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China Feihe Limited

中國飛鶴有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6186)

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

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2025:

- The Group's revenue was RMB9,150.5 million, representing a decrease of 9.4% as compared to the same period last year;
- The Group's gross profit was RMB5,634.9 million, representing a decrease of 17.8% as compared to the same period last year;
- The Group's profit for the period was RMB1,032.5 million, representing a decrease of 46.0% as compared to the same period last year;
- Basic earnings per share of the Company amounted to RMB0.11; and
- Diluted earnings per share of the Company amounted to RMB0.11.

The board of directors (the “**Board**”) of China Feihe Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”, “**We**” or “**Feihe**”) for the six months ended 30 June 2025 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2024.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	9,150,525	10,094,947
Cost of sales		<u>(3,515,663)</u>	<u>(3,242,492)</u>
Gross profit		5,634,862	6,852,455
Other income and gains, net	4	540,082	862,259
Selling and distribution expenses		(3,174,706)	(3,535,374)
Administrative expenses		(773,735)	(738,708)
Other expenses		(20,606)	(41,311)
Finance costs	6	(16,360)	(26,236)
Share of losses of associates		(7,473)	(6,739)
Changes in fair value less costs to sell of biological assets		<u>(423,433)</u>	<u>(336,911)</u>
PROFIT BEFORE TAX	5	1,758,631	3,029,435
Income tax expense	7	<u>(726,093)</u>	<u>(1,117,984)</u>
PROFIT FOR THE PERIOD		<u>1,032,538</u>	<u>1,911,451</u>
Attributable to:			
Owners of the parent		1,000,105	1,875,011
Non-controlling interests		<u>32,433</u>	<u>36,440</u>
		<u>1,032,538</u>	<u>1,911,451</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (expressed in RMB per share)	9	<u>0.11</u>	<u>0.21</u>
Diluted (expressed in RMB per share)	9	<u>0.11</u>	<u>0.21</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	<u>1,032,538</u>	<u>1,911,451</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of financial statements of group companies	<u>25,518</u>	<u>(24,752)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,058,056</u>	<u>1,886,699</u>
Attributable to:		
Owners of the parent	1,026,212	1,849,752
Non-controlling interests	<u>31,844</u>	<u>36,947</u>
	<u>1,058,056</u>	<u>1,886,699</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		9,430,196	9,496,701
Investment properties		32,030	38,734
Right-of-use assets		359,674	359,015
Goodwill		112,402	112,402
Intangible assets		13,071	14,161
Investment in associates		112,883	120,356
Financial asset at fair value through other comprehensive income		1,800	1,800
Deposits		80,107	46,339
Biological assets		2,236,840	2,339,650
Deferred tax assets		382,149	347,957
Long-term bank deposits		710,000	600,000
Total non-current assets		13,471,152	13,477,115
CURRENT ASSETS			
Inventories		2,050,919	2,153,945
Trade and bills receivables	10	334,915	395,219
Prepayments, deposits and other receivables		1,147,862	668,564
Structured deposits		10,386,931	9,681,736
Restricted cash		34,347	27,905
Cash and cash equivalents		6,476,567	9,321,222
Total current assets		20,431,541	22,248,591
CURRENT LIABILITIES			
Trade and bills payables	11	1,436,344	1,565,160
Other payables and accruals		3,314,879	4,101,044
Interest-bearing bank borrowings		316,384	514,804
Lease liabilities		25,471	27,429
Tax payable		218,671	382,593
Total current liabilities		5,311,749	6,591,030
NET CURRENT ASSETS		15,119,792	15,657,561
TOTAL ASSETS LESS CURRENT LIABILITIES		28,590,944	29,134,676

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Other payables and accruals	718,622	705,608
Interest-bearing bank borrowings	465,695	485,054
Lease liabilities	37,463	53,823
Deferred tax liabilities	215,879	482,806
	<hr/>	<hr/>
Total non-current liabilities	1,437,659	1,727,291
	<hr/>	<hr/>
Net assets	27,153,285	27,407,385
	<hr/>	<hr/>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	1	1
Reserves	25,610,541	25,933,185
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	25,610,542	25,933,186
	<hr/>	<hr/>
Non-controlling interests	1,542,743	1,474,199
	<hr/>	<hr/>
Total equity	27,153,285	27,407,385
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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 International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated 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 Standards 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 Standards are described below:

Amendments to IFRS 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 organised into business units based on their products and has two reportable operating segments as follows:

- Raw milk segment – manufacture and sale of raw milk; and
- Dairy products and nutritional supplements products segment – manufacture and sale of dairy products and sale of nutritional supplements

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that bank interest income, other interest income, non-lease-related finance costs, and share of losses of associates are excluded from such measurement.

Segment assets exclude deferred tax assets, financial asset at fair value through other comprehensive income, long-term bank deposits, structured deposits, restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Six months ended 30 June 2025 (unaudited)

	Raw milk <i>RMB'000</i> (Unaudited)	Dairy products and nutritional supplements products <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue			
Sales to external customers	7,806	9,142,719	9,150,525
Intersegment sales	1,304,008	–	1,304,008
	<u>1,311,814</u>	<u>9,142,719</u>	<u>10,454,533</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(1,304,008)</u>
Revenue			<u>9,150,525</u>
Segment results	115,474	1,508,833	1,624,307
<i>Reconciliation:</i>			
Elimination of intersegment results			(5,794)
Bank interest income			74,307
Other interest income			88,287
Share of losses of associates			(7,473)
Finance costs (other than interest on lease liabilities)			<u>(15,003)</u>
Profit before tax			1,758,631
Income tax expense			<u>(726,093)</u>
Profit for the period			<u>1,032,538</u>
Segment assets	6,681,136	9,117,361	15,798,497
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>18,104,196</u>
Total assets			<u>33,902,693</u>
Segment liabilities	1,721,763	3,811,016	5,532,779
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>1,216,629</u>
Total liabilities			<u>6,749,408</u>

Six months ended 30 June 2024 (unaudited)

	Raw milk	Dairy products and nutritional supplements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue			
Sales to external customers	38,685	10,056,262	10,094,947
Intersegment sales	1,166,091	–	1,166,091
	<u>1,204,776</u>	<u>10,056,262</u>	<u>11,261,038</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(1,166,091)</u>
Revenue			<u>10,094,947</u>
Segment results	129,208	2,894,421	3,023,629
<i>Reconciliation:</i>			
Elimination of intersegment results			(142,259)
Bank interest income			138,364
Other interest income			40,708
Share of losses of associates			(6,739)
Finance costs (other than interest on lease liabilities)			<u>(24,268)</u>
Profit before tax			3,029,435
Income tax expense			<u>(1,117,984)</u>
Profit for the period			<u>1,911,451</u>
As at 31 December 2024 (audited)			
Segment assets	7,070,052	8,562,632	15,632,684
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>20,093,022</u>
Total assets			<u>35,725,706</u>
Segment liabilities	1,990,632	4,462,432	6,453,064
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>1,865,257</u>
Total liabilities			<u>8,318,321</u>

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	9,041,300	9,987,364
United States of America	91,012	81,305
Canada	18,213	26,278
	<u>9,150,525</u>	<u>10,094,947</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	30 June	31 December
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Mainland China	10,803,989	10,940,287
United States of America	33,533	38,365
Canada	1,539,681	1,548,706
	<u>12,377,203</u>	<u>12,527,358</u>

The non-current asset information is based on the locations of the assets and excludes financial instruments and deferred tax assets.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	<u>9,150,525</u>	<u>10,094,947</u>

Revenue from contracts with customers

Disaggregated revenue information

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Type of goods		
Sales of goods	<u>9,150,525</u>	<u>10,094,947</u>
Geographical markets		
Mainland China	9,041,300	9,987,364
United States of America	91,012	81,305
Canada	<u>18,213</u>	<u>26,278</u>
	<u>9,150,525</u>	<u>10,094,947</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>9,150,525</u>	<u>10,094,947</u>

An analysis of other income and gains, net is as follows:

		Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other income			
Bank interest income		74,307	138,364
Other interest income		88,287	40,708
Government grants related to			
– Assets	(i)	24,960	35,126
– Income	(ii)	299,248	401,255
Others		<u>50,975</u>	<u>69,160</u>
		<u>537,777</u>	<u>684,613</u>
Gains, net			
Fair value gains on structured deposits		50,195	139,955
Gain on disposal of a subsidiary		–	19,078
Foreign exchange differences, net		(49,514)	17,352
Others		<u>1,624</u>	<u>1,261</u>
		<u>2,305</u>	<u>177,646</u>
Total other income and gains, net		<u>540,082</u>	<u>862,259</u>

Notes:

- (i) The Group received government grants in respect of the construction and acquisition of property, plant and equipment, the purchases of feed and the construction of farms. These government grants are recorded initially at fair value as deferred income, which are amortised to match the depreciation charge of the property, plant and equipment in accordance with their estimated useful lives.
- (ii) Various government grants have been received by the Group's subsidiaries operated in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	2,731,226	2,483,448
Breeding costs to produce	559,019	556,981
Production costs of raw milk	225,418	202,063
	<hr/>	<hr/>
Cost of sales	3,515,663	3,242,492
	<hr/>	<hr/>
Depreciation of property, plant and equipment	382,914	351,116
Less: Capitalised in biological assets	(49,982)	(52,439)
	<hr/>	<hr/>
Depreciation recognised in the interim condensed consolidated statement of profit or loss	332,932	298,677
	<hr/>	<hr/>
Depreciation of right-of-use assets	11,031	12,775
Depreciation of investment properties	6,407	8,195
Lease payments not included in the measurement of lease liabilities	2,198	1,667
Interest expense on lease liabilities	1,357	1,968
Write-down of inventories to net realisable value	20,878	15,740
Reversal of impairment of trade receivables	–	(169)
Gain on disposal of a subsidiary	–	(19,078)
Loss on disposal of items of property, plant and equipment	2,047	2,082
Foreign exchange differences, net	49,514	(17,352)
	<hr/>	<hr/>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans	15,003	26,907
Other loans	–	9
Lease liabilities	1,357	1,968
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	16,360	28,884
Less: Interest capitalised	–	(2,648)
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	16,360	26,236
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7. INCOME TAX

Taxes on profits assessable in Mainland China have been calculated at the applicable PRC corporate income tax (“CIT”) rate of 25% (six months ended 30 June 2024: 25%) during the period. Taxes on profits assessable elsewhere have been calculated at the rates 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.

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – PRC		
Charge for the period	727,607	969,775
Current – elsewhere		
Charge for the period	–	5,868
Withholding tax	300,000	553,700
	<hr/>	<hr/>
	1,027,607	1,529,343
	(301,514)	(411,359)
Deferred	<hr/>	<hr/>
	726,093	1,117,984
	<hr/>	<hr/>
Total tax charge for the period	726,093	1,117,984
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8. DIVIDEND

During the six months ended 30 June 2025, the Company declared a final dividend of HK\$0.1632 per ordinary share, equivalent to a total of approximately RMB1.35 billion for the year ended 31 December 2024 to its shareholders. During the six months ended 30 June 2024, the Company declared a final dividend of HK\$0.1484 per ordinary share, equivalent to a total of approximately RMB1.25 billion for the year ended 31 December 2023 to its shareholders.

Subsequent to the end of the reporting period, the board of directors declared an interim dividend of HK\$0.1209 per share for the six months ended 30 June 2025, amounting to a total of approximately RMB1.00 billion. For the year ended 31 December 2024, the Company declared an interim dividend of HK\$0.1632 per ordinary share for the six months ended 30 June 2024, amounting to a total of approximately RMB1.35 billion.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding as adjusted to reflect the treasury shares during the six months ended 30 June 2025 and 2024.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the total of (i) the weighted average number of ordinary shares outstanding during the period, as used in the basic earnings per share calculation, and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent	1,000,105	1,875,011
	Number of shares	
	30 June	30 June
	2025	2024
	(Unaudited)	(Unaudited)
Shares:		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	9,054,820,598	9,048,107,529
Effect of dilution – weighted average number of ordinary shares:		
Share award	1,264,937	–
	9,056,085,535	9,048,107,529

10. TRADE AND BILLS RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables	329,085	382,041
Bills receivable	17,886	25,234
	346,971	407,275
Impairment	(12,056)	(12,056)
	334,915	395,219

The Group has a policy of requiring payment in advance from customers for the sale of products (other than cash and credit card sales and sales of raw milk), except for some major customers, where the trading terms are on credit. The Group grants a defined credit period usually ranging from one to three months from the date of invoice to these customers. The Group seeks to maintain strict control over its receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills 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	255,317	308,529
1 to 2 months	24,507	41,518
2 to 3 months	17,275	20,016
Over 3 months	37,816	25,156
	334,915	395,219

11. TRADE AND BILLS PAYABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade and bills payables	<u>1,436,344</u>	<u>1,565,160</u>

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 3 months	1,315,235	1,428,376
3 to 6 months	101,783	65,890
Over 6 months	<u>19,326</u>	<u>70,894</u>
	<u>1,436,344</u>	<u>1,565,160</u>

The trade and bills payables are unsecured, non-interest-bearing and are normally settled on terms of one to six months.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

China has been one of the most populous countries in the world. With continued urbanization and the rise in the number of women in the workplace, an increasing number of mothers in China have grown to realize the convenience and nutritional benefits offered by infant milk formula products as a supplement to and/or substitute for breast milk for their infants. According to the National Bureau of Statistics, China's birth rate dropped from 10.48‰ in 2019 to 6.77‰ in 2024, with number of newborns declining to approximately 9.5 million in 2024. According to Frost & Sullivan, an industry consulting firm, the number of children aging from zero to three decreased accordingly from approximately 47.1 million in 2019 to approximately 28.1 million in 2024. Despite the decline from 2019 to 2024, the number of newborns is expected to improve from 2024 to 2027, thanks to the newborn supporting and subsidy measures. Due to the factors listed below, China's infant milk formula market in terms of retail sales value is expected to remain stable.

- Growth in consumers' confidence in the quality of and preference for China's infant milk formula products. With the enhancement in the quality management regime of China's dairy industry and the increased competitiveness of Chinese dairy brands, consumers' confidence in and consumption preference for China's infant milk formula products continued to increase. Such increase will drive the production and sales of China's infant milk formula products, which could in turn better satisfy consumers' diversified and unique consumption needs.
- Growth of the high-end infant milk formula segment. Due to increasing urbanization, rising disposable income and growing health awareness, the demand for high-end infant milk formula products is expected to be the driving force of the overall infant milk formula industry in China. According to the National Bureau of Statistics, China's per capita annual disposable income in 2024 reached RMB41,314, with a compound annual growth rate of 6.1% from 2019 to 2024. Such increase will in turn increase the consumption momentum of China's high-end infant milk formula products.
- Increasing urbanization and rising disposable income. The increase in the urbanization rate and the per capita annual disposable income of Chinese residents will enhance the purchasing power of consumers, allowing them to purchase more infant milk formula products. Lower-tier cities as well as rural areas in China are becoming wealthier and more urbanized, and families in such regions are increasingly able to afford higher-quality infant milk formula products. In general, these regions have larger populations and therefore higher potential for consumption growth.
- Favorable industry policies by the PRC government:
 - o The National Development and Reform Commission of China unveiled the Action Plan for the Promotion of Domestic Infant Milk Formula (國產嬰幼兒配方乳粉提升行動方案) in May 2019, aiming to increase the portion of domestically manufactured infant milk formula in China with a target to remain a 60% self-sufficient level in the industry, and to encourage the use of fresh milk in the production of infant milk formula.

- o On 22 February 2021, a series of national safety standards on infant food and infant milk formula were released by the State Healthcare Commission, such as National Standard for Infant Formula Food Safety (GB10765-2021) (食品安全國家標準嬰兒配方食品) and National Standard for Larger Infant Formula Food Safety (GB 10766-2021) (食品安全國家標準較大嬰兒配方食品). After a transition period of two years, those standards were implemented on 22 February 2023. The new national safety standards have made stricter provisions on areas such as protein, carbohydrate, microelement, which is conducive to the innovation of leading infant milk formula enterprises and the further development of infant milk formula industry.
- o On 20 July 2021, the State Council issued the Decision on Optimizing Birth Policy to Promote Long-term Balanced Development of Population (關於優化生育政策促進人口長期均衡發展的決定), proposing the implementation of the three-child policy and supporting measures to slow down the decline of birth rate. Later, the National Healthcare Security Administration issued the Notice on Supporting Maternity Insurance under the Three-Child Policy (關於做好支持三孩政策生育保險工作的通知), and the National People's Congress Standing Committee voted to pass the decision on amending the Law of Population and Family Planning, advocating on age-appropriate marriage and childbirth, which promotes childbirths. During the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) in March 2022, the government reported the detailed implementation plan of the three-child policy, such as increasing maternity subsidies and medical security, adjustment of personal income tax on the care for children under the age of three, and development of commonly affordable childcare services.
- o On 12 November 2021, the State Administration for Market Regulation published the Announcement of the State Administration for Market Regulation on the Further Regulation of Labels and Identification of Infant Milk Formula Product (市場監管總局關於進一步規範嬰幼兒配方乳粉產品標籤標識的公告) (the “**SAMR Announcement**”), which made further stipulations on the characteristics, such as the label's main display layout, content claim, pattern, and feeding suggestion form. In addition, it is stipulated that if the product name refers to certain animal origin, all the milk protein raw materials in the product should come from such animal species. For compound ingredients in product ingredient list (excluding compound food additives), the original ingredients must be specified. From the date of the SAMR Announcement, the registration application for the infant formula products shall be carried out according to the stipulations contained therein. With effect from 22 February 2023, labels and markings on manufactured products shall comply with the requirements of the SAMR Announcement. Products manufactured prior to this date can be sold until the expiration of their shelf life.
- o On 10 July 2023, the State Administration for Market Regulation published the Amendment to the Measures for the Administration of Formula Registration of Infant Milk Formula Product (嬰幼兒配方乳粉產品配方註冊管理辦法), which further tightens the registration conditions of infant milk formula products and ensures the quality and food safety of infant milk formula products. The Amendment came into force on 1 October 2023.

- o In October 2024, the General Office of the State Council issued the Several Measures on Accelerating the Improvement of the Childbirth Support Policy System and Promoting the Development of a Childbirth-Friendly Society (關於加快完善生育支持政策體系推動建設生育友好型社會的若干措施). The document proposed specific measures in various aspects, including enhancing childbirth service support, strengthening the childcare service system, reinforcing support in education, housing, and employment, and fostering a childbirth-friendly social environment. These measures aimed to reduce the costs of childbirth, parenting, and education while creating a societal atmosphere that respects and supports childbirth.
- o On 14 March 2025, Hohhot officially issued and implemented the Implementing Opinions on Promoting Population Gathering and Promoting High-Quality Population Development (關於促進人口集聚推動人口高質量發展的實施意見) (the “**Opinions**”). The Opinions, in the context of the implementation of an active childbirth and parenting support policy, proposed a one-time childcare subsidy of RMB10,000 for families having one child and settling in Hohhot, RMB50,000 for families having two children and settling in Hohhot, and RMB100,000 for families having three or more children and settling in Hohhot.
- o In July 2025, China issued the Implementation Programme for the Childcare Subsidy System (育兒補貼制度實施方案). Starting from 1 January, 2025, all families with one child, two children, or three children can receive a subsidy of RMB3,600 per year until the child reaches the age of three. Infants born before 1 January, 2025 and under the age of three are also eligible under the policy and can receive the corresponding subsidy based on the number of months. This policy is a significant national livelihood policy that directly distributes cash subsidies nationwide to families with children, which will help reduce the cost of raising children and is expected to benefit over 20 million families with infants each year.
- o In August 2025, the General Office of the State Council issued the Opinions on Gradually Implementing Free Preschool Education (關於逐步推行免費學前教育的意見), clearly stating that starting from the autumn semester of 2025, the tuition fees for the first year of preschool education for children in public kindergartens will be waived. For private kindergartens approved by the education department, the reduction of tuition fees will be implemented in accordance with the standards of the same type of public kindergartens. The Opinion also emphasizes ensuring assistance for disadvantaged children, the payment of teachers’ salaries, and the standardized operation of kindergartens, aiming to gradually reduce the cost of family education and promote the popularization and inclusiveness of preschool education.

Business Overview

Dairy Products

The Group's infant milk formula products are designed to closely simulate the composition of the breast milk of Chinese mothers through in-house developed formulas, with the aim of achieving an optimal balance of key ingredients for Chinese babies based on their biological constitution. The Group offers a diversified portfolio of products which caters to a wide range of customer bases at different prices. In addition to super-premium and premium series, the Group also offers a portfolio of well-known brands including the regular infant milk formula series as well as other products such as dairy products for adults and students.

Sales and Distribution Network

The Group primarily sells its products through an extensive nationwide distribution network of over 2,700 offline customers with approximately 70,000 retail points of sale as at 30 June 2025. The Group's offline customers are distributors who sell its products to retail outlets as well as maternity store operators, supermarkets and hypermarket chains in some cases. Revenue generated through sales to the Group's offline customers accounted for 71.9% of its total revenue from dairy products for the six months ended 30 June 2025.

To capture the rapid growth from e-commerce sales in China, particularly among younger generations of consumers, the Group's products are also sold directly on some of the largest e-commerce platforms as well as through its own website and mobile applications.

Production Capacity Improvements

The Group continued to optimize its production arrangements to increase its capacity and efficiency. As at 30 June 2025, the Group had 11 production facilities to manufacture its products with a designed annual production capacity exceeding 440,000 tonnes in total. The Group established light cream production lines during the Reporting Period. The Group regularly upgrades and expands its production facilities to meet its production needs.

Marketing

The Group is a pioneer in China's infant milk formula market by positioning its brand as "Wise Babies Opt For Feihe" (聰明寶寶喝飛鶴) and has established a strong brand association with this message. The Group's innovative online and offline marketing strategies have enabled Feihe to become one of the most widely recognized and reputable infant milk formula brands among Chinese consumers today. The Group's marketing strategy consists of three key components:

- Face-to-face seminars, including Mother's Love seminars, Carnivals and Roadshows. During the six months ended 30 June 2025, approximately 384,030 face-to-face seminars were held in total. The number of new customers we acquired exceeded 274,000;
- Maximize online interactivity with consumers; and
- Targeted and result-driven exposure on media.

Vitamin World USA

The Group acquired the retail health care business of Vitamin World in early 2018 through Vitamin World USA Corporation ("**Vitamin World USA**"). Vitamin World USA engages in the retailing of vitamins, minerals, herbs, and other nutritional supplements. It operated 42 specialty stores across the United States of America (the "**United States**"), mostly in malls and outlet centres, and employed 216 people as at 30 June 2025. The Group also sells such products through its own website of Vitamin World USA, and e-commerce platforms. Our revenue generated from nutritional supplement products in the United States was RMB91.0 million, accounting for 1.0% of the Group's total revenue for the six months ended 30 June 2025.

Operating Results and Analysis

The table below sets forth the Group's interim condensed consolidated statement of profit or loss and consolidated statement of comprehensive income in amounts and as a percentage of the Group's total revenue for the periods indicated, together with changes (expressed in percentages) from 2024 to 2025.

	For the six months ended 30 June				Percentage Changed
	2025		2024		
	<i>(In thousands of RMB, except percentages)</i>				
	<i>(Unaudited)</i>				
Revenue	9,150,525	100%	10,094,947	100%	(9.4)%
Cost of sales	(3,515,663)	(38.4)%	(3,242,492)	(32.1)%	8.4%
Gross profit	5,634,862	61.6%	6,852,455	67.9%	(17.8)%
Other income and gains, net	540,082	5.9%	862,259	8.5%	(37.4)%
Selling and distribution expenses	(3,174,706)	(34.7)%	(3,535,374)	(35.0)%	(10.2)%
Administrative expenses	(773,735)	(8.5)%	(738,708)	(7.3)%	4.7%
Other expenses	(20,606)	(0.2)%	(41,311)	(0.4)%	(50.1)%
Finance costs	(16,360)	(0.2)%	(26,236)	(0.3)%	(37.6)%
Share of losses of associates	(7,473)	(0.1)%	(6,739)	(0.1)%	10.9%
Changes in fair value less costs to sell of biological assets	(423,433)	(4.6)%	(336,911)	(3.3)%	25.7%
Profit before tax	1,758,631	19.2%	3,029,435	30.0%	(41.9)%
Income tax expense	(726,093)	(7.9)%	(1,117,984)	(11.1)%	(35.1)%
Profit for the period	1,032,538	11.3%	1,911,451	18.9%	(46.0)%
Other comprehensive income/(loss)					
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations	25,518	0.3%	(24,752)	(0.2)%	(203.1)%
Total comprehensive income for the period	1,058,056	11.6%	1,886,699	18.7%	(43.9)%

Revenue

The Group's revenue decreased by 9.4% from RMB10,094.9 million for the six months ended 30 June 2024 to RMB9,150.5 million for the six months ended 30 June 2025, primarily because (i) in order to implement its strategy of "Fresh, Extracted and Active Nutrition", the Group reduced the channel inventory of infant formula products to maintain the freshness and quality of products on the shelves; and (ii) the Company actively fulfilled its corporate social responsibility by providing childbirth subsidies to consumers.

Cost of Sales

The Group's cost of sales increased by 8.4% from RMB3,242.5 million for the six months ended 30 June 2024 to RMB3,515.7 million for the six months ended 30 June 2025, primarily due to the increase of production cost for the raw material powders (i.e., whole milk powder, skim milk powder and light cream) sold during the Reporting Period.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by 17.8% from RMB6,852.5 million for the six months ended 30 June 2024 to RMB5,634.9 million for the six months ended 30 June 2025.

The Group's gross profit margin decreased from 67.9% for the six months ended 30 June 2024 to 61.6% for the six months ended 30 June 2025, primarily due to the increased in contribution of the sales of raw material powders (i.e., whole milk powder, skim milk powder and light cream) to the Group's total revenue.

Other Income and Gains, Net

Other income and gains, net decreased by 37.4% from RMB862.3 million for the six months ended 30 June 2024 to RMB540.1 million for the six months ended 30 June 2025, primarily due to the decrease in government grants and interest income.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 10.2% from RMB3,535.4 million for the six months ended 30 June 2024 to RMB3,174.7 million for the six months ended 30 June 2025, primarily due to the decrease in the expenses of advertisement, offline activities and promotion items.

Administrative Expenses

Administrative expenses increased by 4.7% from RMB738.7 million for the six months ended 30 June 2024 to RMB773.7 million for the six months ended 30 June 2025, primarily due to an increase in employee salaries.

Other Expenses

Other expenses decreased by 50.1% from RMB41.3 million for the six months ended 30 June 2024 to RMB20.6 million for the six months ended 30 June 2025, primarily due to the completion of a public welfare project that had received our long-term donation.

Finance Costs

Finance costs decreased by 37.6% from RMB26.2 million for the six months ended 30 June 2024 to RMB16.4 million for the six months ended 30 June 2025, primarily due to the decrease of the interest-bearing borrowings.

Profit before Tax

As a result of the foregoing, the Group's profit before tax decreased by 41.9% from RMB3,029.4 million for the six months ended 30 June 2024 to RMB1,758.6 million for the six months ended 30 June 2025.

Income Tax Expense

Our income tax expense decreased by 35.1% from RMB1,118.0 million for the six months ended 30 June 2024 to RMB726.1 million for the six months ended 30 June 2025 as a result of a decrease in our profit before tax for the six months ended 30 June 2025.

The Group's effective tax rate, calculated by dividing the Group's income tax expense by the Group's profit before tax, was 36.9% for the six months ended 30 June 2024 and 41.3% for the six months ended 30 June 2025.

Profit for the Period

As a result of the foregoing, our profit for the period decreased by 46.0% from RMB1,911.5 million for the six months ended 30 June 2024 to RMB1,032.5 million for the six months ended 30 June 2025.

Liquidity and Capital Resources

For the six months ended 30 June 2025, the Group financed its operations primarily through cash flows from operations, interest-bearing bank borrowings, and net proceeds from the global offering of the Company (the “**Global Offering**”). The Group monitors its bank balances on a daily basis and conduct monthly reviews of our cash flows. We also prepare a monthly cash flow plan and forecast, which is submitted for approval by our Chief Financial Officer and Vice President of Finance Department, to ensure that we are able to maintain an optimum level of liquidity and meet our working capital needs.

In addition, we also used cash to purchase wealth management products. The underlying financial assets of the wealth management products generally are a basket of assets with a combination of money market instruments such as money market funds, interbank lending and time deposits, debt, bonds and other assets such as assets in insurance, trust fund plans and letters of credit. We form our portfolio of wealth management products with the view of achieving (i) a relatively low level of risk, (ii) good liquidity and (iii) an enhanced yield. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to our overall financial condition, market and investment conditions, economic developments, investment cost, duration of investment and the expected returns and potential risks of such investment.

Cash and Cash Equivalents

As at 30 June 2025, the Group had cash and cash equivalents of RMB6,476.6 million, which primarily consisted of cash on hand and at banks, including term deposits, and assets similar in nature to cash, which were not restricted for use.

Net Proceeds from the Global Offering

For net proceeds from the Global Offering, please see “Use of Net Proceeds from the Global Offering” of this announcement.

Bank Borrowings

As at 30 June 2025, the Group’s interest-bearing bank borrowings were approximately RMB782.1 million.

Capital Structure

As at 30 June 2025, the Group had net assets of RMB27,153.3 million, comprising current assets of RMB20,431.5 million, non-current assets of RMB13,471.2 million, current liabilities of RMB5,311.7 million and non-current liabilities of RMB1,437.7 million.

The Group’s gearing ratio was calculated by net debt divided by the capital. Net debt is calculated as interest-bearing bank borrowings, as shown in the consolidated statements of financial position less cash and cash equivalents. Total capital is calculated as equity holders’ funds (i.e, total equity attributable to equity holder of the Company), as shown in the consolidated statements of financial position. The Group’s gearing ratio was (0.32) as at 31 December 2024 and (0.22) as at 30 June 2025.

Interest Rate Risk and Exchange Rate Risk

We are exposed to interest rate risk due to changes in interest rates of interest-bearing financial assets and liabilities. During the six months ended 30 June 2025, we have not used any derivatives to hedge interest rate risk.

We have transactional currency exposures mainly with respect to our operation of the overseas plant in Canada, which was made in Canadian dollars. During the six months ended 30 June 2025, we did not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities. We will monitor our foreign currency exposure closely and will consider hedging significant foreign currency exposure in accordance with our plans to develop overseas business.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2025, the Group did not have any material acquisitions and disposals of subsidiaries or associated companies.

Pledge of the Group's Assets

As at 30 June 2025, the total pledged group assets amounted to approximately RMB941.8 million, representing a decrease of RMB245.9 million as compared to the beginning of 2025.

Future Plans for Material Investments or Capital Assets

Save for the expansion plans as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the prospectus of the Company dated 30 October 2019 (the “**Prospectus**”), the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Contingent Liabilities

As at 30 June 2025, the Group did not have any significant contingent liabilities.

Subsequent Events

The Group has no material subsequent events after 30 June 2025 as of the date of this announcement.

Future Prospects

In the future, the Company will continue to focus on its core business, fully promote independent innovation, continuously optimise product formulas and production processes, and comprehensively create high-quality dairy products, contributing core strength to China's dairy industry as it strives to become a “dairy powerhouse”. At the same time, the Company will remain steadfast in its original mission, using nutrition as a bridge to safeguard the health and well-being of all people, and striving for a smarter, healthier, and longer life for humanity. The Company will continue to fulfill its corporate responsibilities, remain committed to serving the country and working for the well-being of the people, lead the high quality development of China's dairy industry into the new stage, and contribute more to the Healthy China initiative.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognizes the importance of maintaining and promoting sound corporate governance. The principles of the Company's corporate governance are to promote effective internal control measures, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to the Company and its shareholders (the "**Shareholders**"). The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance.

Save as disclosed below, the Board is of the view that the Company has complied with the applicable code provisions of the CG Code during the Reporting Period.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Chairman and Chief Executive Officer of the Company are both held by Mr. LENG Youbin ("**Mr. Leng**"), who has in-depth industry experience and knowledge about the operation and management of the business of the Company. Mr. Leng is the founder of the Group and has been operating and managing the Group since its establishment. He is responsible for the overall development strategies and business plans of the Group. The Board is of the view that given that Mr. Leng has been responsible for leading the strategic planning and business development of the Group, the arrangement would allow for effective and efficient planning and implementation of business decisions and strategies under the strong and consistent leadership, and should be overall beneficial to the management and development of the Group's business.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding directors' dealings in the securities of the Company.

Having made specific enquiry of all the directors of the Company, all the directors confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

The Board has also established the "Code of Conduct for Securities Transactions for Relevant Employees" on terms no less exacting than the Model Code to regulate dealings by relevant employees who are likely to be in possession of inside information of the Company in respect of securities in the Company as referred in the code provision C.1.3 of the CG Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares (as defined in the Listing Rules)). As at the end of the Reporting Period, the Company did not hold any treasury shares (whether held or deposited in the Central Clearing and Settlement System, or otherwise).

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on 13 November 2019 and the net proceeds raised from the Global Offering were approximately HK\$6,554.7 million. During the Reporting Period, there was no change in the intended use of net proceeds as disclosed in the Prospectus.

As at 30 June 2025, the Company has utilized the net proceeds from the Global Offering for the following purpose: (i) HK\$2,413.6 million being used for the payment of offshore debts; (ii) HK\$327.7 million being used for the expansion of Vitamin World USA operations; (iii) HK\$655.0 million being used for the working capital and general corporate purposes; (iv) HK\$1,310.9 million being used for merger and acquisition; (v) HK\$175.6 million being used for marketing initiatives; and (vi) HK\$262.1 million being used for funding the operation of the Group's Kingston plant. For the amounts not yet utilized, the Company will apply the remaining net proceeds in the manner set out in the Prospectus.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board resolved to declare an interim dividend of HK\$0.1209 per share of the Company for the six months ended 30 June 2025 (the **"2025 Interim Dividend"**) with an aggregate amount of approximately HK\$1,096,327,741 (equalling approximately RMB1,000,000,000) to the Shareholders whose names are listed on the Company's register of members as at 15 September 2025, being the record date for the Shareholders' entitlement to the 2025 Interim Dividend (except for the holders of treasury shares, if any). All treasury shares and repurchased shares pending cancellation will not receive the 2025 Interim Dividend. The Company will withdraw all repurchased shares from the Central Clearing and Settlement System (CCASS), and either re-register them in its own name as treasury shares or cancel such repurchased shares, in each case before the record date for the Shareholders' entitlement to the 2025 Interim Dividend. The 2025 Interim Dividend is based on (i) our dividend policy set out in the Prospectus of intending to distribute no less than 30% of our net profit for each financial year, and (ii) an approximately additional 70% of our profit for the six months ended 30 June 2025, totaling approximately 100% of our profit for the six months ended 30 June 2025 in RMB denomination being converted into Hong Kong dollar denomination based on the average central parity rate of RMB to Hong Kong dollar as announced by the People's Bank of China for the five business days prior to the date of this announcement. For the avoidance of doubt, such profit for the six months ended 30 June 2025 does not include the profit/loss of YuanShengTai Dairy Farm Limited. The 2025 Interim Dividend will be declared and paid in Hong Kong dollars, and is expected to be paid on or around 24 September 2025.

In order to ascertain the Shareholders' entitlement to the 2025 Interim Dividend, the register of members of the Company will be closed from 12 September 2025 to 15 September 2025 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the 2025 Interim Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 11 September 2025.

We intend to maintain our dividend policy of distributing no less than 30% of our total net profit each financial year to the Shareholders going forward, subject to our future investments plans.

AUDIT COMMITTEE

The Company has established the audit committee of the Company (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises three members, namely Mr. FAN Yonghong, Mr. GAO Yu and Mr. Jacques Maurice LAFORGE. Mr. FAN Yonghong is the chairman of the Audit Committee.

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

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 has been reviewed by the Company's auditor, Ernst & Young, 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 auditor's independent review report will be included in the Company's 2025 interim report to the Shareholders.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the HKEXnews website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.feihe.com. The 2025 interim report of the Company containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange.

By Order of the Board
China Feihe Limited
LENG Youbin
Chairman

Beijing, the PRC, 28 August 2025

As at the date of this announcement, our executive directors are Mr. LENG Youbin, Mr. LIU Hua, Mr. CAI Fangliang and Ms. Judy Fong-Yee TU; our non-executive directors are Mr. GAO Yu, Mr. Kingsley Kwok King CHAN, Mr. CHEUNG Kwok Wah and Mr. Maher EL-OMARI (alias: Mac); and our independent non-executive directors are Ms. LIU Jinping, Mr. SONG Jianwu, Mr. FAN Yonghong and Mr. Jacques Maurice LAFORGE.