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CHINA SHENGMU ORGANIC MILK LIMITED
中國聖牧有機奶業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code:1432)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

(Unless otherwise stated, all amounts are expressed in thousands of Renminbi ("**RMB**"))

OPERATING CONDITION	**For the six months ended 30 June**		
	2025	2024	**Movements**
	(Unaudited)	(Unaudited)	
Operating income[(1)]	**1,650,912**	1,567,692	**+5.3%**
Revenue	**1,444,274**	1,490,702	**-3.1%**
Gross profit	**364,866**	394,509	**-7.5%**
Loss attributable to owners of the parent company	**(48,322)**	(143,681)	**-66.4%**
Cash EBITDA[(2)]	**484,420**	404,740	**+19.7%**
KEY PERFORMANCE INDICATORS			
Annualized milk yield per milkable cow (tonnes/year • head)	**12.27**	12.07	**+1.7%**
Administrative expenses ratio[(3)]	**3.9%**	4.2%	**-0.3%**
Cost of sales per kilogram of milk (RMB/kg)	**2.89**	3.12	**-7.4%**

INTERIM DIVIDEND

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

(1) Operating income is calculated as revenue plus other income;

(2) Cash EBITDA is defined as earnings before finance costs and tax after adjusting the following items: i) depreciation and amortization charged to profit and loss; ii) other income and gains (non-cash items); iii) impairment losses under the expected credit loss model, net of reversals; iv) other expenses (non-cash items); and v) loss arising from changes in fair value less costs to sell of biological assets;

(3) Administrative expenses ratio is calculated as administrative expenses divided by revenue.

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).

The board (the "**Board**") of directors (the "**Directors**") of China Shengmu Organic Milk Limited (the "**Company**" or "**China Shengmu**") hereby presents the unaudited consolidated financial results of the Company and its subsidiaries (the "**Group**" or "**Shengmu**") for the six months ended 30 June 2025 (the "**Reporting Period**"), together with the comparative figures for the six months ended 30 June 2024.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
	Notes	**2025**	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	**1,444,274**	1,490,702
Cost of sales		**(1,079,408)**	(1,096,193)
Gross profit		**364,866**	394,509
Loss arising from changes in fair value less costs to sell of biological assets		**(471,255)**	(451,023)
Fair value changes of financial guarantee contracts		**(301)**	(112)
Other income and gains		**166,525**	49,900
Selling and distribution expenses		**(26,062)**	(27,883)
Administrative expenses		**(55,768)**	(62,678)
Impairment losses on financial and contract assets, net		**(68)**	(27)
Other expenses		**(2,087)**	(25,984)
Finance costs		**(19,366)**	(23,464)
Share of (losses)/profits of associates		**(1,870)**	1,256
LOSS BEFORE TAX	5	**(45,386)**	(145,506)
Income tax expense	6	**(215)**	(4)
LOSS FOR THE PERIOD		**(45,601)**	(145,510)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

	Notes	For the six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit/(loss) attributable to:			
Owners of the parent		**(48,322)**	(143,681)
Non-controlling interests		**2,721**	(1,829)
		(45,601)	(145,510)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic			
– For loss for the period		**(RMB0.006)**	(RMB0.018)
Diluted			
– For loss for the period		**(RMB0.006)**	(RMB0.018)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(45,601)**	(145,510)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(3,000)**	(4,000)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(3,000)**	(4,000)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(3,000)**	(4,000)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(48,601)**	(149,510)
Attributable to:		
Owners of the parent	**(51,322)**	(147,681)
Non-controlling interests	**2,721**	(1,829)
	(48,601)	(149,510)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2025	As at 31 December 2024
		RMB'000	RMB'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,822,295**	1,885,925
Right-of-use assets		**584,912**	594,896
Other intangible assets		**21,803**	23,285
Investments in associates		**32,775**	34,644
Biological assets	11	**3,245,672**	3,380,138
Other financial assets		**53,000**	56,000
Cash and bank balances		**51,637**	368,058
Total non-current assets		**5,812,094**	6,342,946
CURRENT ASSETS			
Inventories		**631,953**	856,609
Biological assets	11	**17,479**	86,383
Trade receivables	9	**271,796**	287,701
Prepayments, other receivables and other assets		**67,985**	64,400
Prepaid income tax		**2,151**	—
Other financial assets		**120,395**	—
Restricted bank deposits		**105,049**	128,988
Cash and bank balances		**998,492**	697,225
Total current assets		**2,215,300**	2,121,306
CURRENT LIABILITIES			
Trade and bills payables	10	**1,387,463**	1,649,760
Other payables and accruals		**200,199**	304,565
Lease liabilities		**16,783**	17,036
Interest-bearing bank borrowings		**1,451,128**	666,565
Tax payable		**—**	1,227
Total current liabilities		**3,055,573**	2,639,153
NET CURRENT LIABILITIES		**(840,273)**	(517,847)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,971,821**	5,825,099

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at	
	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	**27,862**	41,587
Deferred income	**6,326**	—
Interest-bearing bank borrowings	**805,904**	1,607,720
Total non-current liabilities	**840,092**	1,649,307
Net assets	**4,131,729**	4,175,792
EQUITY		
Share capital	**69**	69
Treasury shares held under the share award scheme	**(18,876)**	(43,754)
Reserves	**3,934,161**	4,006,692
Equity attributable to owners of the parent	**3,915,354**	3,963,007
Non-controlling interests	**216,375**	212,785
Total equity	**4,131,729**	4,175,792

NOTES

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.

Going concern basis

The Group had net current liabilities of RMB840,273,000 as at 30 June 2025 (as at 31 December 2024 RMB517,847,000). In view of the net current liabilities position, the Board has given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Having considered the unutilised banking facilities, and cash flow projections for the twelve months ending 30 June 2026, the directors are satisfied that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the directors have prepared the interim condensed consolidated financial information on a going concern basis.

2. CHANGES IN ACCOUNTING POLICIES

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	*Lack of Exchangeability*

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

For management purposes, the Group is not organised into business units based on their services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

All of the Group's revenue was derived from customers located in Mainland China and all of the Group's non-current assets were located in Mainland China, and therefore geographical segment information is presented in accordance with IFRS 8 Operation Segments.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**1,444,274**	1,490,702

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2025	2024
Segment	**Sale of raw milk**	Sale of raw milk
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Type of goods or services		
Sale of goods	**1,444,274**	1,490,702
Geographical market		
Mainland China	**1,444,274**	1,490,702
Timing of revenue recognition		
At a point in time	**1,444,274**	1,490,702

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**1,079,408**	1,096,193
Write-down of inventories to net realisable value	**900**	20,557
Loss arising from changes in fair value less costs to sell of biological assets	**471,255**	451,023
Fair value changes of financial guarantee contracts	**301**	112
Depreciation of items of property, plant and equipment	**63,550**	62,831
Depreciation of right-of-use assets	**8,990**	9,050
Amortisation of other intangible assets	**1,293**	718
Minimum lease payments under operating leases	**8,683**	10,036
Impairment of financial and contract assets	**68**	27
Loss on disposal of property, plant and equipment	**929**	2,723

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – the PRC		
Charge for the period	**—**	4
Underprovision in prior years	**215**	—
Total	**215**	4

7. DIVIDENDS

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

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 8,268,292,000 (30 June 2024: 8,169,239,000) outstanding during the period.

The calculation of the diluted loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 8,268,292,000 (30 June 2024: 8,169,239,000) outstanding during the period. There has been no dilutive impact on potential ordinary shares.

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent	**(48,322)**	(143,681)

	Number of shares	
	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares outstanding during the reporting period used in the basic loss per share calculation	**8,268,292,000#**	8,169,239,000#
Weighted average number of ordinary shares outstanding during the reporting period used in the diluted loss per share calculation	**8,268,292,000**	8,169,239,000

#: The weighted average number of shares was after taking into account the effect of treasury shares held.

9. TRADE RECEIVABLES

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

	As at 30 June 2025 RMB'000 (Unaudited)	 31 December 2024 RMB'000 (Audited)
Within 3 months	**271,796**	287,701

10. 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:

	As at 30 June 2025 RMB'000 (Unaudited)	 31 December 2024 RMB'000 (Audited)
Within 3 months	**757,748**	1,036,986
4 to 6 months	**614,299**	596,909
7 to 12 months	**6,525**	3,689
1 to 2 years	**1,629**	5,898
2 to 3 years	**2,476**	2,283
More than 3 years	**4,786**	3,995
Total	**1,387,463**	1,649,760

11. BIOLOGICAL ASSETS

The amounts of biological assets at the end of the reporting period are as follows:

	As at	
	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Milkable cows	**1,861,264**	1,942,658
Heifers, calves and beef cows	**1,401,887**	1,523,863
Total	**3,263,151**	3,466,521

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 biological assets.

12. SHARE AWARD SCHEME

On 19 April 2022 (the "**Adoption Date**"), the Company adopted a long-term share award scheme (the "**Share Award Scheme**"), which shall remain effective for ten years, to recognise the contributions by certain employees of the Group and to provide them with incentives. The Board had approved three batches under the Share Award Scheme with an amount of RMB35,000,000 in 2022, 2023 and 2024 for each batch, respectively.

A total number of 49,220,000 shares of the second batch of the Share Award Scheme and 27,577,000 shares of the third batch of the Share Award Scheme were vested during the six months ended 30 June 2025.

13. EVENTS AFTER THE REPORTING PERIOD

On 28 July 2025, the Board received a copy of the final judgement issued by the High People's Court of Inner Mongolia Autonomous Region (the "**Appeal Court**") dated 23 July 2025 in relation of a claim against by the plaintiff to Inner Mongolia Shengmu High-tech Farming Co., Ltd. (內蒙古聖牧高科牧業有限公司), an indirect wholly-owned subsidiary of the Company, and certain former directors of the Group in respect of the investment agreement entered into around July 2014 (the "**Final Judgement**"). In the Final Judgement, the Appeal Court significantly reduced the sum awarded to the plaintiff (as compared to the initial award under the judgment) and decided against other claims made by the plaintiff. After taking into account the opinions of the Group's legal adviser, the Group had adjusted the provision for litigations and claims to RMB39,436,000, and such adjustment was made as of 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2025, the domestic economy operated generally steadily and showed a trend of stability and improvement. The gross domestic product (GDP) in the first half of the year was RMB66,053.6 billion, representing an increase of 5.3% year-on-year at constant prices. The total retail sales of social consumer goods in the first half of the year was RMB24,545.8 billion, representing an increase of 5.0% year-on-year. The sales of consumer staples and some consumer discretionary showed a good growth trend. The retail sales of grain, oil and food commodities recorded by businesses above a certain size threshold (限額以上單位) in the first half of the year increased by 12.3%. The national consumer price index (CPI) in the first half of the year decreased by 0.1% year-on-year, of which the price of food, tobacco and alcohol decreased by 0.3%. The national disposable income per capita in the first half of the year was RMB21,840, representing a nominal increase of 5.3% year-on-year. In the first half of the year, the proportion of national consumption expenditure per capita on food, tobacco and alcohol in their consumption expenditure (Engel's coefficient) was 30.4%, representing a decrease of 0.6 percentage points compared with the corresponding period of the previous year. Overall, domestic consumption in the first half of 2025 maintained steady growth, the market scale expanded steadily, the consumption structure was continuously upgraded, and consumer prices were generally stable. However, residents' consumption capacity and willingness were still insufficient, and consumer demand is to be further stimulated.

In the first half of 2025, China's dairy industry continued to face a challenging environment. The recovery of dairy product consumption was slow, and the price of raw milk had been declining for three consecutive years, remaining at a historically low level. The production of dairy product manufacturing enterprises above the designated size in China was 14.33 million tonnes, representing a decrease of 0.3% year-on-year. In terms of imports, China imported a total of 1.3825 million tonnes of various dairy products in the first half of 2025, representing an increase of 5.7% year-on-year. The imported dairy products were equivalent to 8.72 million tonnes of raw fresh milk, representing an increase of 8.2% year-on-year. From the perspective of major categories, in the first half of 2025, China imported a total of 1.048 million tonnes of dried dairy products, representing an increase of 8.7% year-on-year, and imported 334,500 tonnes of liquid milk, representing a decrease of 2.6% year-on-year. Among them, except for the decline in imports of condensed milk, packaged milk and protein products, imports of all other categories increased, of which, bulk milk powder, which had the largest import volume, increased by 3.1% year-on-year. Since May 2024, for bulk milk powder, which has a significant crowding-out effect on domestic raw milk production, the average price in the international market has continued to be higher than the domestic raw milk purchase price, and this upside-down situation further intensified in the first half of 2025, being the first time to last for more than a year in nearly a decade. This price difference has weakened the substitution advantage of bulk milk powder in the domestic market to a certain extent and restricted its import growth rate. Although the overall import volume of dairy products increased by 5.7% year-on-year, with dried dairy products increasing by 8.7% year-on-year, liquid milk still showed a slight decrease, indicating the adjustment trend of the import structure. Against the background of the overall pressure on the industry, the rational normalisation of import activities has alleviated the supply pressure of domestic raw milk surplus to a certain extent and created conditions for the gradual clearing of the industry and market recovery.

In terms of the dairy cow farming industry, in the first half of 2025, China's total raw milk production was 18.64 million tonnes, representing an increase of 0.5% year-on-year. The price of raw fresh milk continued to decline to a historical low. As of the end of June 2025, the average price of raw fresh milk in the primary dairy cow producing provinces (regions) as monitored by the Ministry of Agriculture and Rural Affairs was RMB3.04 per kilogram, representing a decrease of 7.0% year-on-year. In terms of feed costs, the prices of major feed inputs such as corn and soybean meal decreased significantly. According to the monitoring data of the Ministry of Agriculture and Rural Affairs, in June 2025, the average price of corn in China was RMB2.47 per kilogram, representing a decrease of 3.9% year-on-year, and the average price of soybean meal was RMB3.37 per kilogram, representing a decrease of 9.1% year-on-year. The total volume of imported forage also continued to decline. According to customs statistics, in the first half of 2025, China's cumulative import of hay was 612,300 tonnes, representing a decrease of 18.6% year-on-year. Among them, the cumulative import of alfalfa hay was 466,300 tonnes, representing a decrease of 27.3% year-on-year, and the cumulative import of oat hay was 109,200 tonnes, representing a decrease of 1.3% year-on-year. Overall, although the pressure on the cost side has been reduced, the economic benefits of the dairy cow farming industry are still at a low level, and farms are generally suffering losses. In this situation, most farms have accelerated the elimination of low-yielding dairy cows, and a considerable number of farms have begun to sell female calves and reserve cows to alleviate the current operating pressure. For the dairy cow farming industry, in addition to the need for a stable raw milk sales channel under the current situation, maintaining a healthy debt level and reasonable cash reserve capacity have become important conditions to ensuring the survival of farms.

BUSINESS OVERVIEW

The Group takes dairy cow farming as its core business, focusing on the production and sale of high-end desert organic raw milk, organic A2 raw milk and DHA raw milk. While deepening its commitment to the main business of desert organic milk production and sales, it has continuously developed a variety of functional raw milk to accurately meet customers' diversified demands for high-quality raw milk, which not only enriches the product matrix but also enhances profitability. The "high-endization + diversification" product layout has enabled the Group to gain distinct differential competitive advantages in the dairy cow farming industry.

BUSINESS REVIEW

Herd Size

As at 30 June 2025, the Group operated 34 farms, including 1 fattening cow farm. The Group had a total of 146,516 cows in stock, among which 143,553 were dairy cows in stock, with milkable cows accounting for 44.9%; 2,963 were fattening cows in stock, representing a decrease of 9,070 heads compared with the end of the previous year. The breeding varieties are focused on high-end core cows such as Wagyu and Angus.

	As at	
	30 June 2025	31 December 2024
Number of Farms (number)	**34**	34
Dairy Cows in Stock (heads)	**143,553**	144,448
Among Which:Milkable Cows (heads)	**64,477**	62,842
Calves and Heifers (heads)	**79,076**	81,606
Percentage of Milkable Cows in Total Dairy Cows in Stock	**44.9%**	43.5%
Fattening Cows (heads) (1)	**2,963**	12,033

(1) Fattening cows refer to a type of cow that mainly produces beef and the main purpose of which is for selling.

Yield hit a new high, raw milk sales grew, and high-end products accounted for 80%

The Group has continued to optimize its herd structure by selecting high-quality cows, while providing scientific and precise farming support for milkable cows through iterative upgrades of its customized nutritional formula system. In the first half of 2025, the annualized milk yield per milkable cow reached 12.27 tonnes, representing a steady increase from 12.07 tonnes in the middle of 2024, hitting a new historical high and continuously consolidating the Group's advantages in farming efficiency. Supported by the increase in milk yield, the Group achieved steady growth in raw milk sales, recording 372,973 tonnes of raw milk sales volume in the first half of the year, representing an increase of 6.3% year-on-year. Among which, the proportion of high-end raw milk sales accounted for 80%, fully demonstrating the forward-looking nature of the Company's strategic layout over the years. Such structural optimization is particularly crucial amid the current challenges in the animal husbandry industry. The profit advantage of high-end raw milk has further consolidated the Group's profitability. As the core of high-end categories, organic raw milk has continued its previous growth momentum, providing solid support for the overall performance.

Milk prices continued to decline; efforts were made to reduce costs and increase efficiency to fully maintain stable profit levels

In the first half of 2025, the industry's raw milk prices continued to decline, with the average price at RMB3.08 per kilogram, representing a decrease of RMB0.41 per kilogram year-on-year, with a drop of 11.7%. Affected by this, the Group's average selling price of raw milk decreased to RMB3.87 per kilogram, representing a decrease of 8.9% year-on-year. Among them, the price decline of organic and other specialty milk was relatively small, while conventional milk saw a larger drop due to low-price sales. In terms of cost management, benefiting from the combined effects of the decline in prices of bulk feed products, the increase in milk yield and lean operations, the Group's cost of sales per kilogram of milk in the first half of the year was RMB2.89 per kilogram, representing a decrease of RMB0.23 per kilogram year-on-year, with a drop of 7.4%. The main cost reduction came from feed costs. In the first half of the year, the Group's feed cost per kilogram of milk was RMB2.33 per kilogram, representing a decrease of RMB0.18 per kilogram year-on-year, with a drop of 7.3%. Although the Group has implemented comprehensive measures to reduce costs and enhance efficiency with certain achievements, the magnitude of cost reduction still lagged behind that of the decline in raw milk prices. As a result, the Group's overall gross profit margin for the first half of the year was 25.3%, representing a decrease of 1.2 percentage points compared with 26.5% in the corresponding period of the previous year. Within that, the gross profit margin of the organic raw milk business had a significant advantage over that of the conventional business. In terms of expenses, the Group continued to adhere to the management direction of being cost-conscious and cutting expenses. The total amount of the three major expenses in the first half of the year, including administrative expenses, selling expenses and financing costs, was RMB101.2 million, representing a decrease of 11.3% year-on-year. In recent years, through effective cost reduction and efficiency enhancement measures, the Group has achieved a continuous decline in the three major expense ratios, which stood at 7.0%. The three major expenses per kilogram of milk were RMB0.27 per kilogram, maintaining a leading level in the industry. The downward trend of costs and the effective control of expenses have effectively mitigated the extent of losses and ensured a sound cash flow position during the industry downturn cycle.

Produce based on demand and continuously optimize the herd structure

In the first half of 2025, the raw milk industry remained in a state of oversupply. Against such a backdrop, the Company focused more on enhancing the efficiency of its raw milk business. On the basis of meeting customers' raw milk demand, it continued to optimize the structure of dairy herds, with the stock size appropriately reduced according to the situation on the demand side. As at 30 June 2025, the Group had 143,553 dairy cows in stock, representing a decrease of 895 heads compared with the end of the previous year. In the Group's herd structure, the proportion of calves and heifers was relatively high. Sufficient reserve cows provided a strong guarantee for the Company to optimize the herd structure under the current market conditions. Meanwhile, the Group adjusted its retiring strategy based on the marginal contribution of dairy cows and the loss from retired cows. In the first half of the year, low-efficiency herds and elderly cow herds were the main ones to retire. As a result, the proportion of young milkable cows in the Group's stock as at 30 June 2025 gradually increased, with the proportion of milkable cows also rising to 44.9%, while the proportion of calves and heifers decreased to 55.1%. In the first half of the year, the Group reasonably controlled the pace of cow retiring, and the total number of retired cows decreased compared with the corresponding period of the previous year. However, benefiting from the upward trend in beef prices, the revenue from retired cows increased compared with the corresponding period of the previous year. The Group's fattening cow business also benefited from the rising beef prices. In the first half of the year, the Group concentrated on selling large-month-old fattening cows, with the stock of fattening cows dropping to 2,963 heads, and the sales revenue from fattening cows increased significantly year-on-year. Meanwhile, based on the Company's future development strategy, more high-end specialty beef cows were introduced to optimize the structure of fattening cow herds, so as to enhance the differential competitiveness and profitability of this segment business in the future.

Continuously practicing ESG and forging a new natural economy business model centered on "nature benefiting and business for good"

As the world's only enterprise that deeply integrates desert management with the organic dairy industry chain, the Group delivered an innovative performance in the 2024 CDP (Carbon Disclosure Project) rating. Following three consecutive years of 100% completion of disclosure, it was awarded a comprehensive "Level B" certification in the three key areas of climate change, water security and forest risk for the first time. With the Ulan Buh Desert as its base, the Group has built a complete organic ecological desert management industrial system, exploring a unique green breakthrough path through a sustainable ecological model featuring "carbon sequestration via organic sand vegetation, zero-deforestation supply chain, intelligent water conservation, and restoration of degraded soil (有機沙草固碳、零毀林供應鏈、智慧節水源、修復退化土壤)". In the first half of the year, the Group also received the "Outstanding ESG Disclosure Contribution Award" from the Hong Kong Quality Assurance Agency, the highest-level accolade in the ESG information disclosure category granted by the Hong Kong Quality Assurance Agency. As a pioneer in industry practice, in its "2024 Environment, Social and Governance (ESG) Report" (the "**ESG Report**"), the Group took the lead in fully implementing the "International Financial Reporting Sustainability Disclosure Standard No. 2—Climate-related Disclosures" (IFRS S2) recently issued by the International Sustainability Standards Board (ISSB). The Group has established a disclosure system covering core indicators such as greenhouse gas emissions (Scopes 1-3) and low-carbon transition paths, setting a standard benchmark for climate information disclosure in the dairy industry. As the first authoritative framework for climate information disclosure worldwide, this standard requires enterprises to systematically quantify the material impact of climate-related risks and opportunities on financial performance, strategic decision-making and governance capabilities. The Group's implementation of IFRS S2 not only meets compliance requirements but also endows the standard with deeper value through localized innovation. In the ESG Report, the Group systematically presents the in-depth integration of climate issues and business strategies, upgrading carbon management from an auxiliary element to a core decision-making indicator of the enterprise. Such innovative practices not only facilitate the Group's access to green financing and mitigation of transition risks but also provide a replicable model for

China's animal husbandry industry to participate in the global low-carbon economic transition. At the 19th China CFO Conference, the Group was awarded the title of "2024 China Enterprise ESG Practice Model Entity", emerging as one of the role models focusing on sustainable development and corporate value creation at the conference. This award not only affirms the Group's long-term commitment to the sustainable development strategy but also further encourages the enterprise to promote the deep integration of ESG governance into the entire process of corporate value creation from a more systematic and forward-looking perspective, facilitating the organic unity of high-quality development and green transition. Since its establishment, the Group has been committed to enhancing animal welfare. Through years of building an animal welfare system and continuous farm renovation, it aims to provide better welfare facilities for dairy cows, including the introduction of ventilation and sprinkler systems, massage equipment, and continuous research and development of the "Intelligent Farm System" to monitor dairy cows' physical sign data in real-time via IoT technology, enabling precise feeding and disease early warning. In the first half of the year, the Group obtained the "Farm Animal Welfare Product Certification", becoming the first domestic farming enterprise to receive the "Three-Star Certification".

Human Resources and Employee Remuneration

In terms of human resources, benefiting from the Company's investment in digital intelligence in recent years, efficiency per capita has improved significantly. As at 30 June 2025, the Group had a total of 2,193 employees (as at 31 December 2024: 2,217 employees). The total employee costs for the first half of 2025 (including emoluments to directors, senior management and restricted share incentives of the Group) amounted to RMB149.2 million (the corresponding period in 2024: RMB169.6 million).

FINANCIAL REVIEW

ANALYSIS ON CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

	For the six months ended 30 June	
	2025	2024
Sales volume (tonnes)	**372,973**	350,848
Average selling price (RMB/tonnes)	**3,872**	4,249
Revenue (RMB'000)	**1,444,274**	1,490,702

The Group's sales revenue decreased compared with the corresponding period of the previous year, mainly affected by the continuous decline in the selling price of raw milk due to the imbalance between supply and demand in the raw milk market. During the Reporting Period, the average selling price of raw milk decreased by 8.9% compared with the corresponding period of the previous year.

Benefiting from the continuous implementation of the dairy cow genetic improvement system and precision feeding management measures, the Group's annualized milk yield per milkable cow has increased to 12.27 tonnes, representing a growth of 1.7% year-on-year, achieving double growth in raw milk production and sales volume. At a time when the raw milk industry is under overall pressure and milk prices continue to decline, this has supplemented the Company with incremental cash flow, effectively consolidating financial stability and anti-cyclical capabilities.

Cost of sales, gross profit and gross profit margin

	For the six months ended 30 June	
	2025	2024
Cost of sales (RMB'000)	**1,079,408**	1,096,193
Gross profit (RMB'000)	**364,866**	394,509
Gross profit margin	**25.3%**	26.5%

During the Reporting Period, benefiting from the positive impact of the declining prices in the forage market, the Group continued to optimize feed nutrition formulas and implemented precision feeding based on the different growth stages and production needs of dairy cows, resulting in a decrease of RMB0.18 per kilogram year-on-year in the feed cost per kilogram of milk. Relying on the construction of smart farm projects that lead the industry, the Company has achieved in-depth integration of digital management tools and farm operation systems, implemented real-time monitoring and precise regulation throughout the entire breeding chain, and significantly improved production efficiency and management accuracy. During the Reporting Period, the Group's cost of sales per kilogram of milk declined to RMB2.89 per kilogram (corresponding period in 2024: RMB3.12 per kilogram), representing a decrease of 7.4% year-on-year.

As the decrease in the cost of sales per kilogram of milk was not sufficient to fully offset the decline in milk prices, the gross profit margin of the Group's raw milk for the Reporting Period was recorded at 25.3% (corresponding period in 2024: 26.5%), representing a decrease of 1.2 percentage points year-on-year.

Loss arising from changes in fair value less costs to sell of biological assets

Loss arising from changes in fair value less costs to sell of biological assets mainly represents fair value changes in the dairy cows, due to changes in the physical attributes and market prices of the dairy cows and the discounted future cash flow to be generated by those cows. In general, the value of a heifer increases when it grows to a milkable cow, as the discounted cash flow from milkable cows is higher than the selling price of heifers. Further, when a milkable cow is culled and sold, its value decreases.

During the Reporting Period, the loss arising from changes in the fair value less costs to sell of the Group's biological assets was RMB471.3 million (corresponding period in 2024: RMB451.0 million), which was substantially the same compared with the corresponding period of the previous year.

Other income and gains

Other income and gains include items such as government grants, interest income and fattening cow breeding business. During the Reporting Period, this item recorded RMB166.5 million (corresponding period in 2024: RMB49.9 million), representing an increase of 233.7% year-on-year. This was mainly due to: i) the full receipt and recognition of revenue from financial subsidy funds in the first half of the year for projects such as high-quality dairy cow breeding, smart farm construction and high-quality forage supporting facilities; and ii) the reversal of RMB45.6 million in litigation provisions accrued in previous years during the Reporting Period (for details, please refer to the section headed "Events after the Reporting Period" in this announcement and the Company's announcement dated 1 August 2025).

Fattening cow breeding business

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Sales volume (heads)	**15,010**	2,492
Revenue of fattening cow breeding business	**145,461**	20,288
Cost of fattening cow breeding business	**(142,518)**	(35,770)
Gross profit	**2,943**	(15,482)
of which: classified to gain/(loss) arising from changes in fair value less costs to sell of biological assets	**2,943**	(15,482)

In the first half of the year, the sales quantity of matured Holstein herds reached 15,010 heads, generating sales revenue of RMB145.5 million (corresponding period in 2024: RMB20.3 million), representing an increase of 617.0% year-on-year, with a net profit of RMB2.9 million (corresponding period in 2024: a loss of RMB15.5 million). The Group has focused on the high-end beef segment market and comprehensively upgraded the structure of fattening cow herds. In the future, it will continue to promote the optimization of herd structure and quality improvement centering on high-end core breeds such as Wagyu and Angus, implement the "high quality, high price" business strategy, and consolidate its competitive advantages in the high-end beef market.

Selling and distribution expenses

During the Reporting Period, despite an increase in sales volume year-on-year, the total selling and distribution expenses were effectively reduced from RMB27.9 million in the corresponding period of the previous year to RMB26.1 million in the Reporting Period, representing a decrease of 6.5%. This fully reflects the improvement in the Group's operational efficiency and the results of expense control.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB55.8 million (corresponding period in 2024: RMB62.7 million), representing a decrease of 11.0% year-on-year. Its proportion in sales revenue dropped from 4.2% in the corresponding period of the previous year to 3.9% during the Reporting Period, representing a decrease of 0.3 percentage points. Facing market fluctuations, the Group has continued to promote cost reduction and efficiency improvement initiatives. It has effectively lowered administrative costs through measures such as streamlining the organizational structure, strictly controlling expense budgets, and reducing non-rigid expenditures, which provides strong support for a stable transition through the industry cycle.

Other expenses

During the Reporting Period, other expenses amounted to RMB2.1 million (corresponding period in 2024: RMB26.0 million), representing a decrease of 92.0% year-on-year. This was attributable to the reduction in the Company's spray-drying milk volume during the Reporting Period year-on-year, which led to a decrease of RMB19.7 million in the impairment provision for inventory milk powder compared with the corresponding period of the previous year. In addition to the aforesaid items, other expenses also include litigation-related expenditures and public welfare donation expenditures.

Finance costs

During the Reporting Period, finance costs amounted to RMB19.4 million (corresponding period in 2024: RMB23.5 million), representing a decrease of 17.5% year-on-year. As the country has continued to strengthen financial support for the dairy product industry chain and reduced the finance costs of dairy enterprises in ethnic regions through financial interest subsidy, the interest subsidy income recognized during the Reporting Period increased year-on-year.

Share of (losses)/profits of associates

The Group's associates include: (a) Inner Mongolia Mengniu Shengmu Hi-Tech Dairy Products Co., Ltd. (內蒙古蒙牛聖牧高科乳品有限公司), in which the Group holds minority interests, which is primarily engaged in the operating and selling of Shengmu organic liquid milk products; (b) Food Union Shengmu Dairy Co., Ltd. (富友聯合聖牧乳品有限公司) and Inner Mongolia Shengmu Low Temperature Dairy Product Company Limited (內蒙古聖牧低溫乳品有限公司), both of which the Group holds minority interests in and produce dairy products with raw milk from the Group; (c) Inner Mongolia Yiyingmei Dairy Co., Ltd. (內蒙古益嬰美乳業有限公司), in which the Group holds minority interests and is principally engaged in the production of high-end organic milk powders; (d) Mudanjiang Liangyuan Technology Limited (牡丹江糧源科技有限公司), in which the Group holds minority interests, which is primarily engaged in feed processing; and (e) Bayannur Muyiyuan Biotechnology Co., Ltd. (巴彥淖爾市牧益源生物科技有限公司), in which the Group holds minority interests, which is principally engaged in the processing of organic manure.

During the Reporting Period, the share of losses from the aforesaid associates amounted to RMB1.9 million (corresponding period in 2024: a profit of RMB1.3 million).

Income tax expense

All profits of the Group were derived from its operations in the People's Republic of China (the "**PRC**" or "**China**"). According to the requirements of the Enterprise Income Tax Law of the PRC (the "**EIT Law**"), the Group's subsidiaries in the PRC are generally subject to the PRC corporate income tax at a rate of 25%. According to the preferential provisions of the EIT Law, the Group's income arising from agricultural activities, such as dairy farming and processing of raw agricultural products, is exempted from enterprise income tax. Under the PRC tax laws and regulations, there is no statutory time limit for such tax exemption as long as the relevant PRC subsidiaries of the Group complete filings with the relevant tax authorities as required.

During the Reporting Period, the Group's income tax expense was RMB214.9 thousand (corresponding period in 2024: RMB4.0 thousand).

Loss attributable to owners of the parent company and profit/(loss) attributable to non-controlling interests

As a result of the combined effects of the above factors, the loss attributable to owners of the parent company during the Reporting Period was RMB48.3 million (corresponding period in 2024: RMB143.7 million), representing a decrease in loss of RMB95.4 million year-on-year. The cash EBITDA was RMB484.4 million (corresponding period in 2024: RMB404.7 million), representing an increase of 19.7% year-on-year.

Profit attributable to non-controlling interests mainly represents the profit for the Reporting Period attributable to the dairy farmers with whom we cooperated with in relation to dairy farm management of our farms. During the Reporting Period, the profit attributable to non-controlling interests was RMB2.7 million (corresponding period in 2024: a loss of RMB1.8 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity and financial resources

The Group's operating funds and capital expenditures are mainly derived from cash flows generated from internal operations and credit facilities provided by major correspondent banks.

During the Reporting Period, the Group's credit facilities continued to maintain a credit limit of RMB10 billion, with a stable credit utilization rate of less than 30%, which continuously protected the Company's stable operation. Having considered (i) the projected cash flows from operating activities of the continuing operations; and (ii) the existing financial assets and leverage level of the Group, the Directors believe that the Group has sufficient financial assets to settle its debts and to finance its day-to-day business operations as well as its contracted capital expenditure as at 30 June 2025.

Interest-bearing bank borrowings

As at 30 June 2025, the Group's interest-bearing bank borrowings amounted to RMB2,257.0 million (as at 31 December 2024: RMB2,274.3 million), all of which were denominated in Renminbi, of which interest-bearing bank borrowings repayable within one year amounted to RMB1,451.1 million (as at 31 December 2024: RMB666.6 million). The annual interest rates of interest-bearing liabilities ranged from 0.90% to 3.20% (for the year ended 31 December 2024: 0.82% to 3.20%).

The Group's net borrowings are calculated as interest-bearing bank borrowings less cash and bank balances. As at 30 June 2025, net borrowings amounted to RMB1,206.9 million (as at 31 December 2024: RMB1,209.0 million), which was substantially the same compared with the end of the previous year.

Capital Structure

As at 30 June 2025, the Group's total equity amounted to RMB4,131.7 million (as at 31 December 2024: RMB4,175.8 million), comprising current assets of RMB2,215.3 million, non-current assets of RMB5,812.1 million, current liabilities of RMB3,055.6 million and non-current liabilities of RMB840.1 million.

As at 30 June 2025, the Group's financial gearing ratio, calculated as interest-bearing bank and other borrowings (including lease liabilities) divided by total equity, was 55.7% (as at 31 December 2024: 55.9%), which was substantially the same compared with the end of the previous year.

Charge on assets

As at 30 June 2025, the Group's total restricted bank deposits amounted to RMB105.0 million (as at 31 December 2024: RMB129.0 million), of which RMB19.3 million was pledged to banks in the PRC as deposits for the issuance of letters of credit and bank drafts and RMB85.7 million was frozen due to litigation.

Capital commitments

As at 30 June 2025, the Group's capital commitments in relation to the renovation and upgrading of property, plant and equipment amounted to RMB8.3 million (as at 31 December 2024: RMB5.2 million).

Contingent liabilities

As at 30 June 2025, the Group provided guarantees for bank borrowings of RMB150.0 million (as at 31 December 2024: RMB70.0 million) of Bayannur Shengmu High-tech Ecological Forage Co., Ltd (巴彥淖爾市聖牧高科生態草業有限公司). The external guarantees provided by the Group were recognised in the financial statements, adopting the valuation of the guarantees as determined by the independent professional valuer as the best estimate of payment required for the performance of the relevant existing obligations in accordance with the requirements of IFRS Accounting Standards.

Foreign exchange risk

The Group's operations are primarily located in Mainland China and the majority of transactions are conducted in RMB. As at 30 June 2025, except for approximately RMB0.6 million and RMB0.2 million in cash denominated in HKD and USD respectively, the Group has no significant foreign exchange risk in respect of its operations and there is no need to enter into any arrangement to hedge against any foreign exchange fluctuations.

Credit risk

The Group only trades with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Credit risk related to the Group's other financial assets arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. Since the Group trades only with recognized and creditworthy third parties, collateral is generally not required.

Environmental policies and performance

During the Reporting Period, the Group's operations were in compliance in all material respects with currently applicable national and local environmental protection laws and regulations in the PRC.

Material acquisitions and disposals

Save as disclosed in this announcement, the Group did not make any material acquisitions or disposals during the Reporting Period.

Future plans for material investments or acquisition of capital assets and expected source of funding

Save as disclosed above in the section headed "Capital Commitments" and in the section headed "Future Plans and Use of Proceeds" in the prospectus, as of the date of this announcement, the Group does not have any plan for material investments or acquisition of capital assets.

Events after the reporting period

On 28 July 2025, the Board received the Final Judgement issued by the Appeal Court dated 23 July 2025. In the Final Judgement, the Appeal Court significantly reduced the sum awarded to the plaintiff (as compared to the initial award under the first-instance judgment) and decided against other claims made by the plaintiff. After taking into account the opinions of the Group's legal adviser, the Group had adjusted the provision for litigations and claims of RMB85.0 million accrued in previous year to RMB39.4 million, and such adjustment was made as of 30 June 2025. Please refer to the announcement of the Company dated 1 August 2025 for further details.

FUTURE OUTLOOK

In 2025, the "No.1 Document" released by the Central Committee of the Communist Party of China and the State Council clearly proposed to support the stable development of the animal husbandry industry, promote the relief of the dairy cow and beef cow industries, and stabilize the basic production capacity. In July 2025, the Ministry of Agriculture and Rural Affairs again issued a relevant notice on accelerating the relief of the dairy industry and improving the high-quality development level of the dairy industry, putting forward directions and guiding opinions for the industry from many aspects, such as implementing various support policies, strengthening financial guarantees, improving the quality and efficiency of farms, extending both ways of farming and processing, and improving dairy cow breeds. Under such a policy environment, the industry will gradually get out of the development dilemma and embrace a new round of sound development. Recently, the China Dairy Industry Association has also put forward a development plan for the industry in 2030, giving indicative suggestions on the key development directions of the industry. These include that the milk production should increase to about 45 million tonnes, the milk self-sufficiency rate should be kept above 70%; the proportion of farming scale above 100 heads should reach about 85%, the average annual milk production per dairy cow should exceed 10 tonnes; the product supervision and sampling qualification rate should be kept above 99%; and the milk consumption per capita should reach more than 47 kg, etc. In such a policy and industry atmosphere, the Group remains firmly confident in its development. In the future, under the policy guidance of the state and local governments and with the strong empowerment of industrial resources, relying on the unique resources of the Ulan Buh Desert, the Group will effectively promote the implementation of various business goals.

After several years of drastic adjustments in the dairy cow farming industry, the stock of dairy cows and raw milk production have gradually declined. 2025 may mark the end of the cyclical adjustment. With the issuance and implementation of a series of consumption promotion policies, the driving effect of consumption growth on dairy cow farming will gradually emerge. Facing the still severe industry supply and demand pattern in the second half of the year, the Group will firmly implement the operational strategy of "improving quality and controlling costs, stabilizing the supply chain and expanding the market", closely align with the relevant policies of the state and autonomous region, and continue to make efforts in aspects such as raw milk quality assurance, cost efficiency improvement, and green production upgrading. As the largest organic raw milk supplier to Mengniu Group, the Group will take high-quality guarantee for the growth of Mengniu's Deluxe desert organic business as its primary task, further streamline the coordination mechanism of the upstream and downstream of the industrial chain, continue to consolidate the organic resource capabilities of the entire industrial chain, and provide high-quality raw milk to customers with high standards and strict requirements. Meanwhile, in light of the favorable window of the current increase in beef cow prices and the continuous expansion of the supply gap, the Group will actively promote the milk-meat linkage business. Relying on the existing fattening cow farm and the current high-quality dairy cow herd as the resource pool, it will establish a dynamic operation mechanism of "stable production with milk and efficiency enhancement with meat", flexibly allocate resources according to market conditions, maximize the value of dairy cow assets, strengthen the in-depth coordination of the industrial chain and the brand premium ability, and create a sustainable and anti-cyclical dual-wheel drive growth model. In addition, the Group will also accelerate the construction of national core breeding farms, ensure water resources, upgrade environmental protection facilities and construct an intelligent farm management system, continuously optimize operational efficiency and resource allocation capabilities, lay a solid foundation for the achievement of annual business goals, and continuously enhance corporate value and industry influence.

CORPORATE GOVERNANCE PRACTICES

The Company ensures that the Company and its subsidiaries are committed to achieving and maintaining high standards of corporate governance. The Board understands the influence and importance of high standards of corporate governance to the value of the Company, and that good corporate governance is in the interest of the Company and its shareholders as a whole.

During the Reporting Period, we have adopted, applied and complied with the code provisions contained in the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") (as amended from time to time).

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in this announcement, during the Reporting Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

As at 30 June 2025, the audit committee of the Board (the "**Audit Committee**") comprised two independent non-executive Directors (Mr. WANG Liyan and Mr. WU Liang) and a non-executive Director (Mr. ZHANG Ping), and was chaired by Mr. WANG Liyan.

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 system and financial reporting matters, including the review of the Group's interim results for the six months ended 30 June 2025.

SCOPE OF WORK OF ERNST & YOUNG

The financial information in respect of the announcement of the Group's results for the six months ended 30 June 2025 has been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the six months ended 30 June 2025. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the results announcement.

INTERIM DIVIDEND

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www. hkexnews.hk and on the website of the Company at www.shengmuorganicmilk.com. The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to our shareholders for their continued support to the Group, and also express its sincere appreciation to all our staff for their diligent efforts and loyal dedication.

By Order of the Board
China Shengmu Organic Milk Limited
Chen Yiyi
Chairman

Hong Kong, 27 August 2025

As at the date of this announcement, the executive Director of the Company is Mr. Zhang Jiawang; the non-executive Directors of the Company are Mr. Chen Yiyi (Chairman), Mr. Zhang Ping, Mr. Zhao Jiejun, Mr. Sun Qian and Ms. Shao Lijun; and the independent non-executive Directors of the Company are Mr. Wang Liyan, Mr. Wu Liang and Mr. Sun Yansheng.