674	186,000	2,977,020	455,505	28,235	15,371	1,367,068	5,066,873
Profit for the period	-	-	-	-	-	-	118,871	118,871
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	-	-	-	-	-	(2,050)	-	(2,050)
Total comprehensive income for the period	-	-	-	-	-	(2,050)	118,871	116,821
At 30 June 2025 (unaudited)	37,674	186,000	2,977,020	455,505	28,235	13,321	1,485,939	5,183,694
At 1 January 2024 (audited)	37,674	186,000	2,977,020	455,505	25,368	12,876	1,070,398	4,764,841
Profit for the period	-	-	-	-	-	-	128,996	128,996
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	-	-	-	1,765	-	1,765
Total comprehensive income for the period	-	-	-	-	-	1,765	128,996	130,761
At 30 June 2024 (unaudited)	37,674	186,000	2,977,020	455,505	25,368	14,641	1,199,394	4,895,602

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	586,016	634,495
Purchases of items of property, plant and equipment	(73,476)	(83,650)
Proceeds from disposal of items of property, plant and equipment	2,478	1,365
Additions of biological assets	(347,481)	(429,945)
Proceeds from disposal of biological assets	76,840	78,975
Receipt of government grants	20,650	60,070
Increase in time deposits	(118,825)	(2,591)
Proceeds from disposal of a subsidiary	–	9,196
Decrease of restricted cash	21,807	21,311
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(418,007)	(345,269)
New bank loans	540,082	47,238
Repayment of bank loans	(642,272)	(224,938)
Interest paid	(14,410)	(21,301)
Principal portion of lease payments	(15,227)	(13,456)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(131,827)	(212,457)
NET INCREASE IN CASH AND CASH EQUIVALENTS	36,182	76,769
Cash and cash equivalents at beginning of period	637,594	959,068
Effect of foreign exchange rate changes, net	(2,910)	1,960
CASH AND CASH EQUIVALENTS AT END OF PERIOD	670,866	1,037,797
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	669,775	629,003
Non-pledged time deposits with original maturity of less than three months when acquired	1,091	425,030
Restricted cash	–	(16,236)
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of cash flows	670,866	1,037,797



Notes to Interim Condensed Consolidated Financial Information

30 June 2025

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information.

Amendments to IAS 21	<i>Lack of Exchangeability</i>
----------------------	--------------------------------

The nature and impact of the amended IFRS Accounting Standard are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the production and sale of raw cow milk. For the purpose of resource allocation and performance assessment, the Group's management focuses on the operating results of the Group. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of raw milk	1,311,814	1,204,776

Disaggregated revenue information

	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Segments		
Type of goods		
Sale of raw milk	1,311,814	1,204,776
Total	1,311,814	1,204,776
Geographical market		
Mainland China	1,311,814	1,204,776
Total	1,311,814	1,204,776
Timing of revenue recognition		
Goods transferred at a point in time	1,311,814	1,204,776
Total	1,311,814	1,204,776



Notes to Interim Condensed Consolidated Financial Information

30 June 2025

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Breeding costs to produce	559,019	556,981
Production costs for raw milk	225,418	202,063
Cost of sales	784,437	759,044
Depreciation in property, plant and equipment	110,410	101,448
Less: Capitalised in biological assets	(49,982)	(52,439)
Depreciation recognised in the statement of profit or loss and other comprehensive income*	60,428	49,009
Depreciation of right-of-use assets	2,863	3,817
Depreciation of investment properties	6,407	8,195
Changes in fair value less costs to sell of biological assets	423,433	336,911
Lease payments for short-term leases	126	169
(Gain)/loss on disposal of items of property, plant and equipment	(962)	174
Gain on disposal of a subsidiary	—	(19,078)
Foreign exchange differences, net	(352)	(8,645)

* Depreciation of approximately RMB59,244,000 (six months ended 30 June 2024: RMB48,400,000) is included in the cost of sales on the face of the interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2025.

6. INCOME TAX

No provision for Hong Kong profits tax has been made for the reporting period as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil). Taxes on profits assessable in Mainland China have been calculated at the applicable PRC corporate income tax rate of 25% (30 June 2024: 25%). Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates.

According to the prevailing tax rules and regulations, certain subsidiaries of the Group operating in the agricultural business are exempted from enterprise income tax.

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Income tax expense	486	–
Deferred tax expense/(credit)	67	(3,329)
Total tax expense/(credit) for the period	553	(3,329)

7. DIVIDENDS

No dividend was paid or proposed by the Company during the reporting period (six months ended 30 June 2024: Nil).



Notes to Interim Condensed Consolidated Financial Information

30 June 2025

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted earnings per share amount is based on the earnings for the reporting period attributable to ordinary equity holders of the Company of RMB118,871,000 (unaudited) (six months ended 30 June 2024: RMB128,996,000 (unaudited)) and the weighted average number of ordinary is 4,690,496,400 (unaudited) (six months ended 30 June 2024: 4,690,496,400 (unaudited)) shares in issue during the reporting period. The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2025 and 30 June 2024.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculation	118,871	128,996
	Number of shares	
	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic/diluted earnings per share calculation	4,690,496,400	4,690,496,400

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired assets with a cost of RMB73,476,000 (unaudited) (30 June 2024: RMB83,650,000 (unaudited)).

Assets with net book value of RMB1,516,000 (unaudited) were disposed of by the Group during the six months ended 30 June 2025 (30 June 2024: RMB1,539,000 (unaudited)), resulting in a net gain on disposal of RMB962,000 (unaudited) (30 June 2024: net loss on disposal of RMB174,000 (unaudited)).

As at 30 June 2025, assets of net book value of RMB25,037,000 (31 December 2024: RMB25,573,000 (audited)) was pledged for the interest-bearing bank borrowings.

10. BIOLOGICAL ASSETS

A – Nature of activities

Dairy cows owned by the Group are primarily held to produce milk.

The quantity of dairy cows owned by the Group at 30 June 2025 and 31 December 2024 is shown below. The Group's dairy cows contain heifers and calves and milkable cows. Heifers and calves held at 30 June 2025 and 31 December 2024 were dairy cows that have not had their first calves.

	30 June 2025 (Unaudited) Heads	31 December 2024 (Audited) Heads
Dairy cows		
Milkable cows	51,452	49,330
Heifers and calves	56,987	57,966
Total dairy cows	108,439	107,296

The Group is exposed to fair value risks arising from changes in price of the dairy products. The Group does not anticipate that the price of the dairy products will decline significantly in the foreseeable future and the directors are of the Company of the view that there are no available derivative or other contracts which the Group can enter into to manage the risk of a decline in the price of the dairy products.

In general, the heifers are inseminated with semen when they reach approximately 16 months old. After approximately 9 months following a successful insemination, a calf is born and the dairy cow begins to produce raw milk and the lactation period begins. A milkable cow is typically milked for approximately 305 days before an approximately 60 days' dry period.

When a heifer begins to produce milk, it would be transferred to the category of milkable cows based on the estimated fair value on the date of transfer. The sale of dairy cows is not one of the Group's principal activities and the proceeds are not included as revenue.



Notes to Interim Condensed Consolidated Financial Information

30 June 2025

10. BIOLOGICAL ASSETS (Continued)

B – Value of dairy cows

The value of dairy cows at the end of the reporting period was:

	30 June 2025 RMB'000 (Unaudited)		31 December 2024 RMB'000 (Audited)
Dairy cows	2,236,840		2,339,650
	Heifers and calves RMB'000	Milkable cows RMB'000	Total RMB'000
Balance as at 1 January 2024 (audited)	1,266,220	969,000	2,235,220
Increase due to raising (feeding costs and others)	857,207	–	857,207
Transfer (out)/in	(1,063,147)	1,063,147	–
Decrease due to sales	(21,234)	(122,221)	(143,455)
Loss arising from changes in fair value less costs to sell	(45,126)	(564,196)	(609,322)
Balance as at 31 December 2024 and 1 January 2025 (audited)	993,920	1,345,730	2,339,650
Increase due to raising (feeding costs and others)	397,463	–	397,463
Transfer (out)/in	(374,705)	374,705	–
Decrease due to sales	(13,790)	(63,050)	(76,840)
Loss arising from changes in fair value less costs to sell	(72,768)	(350,665)	(423,433)
Balance as at 30 June 2025 (unaudited)	930,120	1,306,720	2,236,840

10. BIOLOGICAL ASSETS (Continued)**C – Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's biological assets:

	Fair value measurement using significant unobservable inputs (Level 3) RMB'000
As at 30 June 2025 (unaudited)	2,236,840
As at 31 December 2024 (audited)	2,339,650

As at 30 June 2025, the biological assets of RMB916,799,000 (31 December 2024: RMB1,162,142,000 (audited)) was pledged for the interest-bearing bank borrowings.

11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 month	1,669	34,663
1 to 2 months	–	–
3 to 6 months	–	385
	1,669	35,048



Notes to Interim Condensed Consolidated Financial Information

30 June 2025

12. CASH AND CASH EQUIVALENTS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Cash and bank balances	669,775	459,819
Time deposits	423,624	503,290
	1,093,399	963,109
Less: Non-pledged time deposits with maturity of more than three months when acquired	(422,533)	(303,708)
Restricted cash	–	(21,807)
Cash and cash equivalents	670,866	637,594

13. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 2 months	223,333	352,232
2 to 6 months	36,135	53,524
6 to 12 months	2,933	13,851
Over 1 year	5,854	25,725
	268,255	445,332

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

14. OTHER PAYABLES AND ACCRUALS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Deferred revenue	483,908	473,743
Contract liabilities	644,673	682,635
Other payables – construction	147,116	156,187
Other payables – equipment and materials	19,099	36,634
Others	128,992	152,393
	1,423,788	1,501,592
Non-Current Portion		
Deferred revenue	(460,055)	(450,247)
	963,733	1,051,345

Other payables are non-interest-bearing and have no fixed terms of settlement.

Deferred revenue represented government grants received by the Group as financial subsidies for the purchases of feed and the construction of farms. Government grants are recognised as income over the period necessary to match the grant on a systematic basis to the costs and expenses that they are intended to compensate on over the weighted average of the expected useful life of the relevant property, plant and equipment.

15. SHARE CAPITAL

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Authorised:		
50,000,000,000 ordinary shares of HK\$0.01 each	406,897	406,897
Issued and fully paid:		
4,690,496,400 ordinary shares of HK\$0.01 each	37,674	37,674

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

16. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Plant and machinery	56,669	10,797

17. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the reporting period:

	For the six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Sale of raw milk to the ultimate holding company	1,304,008	1,166,091

(b) Other transaction with related parties:

As at 30 June 2025, the vice president of the Group's fellow subsidiary and his wife have provided guarantees to certain of the Group's bank loan facilities up to RMB831,000,000 (31 December 2024: RMB831,000,000 (audited)), of which an amount of RMB256,655,000 (31 December 2024: RMB256,655,000 (audited)) has been unutilised.

As at 30 June 2025, a director of a subsidiary and his wife have provided guarantees to the Group's bank loan facilities up to RMB340,000,000 (31 December 2024: RMB100,000,000 (audited)), of which an amount of RMB105,052,000 (31 December 2024: RMB100,000,000 (audited)) has been unutilised.

(c) Outstanding balances with related parties:

The Group had an outstanding balance of contract liabilities due to China Feihe Limited (included in other payables and accruals) amounting to RMB644,673,000 (unaudited) as at 30 June 2025 (31 December 2024: RMB682,635,000 (audited)).

17. RELATED PARTY TRANSACTIONS (Continued)

(d) Compensation of key management personnel of the Group is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	2,876	4,310
Post-employment benefits	336	385
Total compensation paid to key management personnel	3,212	4,695

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June	31 December	30 June	31 December
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Financial liabilities				
Interest-bearing bank borrowings	782,079	884,269	782,003	884,106

Management has assessed that the fair values of cash and cash equivalents, time deposits, restricted cash, trade receivables, financial assets included in prepayments, and other receivables, trade and bills payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2025 were assessed to be insignificant.



Notes to Interim Condensed Consolidated Financial Information

30 June 2025

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 30 June 2025 (unaudited)				
Interest-bearing bank borrowings	–	782,003	–	782,003
At 31 December 2024 (audited)				
Interest-bearing bank borrowings	–	884,106	–	884,106

The Group did not have any financial liabilities measured at fair value as at 30 June 2025 (31 December 2024: Nil (audited)).

During the six months ended 30 June 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (30 June 2024: Nil (unaudited)).