



優然牧業
YOURAN DAIRY

China Youran Dairy Group Limited
中國優然牧業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9858

2025
INTERIM REPORT



Company Profile

The Company was listed on the Stock Exchange on June 18, 2021 (stock code: 9858.HK). The Group is a leader in China's upstream dairy market with business covering the entire upstream dairy industry chain from breeding, feed to raw milk production, and has achieved a leading position in all business segments.

As of June 30, 2025, the Group operated 100 dairy farms, 15 feed mills, 16 forage grass plantation bases, 5 world leading dairy cow key breeding bases and an online dairy industry chain platform *Jumuc.com*, with a herd size of dairy cows of 623,350 heads and dairy goats of 21,452 heads. For the six months ended June 30, 2025, the Group's production of premium raw milk and specialty raw milk was 2,081,580 tons, with the specialty raw milk now including 8 categories, namely Jersey milk, DHA milk, A2 milk, organic milk, organic A2 milk, selenium-rich milk, organic Jersey milk and goat milk. The Group produces 547,053 tons of concentrated feed products for dairy cows, beef cattle and mutton sheep, dairy goats, camels, yaks and other livestock species. Through its online platform and 24 offline pick-up stores, the Group covers more than 10,000 types of ruminant farming products for various core business operations of dairy farms. The sales volume of the Group's breeding products, such as common frozen semen, sex-sorted frozen semen and sex-sorted embryos of high-quality dairy cows and beef cattle, amounted to 540,606 straws/units, of which the sales volume of embryos products that can improve the overall genetic level of the dairy cows increased by 13.5% as compared with that of the 2024 Interim Period, making us one of the dairy cow breeding enterprises in China that pioneered the large-scale production and commercial application of high-yield dairy cow sex-sorted embryos.

The Group will comprehensively enhance its technological value and aspire to lead China's dairy farming industry in terms of quality development, and is committed to manufacturing and offering high-quality products, technologies and services, as well as improving its comprehensive competitiveness, repaying customers and Shareholders with superior products and excellent performance for their support for the Group, and continuously contributing to the health, low-carbon and sustainable development of China's dairy industry.



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Hao Haijun (郝海軍) (*Chairman and President (appointed as an executive Director, the Chairman and President on March 28, 2025)*)
 Mr. Dong Jiping (董計平)
 Ms. Meng Yilan (孟一蘭) (*appointed on March 28, 2025*)
 Mr. Yuan Jun (袁軍) (*resigned as an executive Director, the Chairman and President on March 28, 2025*)

Non-executive Directors

Mr. Bai Wenzhong (白文忠) (*appointed on June 27, 2025*)
 Ms. Li Lin (李林) (*appointed on June 27, 2025*)
 Mr. Xu, Zhan Kevin (許湛)
 Mr. Qiu Zhongwei (邱中偉) (*resigned on March 28, 2025*)
 Mr. Xu Jun (徐軍) (*resigned on June 27, 2025*)
 Mr. Yang Huicheng (楊慧成) (*resigned on June 27, 2025*)

Independent Non-executive Directors

Ms. Xie Xiaoyan (謝曉燕)
 Mr. Yao Feng (姚峰)
 Ms. Huang Lin (黃琳) (*appointed on June 27, 2025*)
 Mr. Shen Jianzhong (沈建忠) (*resigned on June 27, 2025*)

AUDIT COMMITTEE

Ms. Xie Xiaoyan (謝曉燕) (*Chairperson*)
 Mr. Yao Feng (姚峰)
 Ms. Huang Lin (黃琳) (*appointed on June 27, 2025*)
 Mr. Qiu Zhongwei (邱中偉) (*resigned on March 28, 2025*)
 Mr. Shen Jianzhong (沈建忠) (*appointed on March 28, 2025 and resigned on June 27, 2025*)

REMUNERATION COMMITTEE

Ms. Huang Lin (黃琳) (*appointed as the Chairperson on June 27, 2025*)
 Mr. Bai Wenzhong (白文忠) (*appointed on June 27, 2025*)
 Ms. Xie Xiaoyan (謝曉燕)
 Mr. Shen Jianzhong (沈建忠) (*resigned on June 27, 2025*)
 Mr. Xu Jun (徐軍) (*resigned on June 27, 2025*)

NOMINATION COMMITTEE

Mr. Hao Haijun (郝海軍) (*appointed as the Chairperson on March 28, 2025*)
 Ms. Xie Xiaoyan (謝曉燕) (*appointed on March 28, 2025*)
 Mr. Yao Feng (姚峰) (*reassigned from the Chairperson to a member on March 28, 2025*)
 Mr. Shen Jianzhong (沈建忠) (*resigned on March 28, 2025*)
 Mr. Xu, Zhan Kevin (許湛) (*resigned on March 28, 2025*)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Yao Feng (姚峰) (*reassigned from a member to the Chairperson on March 28, 2025*)
 Ms. Xie Xiaoyan (謝曉燕)
 Ms. Huang Lin (黃琳) (*appointed on June 27, 2025*)
 Mr. Shen Jianzhong (沈建忠) (*reassigned from the Chairperson to a member on March 28, 2025 and resigned on June 27, 2025*)

COMPANY SECRETARY

Ms. Yu Wing Sze (余詠詩)

AUTHORISED REPRESENTATIVES

Mr. Dong Jiping (董計平)
 Ms. Yu Wing Sze (余詠詩)

AUDITOR

Deloitte Touche Tohmatsu
 Certified Public Accountants
 Registered Public Interest Entity Auditor

REGISTERED OFFICE

89 Nexus Way
 Camana Bay, Grand Cayman
 KY1-9009, Cayman Islands

Corporate Information

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 169, Hexi Road, Saihan District
Hohhot, Inner Mongolia
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square
1 Matheson Street, Causeway Bay
Hong Kong

LEGAL ADVISORS

As to Hong Kong law
King & Wood Mallesons

As to Cayman Islands law
Ogier

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited
89 Nexus Way
Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

Bank of Communications
Inner Mongolia Region Branch
Fengye Mansion, No. 110, Daxue Road West
Hohhot, Inner Mongolia
China

STOCK CODE

9858

COMPANY WEBSITE

<https://www.yourandairy.com/>

Highlights

	Six months ended June 30,		Period-on-period change
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	(%)
Revenue	10,284,217	10,054,941	2.3
Gross profit	3,086,430	2,848,892	8.3
Loss for the period	(247,126)	(466,707)	47.0
Loss for the period attributable to owners of the Company	(296,571)	(330,873)	10.4
Non-IFRSs measures:			
Cash EBITDA ^{Note 1}	2,810,692	2,623,640	7.1
Profit for the period (before biological assets fair value adjustments) ^{Note 2}	1,985,389	1,804,038	10.1
	<i>Tons</i>	<i>Tons</i>	
Annualized average milk yield per milkable cow (excluding Jerseys)	12.9	12.6	2.4

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2025.

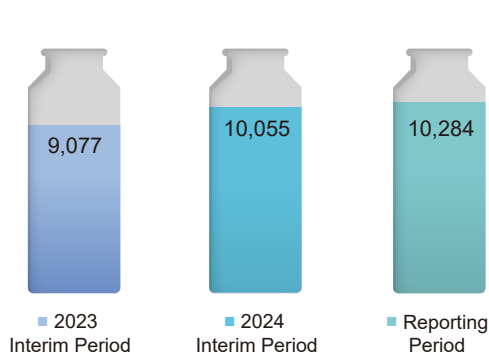
Notes:

1. It represents profit for the period after adjusting the following items: (i) other gains and losses, (ii) impairment losses under expected credit loss model, net of reversal, (iii) losses arising from changes in fair value less costs to sell of biological assets, (iv) income tax expense, (v) finance costs, (vi) interest income, and (vii) depreciation and amortization charged to profit or loss.
2. It represents profit for the period excluding losses arising from changes in fair value less costs to sell of biological assets.

Highlights

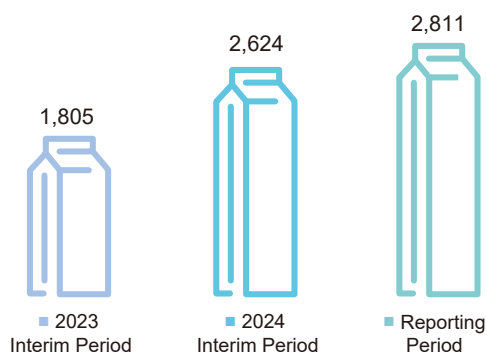
Steady growth of revenue

(RMB million)

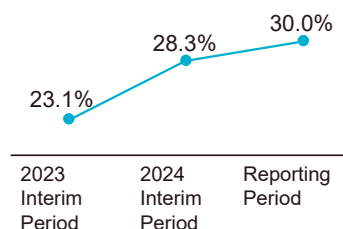


Cash EBITDA

increases significantly YOY during the Reporting Period
(RMB million)

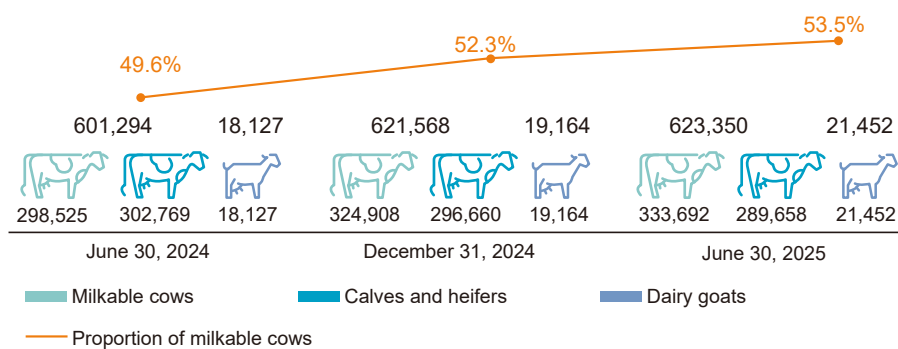


Gross profit margin improves significantly YOY during the Reporting Period (%)

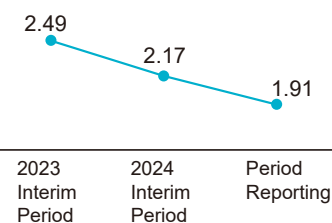


Continued expansion and optimization of herd structure

(heads)

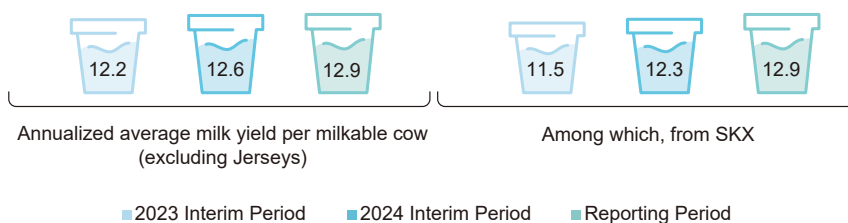


Feed cost of raw milk declines YOY during the Reporting Period (RMB/kg)



Annualized average milk yield per milkable cow hits new high

(tons/head/year)



Distribution Map of Production Bases



100 self-operated dairy farms

Covering 17 provinces, municipalities and autonomous regions with a herd size of approximately 623,000 dairy cows and over 21,000 dairy goats



15 feed mills

Mainly produces concentrated feed products for dairy cows, beef cattle and mutton sheep, dairy goats, camels, yaks and other livestock species, with an output of more than 0.547 million tons during the Reporting Period



16 forage grass plantation bases

Having built forage grass plantation bases centered on Ar Horqin Banner, the China's "Grass Capital", for producing premium forage grass



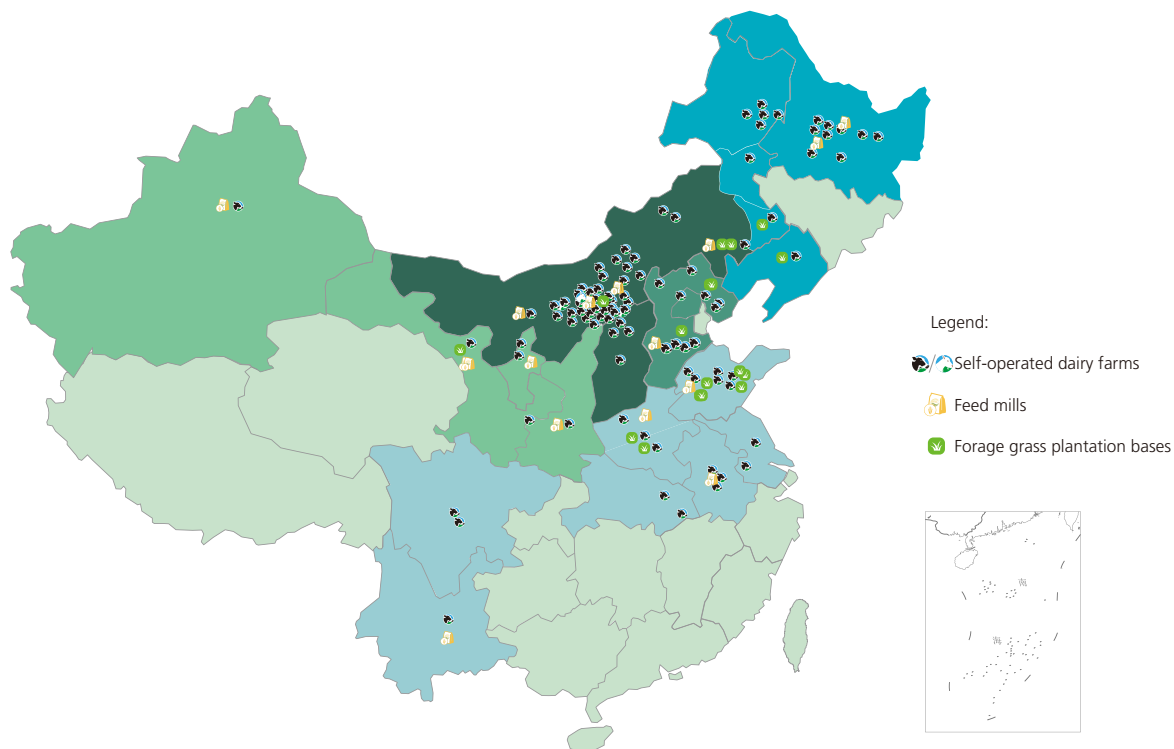
5 key breeding bases

The United States: Wisconsin
China: Horinger and Qingshuihe



1 dairy farming industry chain platform, 24 offline pick-up stores

Industry chain financial center, warehousing and logistics center, cloud innovation sharing center and global procurement center
Provides more than 10,000 types of ruminant farming products in pick-up stores, covering various core business operations of dairy farms



Production base distribution area	Quantity			
	Self-operated dairy farms	Among which, self-operated dairy farms newly added during the Reporting Period	Feed mills	Forage grass plantation bases
Inner Mongolia and Shanxi Regions	44	1	3	1
Northeast Region	18	/	3	4
North China Region	11	1	1	1
Central China Region	21	1	4	8
Northwest Region	6	/	4	2
Total	100	3	15	16

Management Discussion and Analysis

INDUSTRY REVIEW

During the Reporting Period, China's macroeconomic policies have exerted their effects, and the economic performance has continued its momentum of steady and positive development. Meanwhile, the raw milk production capacity and the herd size of cattle continued to undergo adjustments. According to data from the National Bureau of Statistics, the total output of raw milk slightly increased by 0.5% during the Reporting Period. The growth rate slowed down by 2.9 percentage points as compared to the same period in 2024, showing that the effects of production capacity adjustment have gradually become apparent. According to data from the Ministry of Agriculture and Rural Affairs, the overall price of beef showed an upward trend during the Reporting Period. However, numerous external uncertainties, insufficient effective domestic demands and persistent supply-demand imbalances in the industry have together exerted significant pressure on the dairy products industry. As a result, milk prices fell to multi-year lows. Data from the Ministry of Agriculture and Rural Affairs indicated that the average price of raw milk in China's major dairy-producing provinces decreased by 11.7% year-on-year to RMB3.08/kg during the Reporting Period. Under the circumstances, the market demand for ruminant concentrated feed and forage grass as well as breeding products was also suppressed. Nevertheless, the decline in prices of bulk raw materials partially offset the impact of lower raw milk prices on the industry. Data from the Ministry of Agriculture and Rural Affairs showed that the average prices of soybean meal and corn decreased by approximately 8.8% and 9.2% year-on-year, respectively. Additionally, according to statistics from China Customs, the price of imported alfalfa hay dropped by approximately 9.9% year-on-year, which alleviated cost pressures on the upstream dairy products industry to a certain extent and helped maintain a relatively stable development trend for the sector.

In June 2025, the Ministry of Agriculture and Rural Affairs explicitly stated its intention to expand the coverage of "Student Milk" during a dairy industry symposium, extending the program from the compulsory education stage to preschool education to increase its penetration rate. Concurrently, the National Health Commission and the State Administration for Market Regulation jointly issued the Amendment No. 1 to the National Food Safety Standard for Sterilized Milk, which stipulates that only raw milk can be used in the production of sterilized milk, and the use of reconstituted milk is forbidden. The new standard will take effect on September 16, 2025. The aforementioned policies aim to strengthen the quality of milk sources, expand the demand for raw milk, promote the development of domestic dairy cattle breeding industry, meet consumers' demand for high-quality dairy products, and facilitate the high-quality development of the entire dairy industry chain.

Management Discussion and Analysis

BUSINESS REVIEW

As the largest provider of comprehensive products and services along the upstream dairy industry chain in China, the Group was principally engaged in providing premium raw milk and specialty raw milk to large-scale dairy manufacturers and offering comprehensive ruminant farming solutions to dairy farms during the Reporting Period. During the Reporting Period, the Group's revenue increased by 2.3% from RMB10,055 million for the 2024 Interim Period to RMB10,284 million for the Reporting Period.

The following table sets forth the detailed information of the Group's two business segments, i.e. raw milk and comprehensive ruminant farming solutions:

Business Segments	Business Lines	Business Introduction	Operations	Revenue
Raw milk	Raw milk business	The Group provides premium raw milk and specialty raw milk to large-scale dairy manufacturers. Specialty raw milk mainly includes Jersey milk, DHA milk, A2 milk, organic milk, organic A2 milk, selenium-rich milk, organic Jersey milk and dairy goat milk etc.	As of June 30, 2025, the Group operated 100 modern dairy farms (including 1 dairy goat farm) across 17 provinces in China, with a herd size of over 620,000 heads of dairy cows and a herd size of over 20,000 heads of dairy goats. During the Reporting Period, the sales volume of the Group's raw milk was approximately 2,039,670 tons.	During the Reporting Period, revenue from the Group's raw milk business was approximately RMB7.90 billion, representing an increase of 7.9% from the 2024 Interim Period and accounted for approximately 76.8% of the Group's total revenue during the Reporting Period.

Management Discussion and Analysis

Business Segments	Business Lines	Business Introduction	Operations	Revenue
Comprehensive ruminant farming solutions	Feed business	The Group provides nutrition concentrated feed and forage grass for dairy farms that meet the demands of ruminants for their growth and production, and offers ancillary ruminant farming solutions, such as ruminant nutrition, breeding techniques, and ruminant healthcare.	As of June 30, 2025, the Group operated 15 feed mills and 16 forage grass plantation bases in China. During the Reporting Period, the sales volume of the Group's concentrated feed was 430,688 tons.	During the Reporting Period, revenue from the Group's comprehensive ruminant farming solutions was approximately RMB2.39 billion and accounted for approximately 23.2% of the Group's total revenue during the Reporting Period.
	Ruminant farming products marketplace business	The Group provides ruminant farming products purchased from selected suppliers, such as veterinary drugs, animal husbandry equipment and other items for dairy farms, through its online platform, Jumuc.com, and offline pick-up stores and offers ancillary ruminant farming solutions to diversify its product offerings and further address its customers' business needs.	During the Reporting Period, the Group provided over 10,000 ruminant farming products through its online platform, Jumuc.com, and 24 offline pick-up stores to 25 provinces, municipalities and autonomous regions of China, covering core operations of dairy farms.	
	Breeding business	Through its subsidiary, SKX, the Group provides dairy farms with, among others, common frozen semen, sex-sorted frozen semen and sex-sorted embryos of high-quality dairy cows and beef cattle in China and overseas.	As of June 30, 2025, the Group operated 5 key breeding bases, with herd sizes of 120 heads of dairy breeding bulls, 29 heads of beef cattle breeding bulls, and 340 heads of breeding goats, respectively. During the Reporting Period, the sales volume of the Group's breeding products was approximately 540,606 straws/units, representing an increase of 10.3% from the 2024 Interim Period, among which, the sales volume of sex-sorted embryos recorded a year-on-year increase of 13.5%.	

Management Discussion and Analysis

I. PERFORMANCE OF EACH BUSINESS SEGMENT AND OPERATION REVIEW

(I) Raw Milk Business

The Group has established long-term and stable relationships with large dairy manufacturers in the PRC. During the Reporting Period, the major customers of the Group's raw milk business included Yili Group, Bright Dairy, and Junlebao Dairy, etc.

The following table sets forth certain key operating data with respect to the Group's raw milk business for the periods and as of the dates indicated:

	As of June 30, 2025	As of December 31, 2024	Change (%)
Number of self-operated dairy farms ^{Note 1}	100	97	Increased by 3 farms
Herd size of dairy cows (in heads)	623,350	621,568	0.3
Including: Milkable cows	333,692	324,908	2.7
Calves and heifers	289,658	296,660	(2.4)
Proportion of milkable cows in the herd size of dairy cows	53.5%	52.3%	Increased by 1.2 percentage points
Herd size of dairy goats (in heads)	21,452	19,164	11.9

Note:

- Includes one dairy goat farm with a planned herd size of 50,000 heads, which is currently the biggest dairy goat farm in China and is about to be a world-class breeding goats farm.

	For the six months ended June 30, 2025	2024	Period-on- period change (%)
Raw milk production volume (in tons)	2,081,580	1,796,950	15.8
Raw milk sales volume (in tons)	2,039,670	1,761,331	15.8
Average price of raw milk (RMB/kg)	3.87	4.16	(7.0)
Annualized average milk yield per milkable cow (excluding Jerseys ^{Note 1} ^{Note 2} (in tons)	12.9	12.6	2.4
Including: SKX (in tons)	12.9	12.3	4.9

Notes:

- Jerseys are a breed of small dark brown dairy cow originating from the Jersey Islands, the English Channel, with a high fat and milk protein content and lower milk yield per milkable cow as compared to Holsteins.
- For the six months ended June 30, 2025, the annualized average milk yield per milkable cow is calculated by dividing the total raw milk production volume by the cumulative feeding days of milkable cows during the Reporting Period and multiplied by 365 days.

Management Discussion and Analysis

Farm overview and herd structure

As of June 30, 2025, the Group operated 100 modern dairy farms (including 1 dairy goat farm) across 17 provinces in China. During the Reporting Period, the Group put 3 new dairy farms into operation, located in the Inner Mongolia Autonomous Region, Yunnan Province and Hebei Province, respectively. The herd size of dairy cows of the Group increased by 0.3% from 621,568 as of December 31, 2024 to 623,350 as of June 30, 2025, including 333,692 milkable cows, accounting for 53.5% of the total number of the Group's dairy cows, increased by 3.9 percentage points as compared with 49.6% as of June 30, 2024, and increased by 1.2 percentage points as compared with 52.3% as of December 31, 2024. As of June 30, 2025, the herd size of dairy goats was 21,452, including 10,520 milkable goats, and 10,932 young female goats and female goat lambs. The optimization of herd structure has laid the foundation for the Group to further enhance its profitability.

Dairy farms operation management and raw milk production volume

Through technological transformation, lean management, business synergies and low-carbon strategies, the Group has achieved significant improvement in the operational efficiency of its raw milk business. During the Reporting Period, the Group's raw milk production volume amounted to 2,081,580 tons, representing an increase of 15.8% from 1,796,950 tons for the 2024 Interim Period. During the same period, the annualized average milk yield per milkable cow (excluding Jerseys) of the Group was 12.9 tons, representing an increase of 2.4% from 12.6 tons for the 2024 Interim Period. In addition, the Group's dairy farms (excluding SKX), which produces premium raw milk, recorded an annualized average milk yield per milkable cow of 13.1 tons.

In terms of technological strategic transformation, the Group has established a trinity technology system centered on "Data-Driven Decision Making – Smart Internet of Things (IoT) – Breeding Innovation". Leveraging its self-developed intelligent farm management system, the "Intelligent Farm Cloud", the Group has integrated multiple subsystems including on-site inspection management and cattle value assessment. By applying big data models to extract value from nutritional data, the Group has achieved precision feeding decision-making and incubated intelligent nutritional management solutions. A suite of digital tools has been deployed, such as intelligent dairy goat inventory systems, dynamic bulk feed monitoring, data collection for leftover feed collection vehicles, and intelligent cattle sorting gates, which have significantly driven digital transformation of farms while continuously optimizing operational efficiency and cost structures. Additionally, the implementation of AI-powered sprinkler and intelligent environmental control equipment has effectively reduced water consumption and dairy cow stress. By applying ovum pick-up-in vitro fertilization (OPU-IVF) embryo transfer technology combined with whole-genome testing, the Group has successfully completed genetic improvements for over 4,000 dairy cows. Through the creation of triple barriers in data assets, intelligent equipment, and breeding technologies, the Group has significantly enhanced dairy farm operational efficiency and profitability.

In the field of lean management, the Group has adopted the TPM system as its core framework, focusing on "cost reduction and efficiency enhancement" to comprehensively advance lean management practices. During the Reporting Period, the Group continuously optimized its nine standardized management standards, encompassing focused improvement, autonomous maintenance, planned maintenance, on-site 5S management, daily review meetings, operational analysis meetings, maintenance of environmental protection facilities, exercise yard maintenance, and performance management. Concurrently, the Group has implemented comprehensive upgrades and renovations to barn infrastructure, hardware facilities related to herd health and comfort, as well as safety, quality and environmental protection equipment. Significant improvements were achieved across various areas including herd health, precision nutrition, animal welfare and fundamental farm support. These efforts ultimately resulted in a year-on-year increase of 2.4% in the annualized average milk yield per milkable cow (excluding Jerseys) and a year-on-year decrease of 12.0% in feed cost per kilogram of raw milk. All quality indicators of the raw milk surpassed European Union standards.

Management Discussion and Analysis

In terms of effective synergies across businesses, the Group has effectively integrated the production and research and development (“R&D”) of ruminant concentrated feed and forage grass, advanced breeding technologies, and resources across the entire industry chain, and has established a comprehensive “Precise Nutrition – Efficient Farming – High-Quality Breeding” value chain. Through precise nutrition assessments, customized premix feeds, and the R&D of wrapped alfalfa and silage and high-performance concentrate feed products, the Group has significantly improved the milk yield per milkable cow, milk protein content, and feed conversion efficiency. Moreover, by combining embryo transfer technology with the identification of the cow herds with high-yield and low emission, the Group has accelerated genetic improvement. These initiatives have not only achieved intensive resource utilization, but also propelled the transition of livestock breeding towards green and low-carbon practices, establishing the technical groundwork for sustainable development.

In implementing its low-carbon and environmental protection strategies, the Group has comprehensively advanced its transition towards low-carbon and environmentally friendly operations through energy substitution and equipment innovation. In terms of energy structure optimization, the Group has brought the total number of photovoltaic farm projects implemented to 11, of which 6 have achieved self-sufficiency in green power. Additionally, the Group has completed the upgrade of coal/biomass boilers to air-source heat pumps in 62 dairy farms, along with waste heat recovery retrofits for refrigeration units in 59 dairy farms, significantly improving energy efficiency. For low-carbon and water-saving equipment innovation, during the Reporting Period, the Group actively promoted the adoption of new-energy equipment, including electric loaders, intelligent electric feed-pushing robots and electric milk-transporting vehicles, installed high-efficiency energy-saving livestock fans in 6 dairy farms, completed AI-powered precision sprinkler system upgrades in 23 dairy farms in total, and applied air-cooling technology for milking parlor refrigeration compressors. In doing so, the Group has significantly reduced carbon emissions and water consumption in dairy farms.

Raw milk R&D and study on dairy farming technology

Leveraging its own dairy nutrition database, the Group has established an advanced platform for herd nutrition and health R&D. On this basis, through the research and implementation of the improvement of feed conversion rate and precise nutritional solutions, the simultaneous enhancement of livestock production efficiency and nutritional value of raw milk was realized. During the Reporting Period, the Group focused on the research on the substitution of imported alfalfa hay. On the one hand, the Group optimized the technical specifications and standards of wrapped alfalfa silage, improved its quality and digestibility, and successfully realized the full dry-matter substitution of imported supreme alfalfa hay; on the other hand, the Group promoted the feeding and optimized the formula of supreme oat hay to construct a diversified forage grass supply system. In the end, the procurement volume of imported alfalfa hay was reduced by 9.9% compared to the 2024 Interim Period. Meanwhile, through the dual-track strategy of “diversification of feed categories + improvement of feed conversion rate”, the Group continued to make breakthroughs to further reduce feed costs and improve farming profit.

Management Discussion and Analysis

In the area of green farming, the Group has conducted research on carbon emission reduction technologies, utilizing advanced equipment to monitor methane emissions. It has also developed and launched carbon-reducing feed products and promoted the cultivation of high-yield corn varieties. The Group undertook the key demonstration project “Efficient Treatment and Diversified Resource Utilization of Manure Water from Intensive Dairy Farming Bases Project (《奶牛集約養殖基地糞水高效處理與多元資源化利用項目》)” under Hohhot’s “open competition mechanism”, which was ranked first in the results of the mid-term performance evaluation conducted during the Reporting Period. Building on the project findings, the Group published a paper titled “Popularization and Application of Highly Efficient Anaerobic Thickening and Thinning Diversion Technology in Dairy Farming (《高效厭氧濃稀分流技術在牧場的推廣應用》)”. The Group has been continuously researching low-temperature drying technology for manure residue in large-scale dairy farms, fully utilizing recycled manure as bedding material to enhance cow comfort. During the Reporting Period, the Group led the formulation and release of the local standard “Technical Specifications for Low-Temperature Drying of Manure Residue in Large-Scale Dairy Farms (《規模化奶牛場糞渣低溫烘乾技術規範》)”.

(II) Comprehensive Ruminant Farming Solutions

As the scale of dairy farming in China continues to expand and farming technologies advance, the Group has deeply recognized that high-quality forage and feed, along with advanced breeding technologies, are the foundation for ensuring the health and high productivity of dairy cows. Based on this understanding, the Group has fully committed to optimizing its business layout. We provide high-quality concentrated feed and forage grass covering the full lifecycle of ruminants, focus on developing high-tech products such as premixes and functional feed, create breeding products with core competitiveness, continuously improve the quality and conversion rate of grass products, and fully converge with international standards in terms of technology R&D, product innovation capabilities and technical service standards, so as to continuously improve the Group’s product and service strength and brand power.

The “product + service” operation model to upgrade service strength

Leveraging its strategies of the dual-talent systems of dairy farming and farming solutions, as well as its in-house technical team, and the farming experience accumulated from multi-region large-scale farms, the Group gathered nearly 200 senior business experts to form an exclusive top-tier service think tank, together with the Group’s online platform, Jumuc.com, county-level animal husbandry service centers and pick-up stores, to provide customers with comprehensive one-stop solutions, such as comprehensive diagnosis, tailored solutions, breed selection and matching, precision nutrition, effective breeding and technology escrow.

During the Reporting Period, in order to accurately meet customers’ needs and enhance the service capability of our farms, the Group established a technical service team for beef cattle and mutton sheep, and constructed service matrices of “dairy cattle + beef cattle and mutton sheep” and “unit service experts + branch technical teachers”. For dairy cattle services, we have created a data-driven, intelligent and integrated solution that incorporates a lean management model to improve feeding efficiency and resource utilization. For beef cattle and mutton sheep services, we focus on cost reduction and efficiency enhancement, improve the precise nutritional formula system, provide customized field services and data solutions, and strengthen technical training and on-site guidance. In addition, we have enhanced the skills of our service team by building a three-tier and three-dimensional service system, improving the training mechanism, establishing an industry technology synergy mechanism, and introducing intelligent testing equipment, so as to help our customers realize low-cost and high-value operations, and further consolidate customer stickiness and market share.

Management Discussion and Analysis

Concentrated feed business

The Group has deepened its expertise in ruminant animal nutrition. Relying on twelve product categories, the Group accurately meets the nutritional needs of ruminants such as dairy cows, beef cattle, mutton sheep, dairy goats, camels and yaks. With professional formulations and high-quality products, the Group provides precision nutrition solutions for ruminant animals at different growth stages and with varying production performance requirements, further solidifying its leading position in this field.

During the Reporting Period, the Group's concentrated feed sales volume reached 430,688 tons. However, due to the market environment characterized by narrowing profit margins in the dairy cows and beef cattle and mutton sheep farming industries, sales volume decreased by 9.7% year-on-year. In response to cyclical industry fluctuations, the Group has provided comprehensive one-stop solutions to its customers through the R&D of new products, upgrading of existing products, enhancement of technical service capabilities, optimization of innovative marketing strategies and expansion of diversified pipelines, which have effectively improved the operational efficiency of its customers. At the same time, the Group also practiced lean management to realize quality and efficiency improvement as well as cost reduction along the entire value chain, so as to improve operational efficiency.

Optimization of production capacity layout and green intelligent upgrade

The Group optimised its feed production capacity layout by adopting the "self-construction + cooperation with third parties" for the processing and production of concentrate feed. As of June 30, 2025, we operated 15 feed mills in China. During the Reporting Period, concentrated feed production amounted to 547,053 tons. The Group's newly built feed mills are all equipped with advanced equipment and technology, providing precise solutions to the nutritional needs of the industry in the era of high-yield productivity.

The Group has continued to deepen its green and intelligent upgrading efforts. In terms of intelligent development, the Group has introduced a fully automatic packing production system and a micro-ingredient system, and has constructed a three-dimensional linkage engine of "sales volume – formulation – procurement" to realize automated operation and management along the whole chain. In terms of green and sustainable development, during the Reporting Period, the production base of the Group in Bayannur was recognized as a municipal green manufacturing demonstration unit for the year 2025.

Brand building and channel expansion

In terms of feed brand building, the Group focused on the market's core demand for "cost reduction and efficiency enhancement", and innovatively launched the feed brand "You Yi Niu (優益牛)" exclusively for dairy cows, which provides technical support for the sustainable operation of farmers during the Reporting Period. In the beef cattle and mutton sheep business, the Group pioneered the "customer value-creation service system for beef cattle and mutton sheep". Through the output of benchmark cases, the Group has successfully established a model of "product + service" solution for ruminant farming in the beef cattle and mutton sheep market, and continued to strengthen its brand influence among target customers.

Management Discussion and Analysis

In terms of channel expansion of feed business, the Group promoted the upgrading of channel strategy in multiple dimensions during the Reporting Period. In terms of global layout, the Group has successfully entered the Mongolian market by establishing a new business cooperation model and launching comprehensive strategic partnerships with international distributors and leading dairy enterprises in Mongolia, which marks a critical step forward in the global expansion; the Group deepened the “one case per farm” precise service model in the dairy feed segment and simultaneously implemented the optimization of the product category strategy, which effectively enhanced the market penetration rate; and the Group’s beef cattle and mutton sheep business drove two-way growth in both the distributor network market and direct sales to ranch clients through its “county-level service centers + service advantage development” model, successfully covering five major beef cattle and mutton sheep producing areas in China. The Group has established strategic cooperative relationships with a number of industry-leading enterprises. During the Reporting Period, the sales volume of beef cattle and mutton sheep feed achieved a remarkable growth of 60.9% year-on-year, underscoring the success of the Group’s channel expansion strategy.

Concentrated feed product development and technology research to promote product excellence

The Group has implemented a strategy of technological innovation. In the field of low-carbon technologies, our independently developed “Lv Mu You Jia (綠牧優加)” carbon-reducing and yield-enhancing feed achieves dual optimization of carbon emission reduction and production performance.

In the field of dairy cattle feed products, we successfully launched the cost-effective “You Yi Niu (優益牛)” product series based on precise nutritional solutions and protein optimization technology. At the same time, we upgraded the formulations of our core feed products for lactation and calving, realizing the dual benefits of improved feed conversion efficiency and reduced overall farming costs.

In the field of beef cattle and mutton sheep feed products, we developed the gastrointestinal function-improving fermented feed product “Yuan Yi Mu XPC (元益牧XPC)” by upgrading the fermentation process. At the same time, we have upgraded the health performance of our “Xiletege (喜樂特格)” of beef cattle and mutton sheep products by utilizing the technology of strengthening the antioxidant capacity of the livestock body, which has enhanced the competitiveness of our products in the market.

In the field of dairy goat feed products, we have innovatively launched lactation and dry lactation supplement, which can effectively improve lactation performance and body health through customized formulas for physiological stage requirements.

Moving forward, we will continue to advance green feed R&D and international technological collaboration to drive high-quality and sustainable development in the animal husbandry.

Management Discussion and Analysis

Extensively practicing lean management to improve operational capabilities

The Group has deeply implemented the TPM lean management system in its feed business, achieving efficiency improvements through lean transformation across the entire value chain. During the Reporting Period, the Group took “quality improvement, efficiency enhancement and cost reduction” as its core objective and promoted comprehensive enhancement of operational capability in multiple dimensions: in terms of quality management, the Group upgraded the standard system, established a customer demand correlation matrix and promoted the construction of a product sampling library; in terms of equipment management, the Group implemented the equipment micro-defects system and the electronic label system to accurately identify potential equipment issues and enable preventive management. Additionally, maintenance standards have been refined, ensuring the achievement of the zero-equipment-failure target; and in terms of supply chain synergy, the Group has implemented seven major cost reduction topics, effectively realizing cost reduction in the supply chain. In addition, the Group has innovatively established a TPM task list and a monthly evaluation mechanism to continuously enhance management effectiveness. These systematic lean practices have formed a virtuous cycle of continuous improvement in the feed business, injecting long-term momentum into high-quality business development.

Forage grass business

The Group laid out premium forage grass plantation bases centred on Ar Horqin Banner, the China’s “Grass Capital”, and promoted long-term sustainable development of the integrated plantation and dairy farming model by giving full play to the synergies between the livestock breeding and forage grass business segments. The Group established ancillary forage grass plantation bases in proximity to our dairy farms and built a total of 16 forage grass plantation bases for the production of high-quality forage grass products, realizing the efficient utilization of resources and the deep integration of the industry chain, and providing stable and high-quality forage resources for the raw milk business.

Product and technology advantages

Through the Group’s self-developed alfalfa cold-resistant gene technology and alfalfa excellent germplasm hybridization technology, as well as the innovation of overwintering field management system and agronomic measures, the Group has significantly enhanced the environmental adaptability and yield of alfalfa hay, and the overall regreening rate of the Group’s alfalfa hay reached over 92%, ranking top in the industry. Meanwhile, the Group took the lead in developing the wrapping silage technology, which effectively retained alfalfa protein, improved the palatability for dairy cows, and established the SOP management system for alfalfa hay cultivation, ensuring the high quality and stability of the products. Through the R&D and application of large-scale alfalfa and oat intercropping technology, the Group has reduced costs and improved land utilization. At the same time, the Group has launched projects such as experiments on the planting and application of furfural aminopurine to increase production and technological research on the planting of barley in saline land, so as to continue to strengthen our competitiveness in the market.

Integration of plantation and dairy farming and ecological sustainability

The Group took the lead in implementing the model of integration of plantation and dairy farming in China to actively promote the improvement of saline-alkali and sandy land, and conducted research on soil carbon sequestration technology to promote the “increase of foreign carbon sink exchange” of plantation bases. By optimizing the technical standards of the integrated plantation and dairy farming model, the Group achieved standardized operations for water and fertilizer integration, and completed no-tillage carbon sequestration seeding operation in about 55,100 mu of land, simultaneously enhancing both the ecological and economic benefits of the land.

Management Discussion and Analysis

Technological innovation and digital management

The Group has continued to promote multiple projects under the initiative of revitalizing Inner Mongolia through science and technology. By undertaking scientific and technological research projects, the Group closely integrated the practice of high-quality forage production with scientific and technological innovation, and continued to improve the level of field management and care. Significant achievements have been achieved in quality variety selection, efficient water-saving irrigation, alfalfa regreening, afforestation and sand fixation, pest prevention and control and formula fertilization testing and other aspects, which have promoted the standardization and large-scale development of forage grass production.

The Group has successfully constructed a closed loop of digitalized management from a blade of grass to a glass of milk. During the Reporting Period, the Group's self-developed forage grass cultivation supervision system "Intelligent Forage Grass Cloud" comprehensively covered all cultivation bases, integrating core modules such as digitization of plot information, full-process traceability of suppliers and intelligent field inspection and management, realizing the full process of digitalized closed-loop management from cultivation to processing, and significantly enhancing the efficiency of field operations.

Ruminant farming products marketplace business

As of June 30, 2025, the Group provided over 10,000 ruminant farming products for customers through the online platform, Jumuc.com, 24 offline pick-up stores nationwide, which comprehensively covered various core business operational needs of dairy farms and provided one-stop sourcing solutions to its customers.

During the Reporting Period, the Group's ruminant farming products marketplace business focused on industrial chain integration and operational upgrading, realizing a multi-dimensional breakthrough:

- (i) In terms of industrial chain and brand building, the Group relied on its strength in industrial chain integration to expand its new model of vaccine sales and agricultural sales channels. In partnership with more than ten well-known domestic and overseas suppliers, the Group has developed a portfolio of own brand products and built a regional agency cooperation system, and successfully launched its own brand of cleaning liquid "Youmujing (優牧淨)", which enhanced its market coverage and brand influence through the cooperation of regional agents of strategic suppliers and built up its core competitiveness.
- (ii) In terms of operation, the Group prioritized enhancing user value and channel efficiency, leveraging the upgraded platform, Jumuc.com, and an expanded new media matrix to build a high-performance operational ecosystem. During the Reporting Period, the Group deepened proprietary platform operations by implementing a diversified incentive system to boost user engagement and retention. It optimized a full-category transactional closed-loop, and connected online and offline chain to empower county-level service centers, effectively expanding channel coverage. Concurrently, the Group pioneered new media channels and launched the self-owned brand store "Youmu Selections (優牧甄選)" on new media. Through high-frequency content and targeted campaigns, the store achieved exponential follower growth. Short-form videos and live-streaming hubs were leveraged as conversion engines, consistently attracting high-intent C-end customers for the ruminant farming products marketplace business. These initiatives collectively reinforced the Group's differentiated competitive edge.

Breeding Business

The Group provides dairy farms with diversified breeding products including regular frozen bovine semen, sex-sorted frozen bovine semen and embryos for dairy cattle and beef cattle, and accelerates the development of a world-class breeding bulls system through the dual-wheel drive of in-house breeding and international cooperation.

Management Discussion and Analysis

During the Reporting Period, through a series of measures such as exploring customers' needs and enhancing product supply capacity, the Group's sales volume of breeding products increased by 10.3% from 489,995 straws/units in 2024 Interim Period to 540,606 straws/units during the Reporting Period. Sales of embryo products that can raise the overall genetic level of dairy cows increased by 13.5% compared with 2024 Interim Period, resulting in a continuous expansion of its market share.

Overview and distribution of breeding bases

The Group has made all-round deployment in the field of quality breeding: it operates a total of 5 modernized breeding bases in Inner Mongolia and Wisconsin, the United States (including 3 for dairy cattle, 1 for beef cattle and 1 for Saanen dairy goats). As of June 30, 2025, the Group's dairy bulls have a herd size of 120 heads, beef bulls have a herd size of 29 heads and breeding goats have a herd size of 340 heads. Among them, the dairy cattle breeding base in Qingshuihe, Inner Mongolia has relied on in ovum pickup-in vitro fertilization (OPU-IVF) and sex-sorted technology, with an annual production capacity of 50,000 high-yield sex-sorted embryos, 2,000 breeding embryos and 500 breeding bulls. The Group is fully committed to building the largest cow breed supply base in the PRC. The beef cattle breeding base has introduced high-quality Simmental dairy cows from Australia and New Zealand and has established a breeding database, with an annual production capacity of 200 breeding bulls and 1 million straws of frozen bovine semen. The dairy goat breeding base has introduced pure Saanen breeding goats from New Zealand and Australia. The three major segments have jointly constructed a diversified breeding source supply system of "dairy cattle + beef cattle + dairy goat", which has effectively alleviated China's reliance on imported high-end breeding sources and strengthened the core competitiveness of the whole industry chain.

Breeding product development and technological innovation

The Group has long been committed to breaking through the "breeding bottleneck" in high-end breeding sources and technologies development, as well as their industrial application. During the Reporting Period, the Group, in collaboration with universities and research institutions, achieved multiple significant technological breakthroughs and practical outcomes in the field of livestock breeding and biological breeding, mainly in the field of dairy cattle:

- (i) Dairy cow high-end breeding source excavation and breeding of breeding bulls: We developed the core technology system for producing breeding embryos in dairy cows using ovum pick-up-intracytoplasmic sperm injection/in vitro fertilization (OPU-ICSI/IVF), and constructed an independent breeding platform, realizing the mass production of dairy cow breeding embryos at an internationally leading level. We have bred 12 reserve breeding bulls using this technology, of which 4 have entered the production line, breaking through the monopoly of international breeding sources;
- (ii) New technological innovation in dairy cattle breeding: We independently developed the "Breeding No.1 Chip (育種1號芯片)" for dairy cattle, which contains about 20,000 high-quality specific single nucleotide polymorphisms (SNPs) loci, and precisely locates the functional gene loci for "high yield, disease resistance and longevity". At the same time, relying on the "Breeding Big Data Platform" that integrates Dairy Herd Improvement (DHI), physical appearance and genomic identification data, we can rapidly improve the accuracy of genetic evaluation, production performance and reproductive life span of cows in large-scale dairy farming, and provide the core technical support for the selection and breeding of localized "Chinese Dairy Cow";

Management Discussion and Analysis

- (iii) New technological breakthroughs in gene editing biological breeding and gender control: We established the whole process of gene editing vector design – cell screening – cloned embryo production – embryo transplantation technology for the bio-breeding of functional dairy cows, laying the technological cornerstone for the cultivation of disease-resistant, stress-resistant, gender-controlled functional cows and other new strains of livestock. During the Reporting Period, the Group has successfully bred 3 healthy and high-quality Holstein bulls through intracytoplasmic sperm injection (ICSI) embryo technology; at the same time, based on XY sperm specific protein mining and gene editing technology, we developed new technology and products for sex-sorted frozen semen for dairy cows and dairy goats, and achieved milestones in the areas of “sex-sorted semen production” and “sex-sorted bulls”, thus promoting the simplification of the sex-sorted technology in a highly efficient manner; and
- (iv) Industrialization of sex-sorted embryo production for high-yielding dairy cows: We innovatively integrated a series of technologies for in vivo/in vitro sex-sorted embryo production for high-yielding dairy cows. We systematically optimized the genetic performance of the donor cows, hormone protocols and cryopreservation process, thereby significantly improving production efficiency. During the Reporting Period, nearly 7,000 high-yield sex-sorted embryos were produced, accelerating the rapid expansion of elite breeds and enhancing breeding efficiency.

The aforementioned achievements mark significant progress in the Group’s efforts to achieve “independent and controllable breed sources and self-reliant core breeding technologies” in livestock. This provides core support for ensuring the security of China’s livestock breeding industry and enhancing its industrial competitiveness.

Leveraging on the Group’s continuous investment and the development and application of its core technologies, and according to the data of the ranking of reserve dairy breeding bulls released by the American Holsteins Association in April 2025, among the genomic dairy bulls from China registered with the American National Association of Animal Breeders, 4 bulls bred by the Group were ranked among the top 10 in China, and 48 bulls bred by the Group were ranked among the top 100 in China. This series of achievements fully demonstrated the Group’s leading strength in the field of dairy breeding and further consolidated our competitive advantages in both domestic and overseas markets. During the Reporting Period, the Group took part in the formulation and promulgation of a national standard, the “Technical Procedures for In Vitro Bovine Embryo Production and Implantation (《牛體外胚胎生產和移植技術規程》)”.

II. R&D STRATEGIES MANAGEMENT

Leveraging more than four decades of experience in operation and research, and its own breeding resources of over 620,000 dairy cows and over 20,000 dairy goats, the Group has continued to plough into the R&D efforts of the whole industry chain in the upstream dairy industry, focusing on innovation of herd farming technologies, development of specialty raw milk, research on the nutrition value of feed, breakthroughs in genetic improvement technology and sex-sorting technology for cattle, as well as systematic exploration and practice of integrated farming model and eco-farming standards, promoting industrial technology upgrading.

Management Discussion and Analysis

The Group focuses on the improvement of the quality and competitiveness of its products with innovative technologies. In particular:

- i. The core technology R&D system. As of June 30, 2025, the Group's R&D team consisted of nearly 400 personnel, all possessing extensive experience in their respective industries. Supported by our in-house R&D team, the Group added 11 new patented technologies for authorization during the Reporting Period, and possessed a total of 102 core patented technologies, covering each of our business lines. During the Reporting Period, the Group participated in the formulation and release of 1 national standard, 3 industrial standards and 1 local standard, forming solid technical barriers;
- ii. Construction of diversified product matrix. The Group's 8 special fresh milk products are relatively less affected by the declining price of raw milk due to its certain scarcity. The Group developed and launched proprietary concentrated feed products, such as structural calf feed, rumen bypass soybean meal, premixes, heat stress resistant perinatal feed, low-carbon and high-yield feed products, and continued to improve its ruminant nutrient solutions;
- iii. Key technology research and achievement transformation. The Group has built a leading ruminant nutrient database in China, deepened the application of herd genetic improvement technology and sex-sorting technology, and innovated forage grass processing technology and planting mode. Through joint efforts with renowned colleges and research institutions, the Group promoted agricultural biological breeding major program, major demonstration projects adopting the "open competition mechanism" under the guidance of the National Dairy Technology Innovation Centre and the action of "revitalizing Inner Mongolia through science and technology" in the Inner Mongolia Autonomous Region, and accelerated the industrialization of R&D results by focusing on the key technological issues of the upstream industrial chain of the dairy industry, such as dairy cattle breeding and cultivation, mining of high-quality germplasm sources for dairy cattle and alfalfa germplasm selection and breeding technology. In terms of forage grass business, the Group continued to promote projects of revitalizing Inner Mongolia through science and technology including "Breeding of New Varieties of High-quality Alfalfa and Industrialization Demonstration (《優質苜蓿新品種選育及產業化示範》)" and "Screening and Cultivation of High-quality Forage Suitable for Saline-alkali Land and Key Technology Research and Demonstration of Cultivation (《鹽鹼地適栽優質飼草篩選及栽培關鍵技術研究與示範》)". In terms of breeding business, the Group has continued to promote a number of scientific research projects such as "Construction of Efficient Production and Implantation Technology for Sex-sorted Embryos of Dairy Cows (《奶牛性控胚胎高效生產與移植技術構建》)", "Research on the Key Technology for Breeding Low-Carbon Emission and Heat-Stress Resistant Dairy Cows and Technological Innovation for Introducing and Expanding Breeding Technology for Dairy Goats (《低碳排放與抗熱應激奶牛培育關鍵技術研究及奶羊引種擴繁技術創新》)", "Research on Key Technology of Establishing Sex-sorted Gene Editing Cell Lines for Dairy Cows and Dairy Goats (《奶牛、奶羊性別控制基因編輯細胞系建立關鍵技術研究》)", "Development of Core Technology for Breeding Dairy Cows with 'High Yield, Disease Resistance and Long Production Period' and Establishment of A Core Breeding Population (《「高產、抗病、長生產期」良種奶牛選育核心技術開發與育種核心群建立》)" and "Key Technological Innovation for Mining Germplasm Sources of High-end Dairy Cows and Efficient Breeding (《高端奶牛種源挖掘及高效繁育關鍵技術創新》)".

Management Discussion and Analysis

III. QUALITY ASSURANCE

Sticking to the mission of “Creating the Source Power for the Healthy Life of Human Beings with Quality” and carrying forward the management concept that quality is life, the Group takes “good grass raises good cows, good breeding breeds good cows, and good cows produce good milk” as the main line of quality control throughout the entire production chain. Through the three core measures of building a quality culture with full employee participation, implementing refined quality control throughout the entire chain and continuously delivering safe and high-quality products, we ensure that the quality of our products remains at the leading level in the industry.

Based on international advanced standards, we have deeply integrated the international standards with the basic management, constructed the “full value chain” quality control model covering the entire upstream industrial chain of the dairy industry, and continued to improve the quality of our products and our competitiveness in the market. We have passed various food safety and quality related management system certifications, including the SQF (Safe Quality Food system), ISO9001 (the quality management system), ISO22000 (the food safety management system) and ChinaGAP (China Good Agricultural Practice), FAMI-QS (European Feed Additives and Premixtures Quality System) and ISO17025 (CNAS Laboratory Management System). We are the first comprehensive enterprise of dairy farming and feed processing in China that has passed SQF certification, which fully validates our excellence in food safety and quality control.

Through the interconnection of the near-infrared database, quality information management system, EHSQ (Environment, Health, Safety and Quality) and Intelligent Farm Cloud smart farm management system, realizing real-time collection, accurate transmission and intelligent analysis of quality information along the whole chain, the Group has significantly enhanced the ability of quality risk warning and the efficiency of management decision-making.

During the Reporting Period, the Group continued to optimize its quality assurance and risk prevention and control system by fully operating the preventive quality control mechanism, the inspection and interception mechanism, the quality audit mechanism and the supplier quality assessment mechanism, etc. Quality control at source was achieved through rapid identification of known and unknown risks, optimization of the quality information system and implementation of the normalizing quality assurance control points (QACP) inspection mechanism, etc.

During the Reporting Period, the Group’s products consistently maintained a 100% pass rate in the quality sampling tests conducted by national supervision and inspection authorities at all levels. The key quality indicators of raw milk, namely aerobic plate count and somatic cell count, were significantly exceeding the standards set forth in China’s Premium Milk Initiative (中國國家優質乳工程) and the industry standards of the United States, Japan and the European Union.

Management Discussion and Analysis

IV. PROCUREMENT STRATEGIES MANAGEMENT

The Group utilises a “full lifecycle” supplier management system, focuses on the core strategy of cost reduction and efficiency enhancement, and achieves significant improvement in supply chain efficiency through various procurement strategies such as hedging of futures, strategic reserve, direct purchase from sources, global purchases, dynamic pricing, futures and basis purchases and joint bidding, as well as the implementation of the “Digitalisation Project of the Whole Process of Material Procurement Planning and Execution”, the “Digital Management of Electronic Contracts” and the “Visual Monitoring on Statements” and other digital projects. During the Reporting Period, through 19 collaborative projects with 8 strategic suppliers, we carried out in-depth cooperation in the areas of farm management improvement, business linkage, and disease prevention and control of dairy farms, fully exploring opportunities for cost reduction and revenue enhancement, and at the same time, promoting lean management and talent cultivation on the ranch.

During the Reporting Period, affected by multiple factors such as uncertainty of external environment, adjustments on tariff policies, and the upgrades and transformation of domestic industries, the prices of bulk raw materials fluctuated intensely. To this end, the Group enhanced its cost control through a two-pronged approach. On one hand, it systematically improved its procurement management efficiency through initiatives, including convening the pricing strategy analysis meeting on a monthly basis, developing a price dynamic linkage mechanism and optimizing the supplier structure and reducing advance payments. On the other hand, it accurately selecting high cost-effective alternative raw materials, and effectively alleviated the pressure of supply price fluctuations in raw materials through innovative measures such as adjusting its formula standards, establishing a hierarchical procurement system and expanding the application scenarios. With this two-pronged approach, the Group successfully reduced the average feed cost of raw milk by 12.0% as compared to the 2024 Interim Period.

During the Reporting Period, the Group deeply integrated the concept of sustainability into its supply chain management, and actively promoted the green cooperation with its suppliers. Specifically, it jointly promoted the deforestation-free soybean meal project with strategic suppliers, and reduced carbon emissions in the supply chain through procuring 3,305 tons of deforestation-free soybean meal, facilitating the practices of low-carbon farming. Meanwhile, in order to enhance the ESG full life-cycle management of suppliers, the Group comprehensively included the suppliers into the ESG management system, formulated and issued the Measures on ESG Management of Suppliers, and effectively improved the overall management and control abilities of suppliers' ESG risks through clarifying the ESG appraisal standards, risk identification mechanism and cooperation requirements, laying a solid foundation for realizing the low-carbon breeding throughout the industry chain.

V. DIGITAL MANAGEMENT

Adhering to the principle of “data-driven business innovation, technology-driven value-added business”, the Group fully leveraged the data value of platforms, such as near-infrared database and CNAS-certified laboratories, to optimise and upgrade the existing Intelligent Farm Cloud, Precision Nutritional Platform of Dairy Cows, financial sharing platform, human resources sharing platform, EHSQ management system, the Jumuc.com platform and other digital assets. Through integration and governance mechanisms, the Group focuses on building four core capabilities: information management of the whole lifecycle of dairy cows and the whole process of production and operation; integrated management and control platform of business, finance and human resources; integrated management and traceability of environment, health, safety and quality; and precise marketing, service and in-depth pipeline management capacities.

Management Discussion and Analysis

The Group took the lead in the industry to build a “fully intelligent unmanned barn”, which adopted fully intelligent robots, the TMR hatching system and the intelligent biological fermentation system, which are the most internationally advanced. In combination with the IoT technology, the temperature, humidity, gas and light of the barn are real-time adjusted and conditioned, which greatly improves the comfort of dairy cow feeding and enhances the management accuracy of dairy farms, improves operational efficiency, and provides intelligent protection for the production of high-quality raw milk.

During the Reporting Period, the Group independently developed digital tools such as “Supply Chain Master Planning System”, “Intelligent Grass Cloud – Grass Planting Supervision System”, “HP Full-chain Management Platform”, “On-site Spot Inspection Management System”, “Company Visitor Management System” and “Unvaluable Cattle Selection and Disposal”, and established a proactive defense system by upgrading its enterprise antivirus software, promoting the digital development of the entire industry chain. Leveraging the big data platform and AI algorithm model, the Group kept improving the automation collection of production and operation data, unmanned operation and remote management, and comprehensive optimisation of business chain.

The Group has continued to optimise its operational efficiency and cost structure through the in-depth integration of digital technology with its business, injecting a strong impetus for high-quality development and further consolidating its leading position in the industry.

VI. BUILDING A SUSTAINABLE DEVELOPMENT MODEL

The Group adheres to a green, ecological and sustainable development strategy, continuously deepens the sustainable development management system, constantly integrates core issues on sustainable development with business development and innovation and vigorously promotes the long-term mechanism on sustainable development to set an example to the industry. During the Reporting Period, the Group was striving to meet the established strategic goal of reaching carbon peak in 2030 and carbon neutrality in 2050, and actively implementing various carbon reduction initiatives to promote sustainable development in multiple dimensions, including carbon inventory, carbon emission reduction, carbon asset development and carbon sink construction.

During the Reporting Period, the Group promoted the implementation of the high-value utilisation and purification project of biogas, with an aim to improve the utilisation rate of biogas, reduce greenhouse gas emissions while generating income for dairy farms, helping achieve dual carbon targets. The Group has actively promoted the development of carbon assets. The proposal of carbon asset development project of a 24,000-head dairy farm at Zhumadian Dairy Farm was reviewed and had passed the third-party verification. Meanwhile, the Group vigorously develops the “planting-dairy farming integration” model, promotes grassland improvement and forage planting and the construction of low-carbon circular pastures to expand the carbon sink storage space. We built ancillary forage grass plantation bases near its dairy farms, and actively cooperated with silage suppliers and other suppliers. The actual land area under the integrated plantation and dairy farming model was nearly 2,000,000 mu, injecting strong impetus into green development.

The Group has been actively leveraging its industrial and technological advantages by implementing the “Straw to Milk” program, providing local farmers with organic fertilizers and promoting silage varieties free of charge, enhancing the starch content of the purchased silage corn and its conversion rate and boosting the incomes of farmers and herdsmen in the vicinity at the same time, and enhancing the quality of agricultural products and the value of agricultural output.

Management Discussion and Analysis

During the Reporting Period, the Group had firstly issued the Biodiversity Conservation Report and Climate Information Disclosure Report of 2024 within the upstream industry chain of China's dairy industry. Among them, the Biodiversity Conservation Report clarified the objects requiring protection and systematically promoted the practice through systematically identifying and evaluating the impact, reliance, risks and opportunities related to nature, while the Climate Information Disclosure Report focused on the in-depth evaluation of physical risks and transformation risks, targeted climate action strategies and plans have been set, effectively enhancing the Group's resilience for climate issues, and laying a solid foundation for the sustainable development of the entire industry chain.

During the Reporting Period, the Group's sustainable development practices were recognised by various parties. It has been successfully selected in the Sustainability Yearbook (China Edition) (《可持續發展年鑒(中國版)》) of S&P Global for two consecutive years, and ranked in the top 10% among the Chinese enterprises in the food industry with the best CSA2024 rating by S&P Global in the Sustainability Yearbook (China Edition) 2025 (《可持續發展年鑒(中國版) 2025》).

VII. PROSPECTS

Looking ahead, the Group will deeply leverage national policy dividends and development opportunities in consumption promotion, steadfastly implement the established strategic direction, and continuously advance the execution of the six core strategic initiatives. With innovation as the core engine for high-quality development, the Group will fully integrate digital technologies and lean management models to inject robust momentum across the entire business chain. By fully unleashing the advantages of platform resource integration, synergistic effects of the full industrial chain, and the potential of our high-caliber talent team, we will remain anchored to the path of green and sustainable development while intensifying our focus on the four core business segments. The Group aims to build a more resilient core competitiveness, consistently enhance operational efficiency and resource allocation capabilities, and steadily expand revenue and profit growth opportunities.

- i. Raw milk business: The Group will adopt a dual-drive strategy centered on "Innovation + Lean Management" to achieve multi-dimensional improvements in feed conversion rates, yield and profit per cow by enhancing forage grass quality, expanding new raw material categories, and advancing formula optimization and precision nutrition technologies. Simultaneously, we will refine talent development pipelines and incentive mechanisms to foster full-team engagement in lean transformation, strengthening the foundation for cost reduction and efficiency enhancement. Leveraging the "Intelligent Farm Cloud (慧牧雲)" system as the technological backbone, we will accelerate R&D and implementation of key technologies such as individualized precise nutrition, health early-warning, and intelligent breeding, while scaling up automated equipment deployment. This will establish a "digital twin" platform for comprehensive data and an intelligent decision-making system, enhancing production and operation efficiency across our self-operated dairy farms and driving industry-wide upgrades. By synergizing efforts across four dimensions including upgraded disease prevention management systems, genetic improvement, reserve bull quality control, and technical talent development, we will cultivate a healthier and more productive cattle herd. In parallel, we will develop specialty raw milk products to provide core support for value chain enhancement.

Management Discussion and Analysis

- ii. Feed business: The Group will adopt a customer value creation-oriented approach, focusing on building a system of “Product Competitiveness + Service Capability + Brand Power”. By continuously innovating formulas, strictly controlling production costs, and optimizing quality standards, we will enhance customer satisfaction. Through deep engagement at the customer frontline, we will precisely identify critical demand and deliver tailored solutions to help improve customers’ profitability. We will strengthen customer loyalty and market recognition by advancing core product R&D, thereby elevating our brand influence. Concurrently, we will drive the deep integration of online and offline channels, along with deeper organizational transformation, supply chain innovation, product portfolio upgrades, and customer structure optimization, laying a solid foundation for sustainable business growth. Our ultimate strategic goal is to “maintain the undisputed industry leadership in dairy cattle feed business, while securing a top-three position in beef cattle and mutton sheep feed business within five years”.
- iii. Forage grass business: The Group will dedicate efforts to premium forage seed cultivation and improvement, leveraging domestic and international resources to enhance the quality, yield, and conversion efficiency of forage grass from the source. By optimizing cultivation methods and processing technologies, we will reduce production costs while delivering cost-effective forage grass solutions to dairy farms through resource integration and technology transfer. This approach will create synergistic advantages across the entire industry chain, strengthening overall competitiveness.
- iv. Breeding business: The Group will prioritize the breeding of high-quality breeding cattle, with continuous breakthroughs in critical “bottleneck” technologies, to achieve self-sufficiency and full control over germplasm resources for dairy cows, beef cattle and dairy goats, and help the industry realize genetic improvement. It will also produce high-quality and low-cost frozen semen and embryos products to expand its market share and enhance customers’ competitiveness in breeding. The Group will implement a multichannel layout and differentiated marketing model to create an organizational structure that accurately adapts to business challenges to support the sustainable development of breeding business.

The Group will continue to consolidate and expand its long-term advantages of “the most comprehensive upstream dairy industry chain, the largest scale, the best structure and layout and high-efficiency operation” to promote the sustainable and high-quality development and to create value for customers, Shareholders, employees and the society, thus contributing to the revitalisation of China’s dairy industry.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Our revenue increased by 2.3% from RMB10,055 million for the 2024 Interim Period to RMB10,284 million for the Reporting Period.

The following table sets forth a breakdown of our revenue by our business segments for the periods indicated:

	For the six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Raw milk	7,895,650	7,320,419
Comprehensive ruminant farming solutions	2,388,567	2,734,522
Total	10,284,217	10,054,941

The increase in our total revenue was primarily due to the growth of raw milk business.

Our revenue generated from raw milk increased by 7.9% from RMB7,320 million for the 2024 Interim Period to RMB7,896 million for the Reporting Period, which was mainly due to the increase of 15.8% in the sales volume of our raw milk from 1,761,331 tons for the 2024 Interim Period to 2,039,670 tons for the Reporting Period as a result of continuous improvement in the milk yield per milkable cow and the continuous optimisation of the herd structure; due to the decline in the price of raw milk resulting from the temporary imbalance of the supply and demand in domestic raw milk, the average unit price of raw milk of the Group was RMB3.87/kg for the Reporting Period, representing a decrease of 7.0% as compared to RMB4.16/kg for the 2024 Interim Period.

Our revenue generated from comprehensive ruminant farming solutions decreased by 12.7% from RMB2,735 million for the 2024 Interim Period to RMB2,389 million for the Reporting Period, which was mainly due to (i) the decrease in sales volume resulting from the influence of industry demands and prompt and proactive adjustments in our sales strategy based on risk control; and (ii) dynamic adjustments were made to product prices based on the decline in the market price of bulk raw materials, leading to a lower income.

Management Discussion and Analysis

Cost of sales

Our cost of sales increased by 3.8% from RMB9,328 million for the 2024 Interim Period to RMB9,681 million for the Reporting Period, mainly due to the growth of raw milk business and the effect of fair value adjustment on agricultural produce.

The following table sets forth a breakdown of the cost of sales before fair value adjustments by our business segments for the periods indicated:

	For the six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Raw milk	5,152,243	4,945,594
Comprehensive ruminant farming solutions	2,045,544	2,260,455
Total	7,197,787	7,206,049

Cost of sales for the raw milk business before raw milk fair value adjustments increased by 4.2% from RMB4,946 million for the 2024 Interim Period to RMB5,152 million for the Reporting Period, which was primarily due to the increase in sales volume as a result of the Group's continuous adjustment on herd structure and the increase in the number of dairy cows.

During the Reporting Period, the Group's average feed cost of premium raw milk and specialty raw milk was RMB1.91/kg, representing a decrease of 12.0% from the 2024 Interim Period, which was primarily due to the continuous decrease in the market price of bulk raw materials, and the Group's precise control of the procurement timing through supply chain process management, which maximised the reduction of raw material procurement costs, as well as our enhanced lean operation management and continuous improvement in feed conversion rate and milk yield per milkable cow.

Cost of sales of comprehensive ruminant farming solutions business before forage grass fair value adjustments decreased by 9.5% from RMB2,260 million for the 2024 Interim Period to RMB2,046 million for the Reporting Period, which was primarily due to the joint impact of the decline in sales volume as the Group's timely, proactive adjustment and optimisation of sales strategy during the Reporting Period and the Group's strengthened lean operation management, active development of new raw materials, increase in the use of cost-effective raw materials, the effective progress in cost reduction of product formula, and the precise control of the procurement timing to maximise the reduction of raw material procurement costs.

Fair value adjustment on agricultural produce included in cost of sales increased by 17.0% from RMB2,122 million for the 2024 Interim Period to RMB2,483 million for the Reporting Period.

Management Discussion and Analysis

Gains arising from initial recognition of agricultural produce at fair value less costs to sell at the point of harvest

Our gains arising from initial recognition of agricultural produce at fair value less costs to sell at the point of harvest were RMB2,122 million for the 2024 Interim Period and RMB2,483 million for the Reporting Period, respectively, mainly due to the combined effect of the increase in sales volume of and the decrease in average feed cost of raw milk and the overall decline in the domestic selling price of raw milk. According to the requirements of IFRSs, agriculture produce shall be initially recognised at fair value less costs to sell at the point of harvest and the difference between fair value less costs to sell and the actual cost incurred shall be included in profit or loss.

Gross profit and gross profit margin

As a result of the foregoing, we recorded a gross profit of RMB2,849 million for the 2024 Interim Period, representing a gross profit margin of 28.3%, and a gross profit of RMB3,086 million for the Reporting Period, representing a gross profit margin of 30.0%.

The following table sets forth a breakdown of our gross profit and gross profit margin by our business segments for the periods indicated:

	For the six months ended June 30,			
	2025		2024	
	RMB'000 (except for percentage) (unaudited)			
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
Raw milk	2,743,407	34.7%	2,374,825	32.4%
Comprehensive ruminant farming solutions	343,023	14.4%	474,067	17.3%
Total	3,086,430	30.0%	2,848,892	28.3%

The increase in gross profit margin was primarily due to the decrease in the purchase price of bulk raw materials in the domestic market, which, coupled with the Group's realisation of cost reduction and efficiency enhancement through continued promotion of lean operation management and efficient collaboration across various businesses, led to an increase in the Group's gross profit margin.

The gross profit of the raw milk business increased from RMB2,375 million for the 2024 Interim Period to RMB2,743 million for the Reporting Period. The gross profit margin of the raw milk business increased from 32.4% for the 2024 Interim Period to 34.7% for the Reporting Period, which was mainly due to the joint impact of the decrease in the purchase price of bulk raw materials in the domestic market, and the Group's precise control of the procurement timing through supply chain process management to maximise the reduction of raw material procurement costs, and the Group's strengthened lean operation management and continuous improvement in feed conversion rate and milk yield per milkable cow.

Management Discussion and Analysis

The gross profit of the comprehensive ruminant farming solutions business decreased from RMB474 million for the 2024 Interim Period to RMB343 million for the Reporting Period. The gross profit margin of comprehensive ruminant farming solutions business decreased from 17.3% for the 2024 Interim Period to 14.4% for the Reporting Period, mainly because of the decrease in gross profit due to the decline in sales volume as a result of the Group's timely, proactive adjustment and optimisation of sales strategy, as well as the decrease in gross profit due to the adjustment on product structure for customer's benefits.

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

Our losses arising from changes in fair value less costs to sell of biological assets decreased from RMB2,271 million for the 2024 Interim Period to RMB2,233 million for the Reporting Period, which was primarily due to the effects of the decline in the selling price of milk and the decline in the market prices of heifers, which was offset by the gains from the continuous increase in average milk yield per milkable cow, the continuous decrease in the price of bulk raw materials and the increase in the price of beef cattle during the Reporting Period.

Other income

Our other income decreased by 42.2% from RMB265 million for the 2024 Interim Period to RMB153 million for the Reporting Period, which was primarily due to the decrease in incentive subsidies and the decrease in interest income.

Impairment losses under expected credit loss model, net of reversal

Our impairment losses under expected credit loss model, net of reversal increased by 319.1% from RMB8 million for the 2024 Interim Period to RMB34 million for the Reporting Period, which was primarily due to the impact of the dairy industry environment, and the provisions made for bad debt losses on several customers by the Company.

Other gains and losses

Our other gains and losses for the 2024 Interim Period reflected a gain of RMB0.3 million, and a gain of RMB11 million for the Reporting Period, primarily due to the increase in gains arising from the disposal of property, plant and equipment, and the written-back in the litigation losses previously provided.

Selling and distribution expenses

Our selling and distribution expenses decreased by 0.3% from RMB305 million for the 2024 Interim Period to RMB304 million for the Reporting Period, which was primarily due to the decrease in freight charges resulting from the decreased sales volume of feed business. During the Reporting Period, the proportion of selling and distribution expenses in our revenue was 3.0%, which kept stable year-on-year.

Administrative expenses

Our administrative expenses increased by 7.3% from RMB375 million for the 2024 Interim Period to RMB402 million for the Reporting Period, which was primarily due to the increased administrative expenses for new dairy farms put into operation and the increased insurance expenses for new cattle, resulting in a year-on-year increase in total expenses. The proportion of administrative expenses in our revenue increased from 3.7% for the 2024 Interim Period to 3.9% for the Reporting Period, primarily due to the fact that the growth rate of administrative expenses was higher than that of revenue.

Management Discussion and Analysis

Other expenses

Our other expenses increased by 27.6% from RMB48 million for the 2024 Interim Period to RMB62 million for the Reporting Period, which was primarily due to a year-on-year increase in the expenditure as a result of more investment in R&D by the Group.

Finance costs

Our finance costs decreased by 14.8% from RMB463 million for the 2024 Interim Period to RMB395 million for the Reporting Period, which was primarily due to decreased finance costs as a result of a lower financing rate.

Loss before tax

As a result of the foregoing, the Group's loss before tax decreased from RMB404 million for the 2024 Interim Period to RMB214 million for the Reporting Period.

Income tax expense

Our income tax expense decreased by 47.9% from RMB63 million for the 2024 Interim Period to RMB33 million for the Reporting Period, primarily due to the decline in profit from the Group's comprehensive ruminant farming solutions business.

Loss for the period

As a result of the foregoing, we generated a loss of RMB467 million for the 2024 Interim Period, compared with a loss of RMB247 million for the Reporting Period, primarily due to (i) the increase in gross profit arising from the Group's increased sales and decreased selling cost per kilogram of raw milk; (ii) the decrease in finance cost; and (iii) the decrease in losses arising from changes in fair value less costs to sell of biological assets, driven by sustained improvements in unit production of dairy cows, continued declines in the price of bulk raw materials and the increase in the market price of beef cattle.

Non-IFRSs Measures

To supplement our consolidated financial information which is presented in accordance with IFRSs, we also use certain financial measures which are not required by, or presented in accordance with IFRSs. We believe that these non-IFRSs measures provide useful information to investors and others in understanding and evaluating our consolidated financial results in the same manner as our management.

The use of these non-IFRSs measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRSs. The Group's presentation of such adjusted figures may not be comparable to a similar measure presented by other companies. However, the Group believes that these measures reflect the Group's normal operating results by adjusting for the potential impacts of certain non-recurring items, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

Management Discussion and Analysis

The Group uses the following financial measures that are not required by or presented in accordance with IFRSs:

- i. Cash EBITDA represents profit for the period after adjusting the following items: (i) other gains and losses, (ii) impairment losses under expected credit loss model, net of reversal, (iii) loss arising from changes in fair value less costs to sell of biological assets, (iv) income tax expense, (v) finance costs, (vi) interest income, and (vii) depreciation and amortisation charged to profit or loss; and
- ii. Profit for the period (before biological assets fair value adjustments) is derived from loss for the period excluding loss arising from changes in fair value less costs to sell of biological assets.

The following tables reconcile the Group's adjusted cash EBITDA and profit for the period (before biological assets fair value adjustments) from the most directly comparable financial measure calculated and presented in accordance with IFRSs.

Cash EBITDA

	For the six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Loss for the period	(247,126)	(466,707)
Adjustments:		
Other gains and losses	(11,090)	(345)
Impairment losses under the expected credit loss model, net of reversal	34,049	8,124
Losses arising from changes in fair value less costs to sell of biological assets	2,232,515	2,270,745
Adjusted profit for the period	2,008,348	1,811,817
Adjustments:		
Income tax expense	32,801	62,985
Finance costs	394,501	462,959
Interest income	(11,505)	(49,315)
Depreciation and amortisation charged to profit or loss	386,547	335,194
Cash EBITDA	2,810,692	2,623,640

Management Discussion and Analysis

Profit for the period (before biological assets fair value adjustments)

	For the six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Loss for the period	(247,126)	(466,707)
Adjustments:		
Losses arising from changes in fair value less costs to sell of biological assets	2,232,515	2,270,745
Profit for the period (before biological assets fair value adjustments)	1,985,389	1,804,038

Liquidity and Capital Resources

During the Reporting Period, the Group funded its cash requirements principally through a combination of cash generated from operating activities and bank borrowings of the Company.

The following table sets forth our cash flows for the periods indicated:

	For the six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Net cash generated from operating activities	2,868,737	3,343,107
Net cash used in investing activities	(2,784,050)	(3,957,784)
Net cash used in financing activities	(19,155)	(2,198,596)
Net increase/(decrease) in cash and cash equivalents	65,532	(2,813,273)
Effects of foreign exchange rate changes	1,119	(798)
Cash and cash equivalents at the beginning of the period	1,614,669	4,488,341
Cash and cash equivalents at the end of the period	1,681,320	1,674,270

Management Discussion and Analysis

Net Cash Generated from Operating Activities

During the Reporting Period, net cash generated from operating activities was RMB2,869 million. During the 2024 Interim Period, net cash generated from operating activities was RMB3,343 million.

Net Cash Used in Investing Activities

During the Reporting Period, net cash used in investing activities was RMB2,784 million, which was mainly attributable to (i) payments for feeding biological assets of RMB2,191 million; (ii) placement of pledged and restricted bank deposits of RMB845 million; and (iii) payments for property, plant and equipment of RMB538 million, partially offset by the proceeds from the disposal of biological assets of RMB649 million.

During the 2024 Interim Period, net cash used in investing activities was RMB3,958 million, which was mainly attributable to (i) payments for feeding and purchasing biological assets of RMB2,414 million, (ii) payments for property, plant and equipment of RMB1,037 million, and (iii) payments for acquisition of financial assets at FVTPL of RMB857 million, partially offset by the proceeds from the disposal of biological assets of RMB342 million.

Net Cash Used in Financing Activities

During the Reporting Period, net cash used in financing activities was RMB19 million, which was mainly attributable to (i) new bank and other borrowings of RMB17,666 million, and (ii) repayment of principal and interest payments on bank and other borrowings of RMB17,600 million.

During the 2024 Interim Period, net cash used in financing activities was RMB2,199 million, which was mainly attributable to (i) new bank and other borrowings of RMB9,670 million, and (ii) repayment of principal and interest payments on bank and other borrowings of RMB11,737 million.

Management Discussion and Analysis

Indebtedness

	As of June 30, 2025 RMB'000 (unaudited)	As of December 31, 2024 RMB'000 (audited)
Bank borrowings		
Unsecured	23,309,267	23,169,645
Secured	1,167,246	856,388
Other borrowings	179,484	230,369
	24,655,997	24,256,402
The carrying amounts of the above borrowings are repayable:		
Within one year	17,331,654	16,709,437
More than one year but within two years	1,470,339	2,108,005
More than two years but within five years	4,700,040	4,241,060
More than five years	1,153,964	1,197,900
	24,655,997	24,256,402
Less: amounts due within one year shown under current liabilities	(17,331,654)	(16,709,437)
Amount shown under non-current liabilities	7,324,343	7,546,965
Lease liabilities	2,164,045	2,236,807
Less: amounts due within one year shown under current liabilities	(264,586)	(248,410)
Amount shown under non-current liabilities	1,899,459	1,988,397

Contingent Liabilities

As of June 30, 2025, the Group had no significant contingent liability.

Management Discussion and Analysis

Net Gearing Ratio

As at June 30, 2025, the Group's net gearing ratio was 184.6%, representing a decrease of 0.6 percentage point as compared to 185.2% as at December 31, 2024, mainly due to the decrease in net debt of the Company during the Reporting Period. Net gearing ratio is calculated as net debt (equivalent to bank and other borrowings, less bank balances and cash, and less pledged and restricted bank deposits and deposits placed with a related party under current assets) divided by total equity and multiplied by 100%.

Capital Commitments

As at June 30, 2025, the Group's capital commitments for the purchase of property, plant and equipment and purchase of biological assets was RMB434 million (as at December 31, 2024: RMB949 million). The decrease from the capital commitments as at December 31, 2024 was primarily due to the decrease in expense for purchase of assets as the Group has completed the strategic blueprint of construction of dairy farms on the golden milk source belt, which led to significant reduction of investment scale in the future.

Pledge of Assets

As at June 30, 2025, certain of the Group's bank and other borrowings had been secured by the pledge of the Group's assets, including 36.26% shares of SKX, 60.59% shares of Shanxi Youran Tianhe Dairy Co., Ltd. and 61.44% shares of Tangshan Youran Dairy Co., Ltd. held by a wholly-owned subsidiary of the Group.

Foreign Exchange Risk

The Group operates mainly in the PRC and majority of revenue and costs of goods sold and operations are denominated in RMB. Almost all of the revenue and costs are denominated in the Group entities' respective functional currency.

The Company has intra-group balances denominated in foreign currency with a subsidiary, which also exposes the Group to foreign currency risk.

The management of the Group has designated dedicated personnel to monitor the Group's foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Significant Investments

Save as disclosed in this report, the Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at June 30, 2025) during the Reporting Period.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this report, as of June 30, 2025, the Group did not have other plans for material investments and capital assets.

Management Discussion and Analysis

Material Acquisitions and/or Disposals

Save as disclosed in this report, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

Employee and Remuneration Policy

The following table sets forth the numbers of full-time staff dedicated to our business and operations categorized by function as at June 30, 2025.

Function	Number of Staff	% of Total
Management Personnel	1,280	9.9%
Professional Personnel ^{Note 1}	1,422	11.0%
Technicians	2,881	22.4%
Skilled Personnel ^{Note 2}	6,970	54.1%
Supporting Personnel ^{Note 3}	337	2.6%
Total	12,890	100.0%

Notes:

1. Professional personnel primarily include staff who are responsible for human resources, finance, procurement and other functions.
2. Skilled personnel primarily include milkers, drivers, testing personnel, maintenance personnel, and calf raisers.
3. Supporting personnel primarily include custodians, chefs and cleaning operatives.

Our success depends on our ability to attract, retain, motivate qualified employees and maintain a stable core management and technical team. In this regard, the Group adheres to “building an efficient and sustainable talent supply chain”, and makes comprehensive layout of talent guarantee, capacity building, organizational effectiveness enhancement and cultural construction and other aspects. In particular:

- i. Talent guarantee: To build a sound talent guarantee mechanism, the Group adheres to a combination of internal cultivation and external recruitment. Internally, it leverages a comprehensive training system to unlock employees’ potential, employs various assessment tools for dynamic talent inventory, and establishes proactive talent pools for key positions. Externally, it deepens collaboration with colleges to expand recruitment channels. Through internal-external synergy, the Group constructs a talent guarantee mechanism covering all levels of positions, achieving efficient and sustainable talent pipeline supply.

Management Discussion and Analysis

- ii. Capacity building: To build a strategic talent pipeline, the Group has comprehensively upgraded its “Talent Leader” talent development program, establishing a three-dimensional talent cultivation system integrating “management succession, professional competency, and expert cultivation” to achieve a closed-loop, full-cycle talent management process covering selection, cultivation, deployment, and evaluation. During implementation, the program employs diverse development pathways, including job rotations, blended online-offline learning, industry-academia-research collaboration, and overseas study exchanges. It leverages a five-pronged closed-loop development mechanism of “cultural guidance, course empowerment, scenario-based practice, on-the-job training, and mentor coaching”, deeply embedding cultural values into every stage of talent development. The program reinforces a “training-through-action” approach and standardizes talent development SOPs. Additionally, the Group collaborates with global expert networks and strategic partner institutions, selecting high-potential talents for international advanced studies while systematically integrating cutting-edge technologies and advanced management practices. This initiative fosters a learning organization, ensuring a sustainable talent supply chain to support the Company’s strategic execution and long-term competitiveness.
- iii. Organizational activation and efficiency enhancement: During the Reporting Period, the Group focused on energizing organizational vitality and enhancing value-creation efficiency, and built a highly collaborative organizational development ecosystem through mechanism innovation and management optimization: It formulated the 2025 Business Unit Performance “Horse Race” Competition Plan (《2025年業務單位業績「賽馬」評比方案》), establishing a three-tier “Horse Race” management system that prioritizes performance-driven outcomes. The system integrates non-material incentives such as “Golden Honor Roll” and “Shared Glory”, directly linking rankings in the “Horse Race” with recognition rewards. Public commendations for outstanding teams and individuals strengthened collective identity and benchmarking effects, fully igniting employees’ intrinsic motivation and entrepreneurial drive for a “second venture”. Concurrently, the Group implemented a special initiative to enhance organizational efficiency. It optimized organizational structure to clarify roles and responsibilities, adopted advanced technologies and equipment to boost operational productivity, and advanced the deployment of digital management platforms to enable data-driven decision-making. These measures significantly improved organizational agility and resource allocation efficiency, fostering a healthy and sustainable organizational ecosystem to provide robust support for strategic objectives.
- iv. Cultural construction: Guided by our vision, the Group formulated a strategic development direction and deepened the operation and management philosophy, as well as the staff code of conduct, so as to strengthen cultural communication, system integration, value evaluation management and innovative practice. The Group has optimized the culture assessment mechanism, enhanced internal cohesion and external influence, and promoted the incorporation of corporate culture into the whole process of the Company’s operation and management to create a cognition of culture aligned with the action, and build its core competitiveness. During the Reporting Period, the Group adopted a multidimensional approach to assess cultural penetration, employee alignment, and behavioral consistency. Simultaneously, it strengthened the cultural dissemination capabilities of cultural instructors and frontline managers, upgraded the online learning platform, and organized themed activities through diverse channels to accelerate the transformation of Youran’s culture from concept to behavior. These efforts provided a robust cultural engine for the Group’s “second venture” initiative.

The Group’s total remuneration expenses, excluding retirement benefit scheme contributions, for the Reporting Period were RMB844 million, representing an increase of 8.0% as compared to RMB782 million for the 2024 Interim Period.

Management Discussion and Analysis

Significant Events after the Reporting Period

No significant events affecting the Group have occurred since the end of the Reporting Period and up to the date of this report.

Continuing Connected Transactions

Reference is made to the announcement of the Company dated August 22, 2025 in relation to the Logistics and Operation Support Services Framework Agreement entered into between the Company and Inner Mongolia Yishun Supply-chain Management Co., Ltd.* (內蒙古伊順供應鏈管理有限公司) (“Yishun”) (the “**Logistics and Operation Support Services Announcement**”). Defined terms used in this section shall have the same meaning as those used in the Logistics and Operation Support Services Announcement.

We would like to provide the following information to further supplement the implementation of the pricing policy and internal control measures of the transactions conducted with Yishun as outlined in the Logistics and Operation Support Services Announcement. While the Agreement with Yishun covers various logistics and operation support services, the pricing policy for engaging these services is the same and consistently applied through a structured and competitive tender process. The Company’s engagement of suppliers and service providers is predominantly managed and determined through the tender and bidding process whereby the Group shall obtain and compare quotations for similar services from at least two independent third party suppliers and compare such quotes against the terms offered by Yishun taking into account various factors. When a business unit of the Company requires logistics or operation support services, a formal procurement request is initiated. This request details the scope of service, technical specifications, duration, and other requirements. An invitation to tender is sent via the Company’s Supplier Relationship Management (SRM) system to all qualified suppliers within the relevant category. Yishun, as a pre-qualified supplier, is invited to bid on the same terms and is subject to the same process as all other independent third-party suppliers and no preferential treatment is given.

For each tender, a multi-disciplinary evaluation committee is formed which typically comprises of (i) project host responsible for overall management of the tender process; (ii) technical members from our user departments responsible for assessing the technical and operational requirements; (iii) commercial members from our procurement and finance department who evaluate the commercial aspects of the bids; and (iv) in some cases, members from the audit or compliance department may be included to ensure the process adheres to internal control policies. The evaluation committee conducts a comprehensive review of the final bids, and the contract is awarded based on the price and satisfaction of technical and quality requirements. The final award decision made by the evaluation committee is documented in a detailed report, which is then submitted for a multi-layered internal approval process in the SRM system. This process requires sign-off from department heads, business division heads, and senior management, ensuring oversight and accountability.

In addition to the internal control measures outlined in the Logistics and Operation Support Services Announcement, we also have stringent internal control measures to manage the day-to-day operation and transaction with Yishun to ensure the transactions are carried out in accordance with the Logistics and Operation Support Services Framework Agreement. In particular, if a business unit requires logistics or operation support services, a formal procurement request must be submitted to initiate a tender and bidding process. Furthermore, prior to the signing of the procurement agreements, the service fees will be verified by the Company’s responsible legal department personnel to ensure it is consistent with the tender price. At settlement of the transaction, the business finance department will further review the service fee to ensure it is settled in accordance with the approved service fee. These measures serve as effective safeguards to ensure that when the Company engages in transactions with Yishun, the terms are fair, reasonable, and conducted on a normal commercial basis, consistent with the interests of the Company and its Shareholders as a whole.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2025, so far as is known to any Directors or chief executive of the Company, the following parties (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Name of Shareholder	Nature of interest	Number of Shares ⁽¹⁾	Percentage of issued share capital (%) ⁽²⁾
Yili ⁽³⁾	Interest in controlled corporations	1,320,800,000(L)	33.93
Boyuan Investment Holding Limited (博源投資控股有限公司) ⁽³⁾	Beneficial interest	800,000,000(L)	20.55
Jingang ⁽³⁾	Beneficial interest	520,800,000(L)	13.38
PAG ⁽⁴⁾	Interest in controlled corporations	822,602,530(L)	21.13
Pacific Alliance Group Limited ⁽⁴⁾	Interest in controlled corporations	822,602,530(L)	21.13
Shan Weijian ⁽⁴⁾	Interest in controlled corporations	822,602,530(L)	21.13
PAG Capital Limited ⁽⁴⁾	Interest in controlled corporations	822,602,530(L)	21.13
PAG Dairy GP I Limited ⁽⁴⁾	Interest in controlled corporations	822,602,530(L)	21.13

Other Information

Name of Shareholder	Nature of interest	Number of Shares ⁽¹⁾	Percentage of issued share capital (%) ⁽²⁾
PAG Dairy I LP ⁽⁴⁾	Interest in controlled corporations	822,602,530(L)	21.13
PAG II ⁽⁴⁾	Beneficial interest	822,602,530(L)	21.13
Meadowland Investment Limited Partnership ⁽⁵⁾	Beneficial interest	564,982,819(L)	14.51

Notes:

1. The letter "L" denotes the Shareholder's long position in such Shares.
2. The percentages are calculated on the basis of 3,892,727,833 Shares in issue as at June 30, 2025.
3. Boyuan Investment Holding Limited (formerly known as "China Youran Dairy Holding Limited") directly held 800,000,000 Shares and Jingang directly held 520,800,000 Shares. Each of Boyuan Investment Holding Limited and Jingang is a wholly-owned subsidiary of Yili. Accordingly, Yili was deemed to be interested in an aggregate of 1,320,800,000 Shares.
4. PAGAC Yogurt Holding II Limited ("PAG II") directly held 822,602,530 Shares in the long position. PAG II was a wholly-owned subsidiary of PAG Dairy I LP, a fund managed by PAG Capital Limited, and the general partner of PAG Dairy I LP is PAG Dairy GP I Limited. Accordingly, PAG Dairy I LP and PAG Dairy GP I Limited were deemed to be interested in 822,602,530 Shares in the long position held by PAG II. PAG Capital Limited is wholly controlled by Pacific Alliance Group Limited and Pacific Alliance Group Limited is wholly controlled by PAG. PAG is controlled as to 34.67% by Mr. Shan Weijian. Accordingly, PAG Capital Limited, Pacific Alliance Group Limited, Mr. Shan Weijian and PAG were deemed to be interested in 822,602,530 Shares in the long position held by PAG II.
5. Meadowland Investment Limited Partnership is an exempted limited partnership established under the laws of the Cayman Islands.

Save as disclosed above, as at June 30, 2025, so far as the Directors are aware, no other parties had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

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

During the Reporting Period, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including sale of treasury shares). As at June 30, 2025, the Company did not hold any treasury shares.

Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

During the Reporting Period, the Company had adopted and complied with all the applicable code provisions of the Corporate Governance Code except for the deviation as set out below.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the roles of the chairman and the president should be separate and should not be performed by the same individual. Mr. Yuan Jun ("Mr. Yuan") resigned as an executive Director, the chairman and the president of the Company from March 28, 2025. On the same date, Mr. Hao Haijun ("Mr. Hao") was appointed as an executive Director, the chairman and the president of the Company. After careful evaluation by the nomination committee of the Company and unanimous recognition by the Board, vesting the roles of both the chairman and the president in the same person, although deviating from the provisions of the Corporate Governance Code, is beneficial to ensuring the unity and consistency of the Group's strategic decision-making and effectively enhancing the efficiency of strategic execution, given extensive strategic decision-making experience and outstanding management capabilities in the dairy industry of Mr. Yuan and Mr. Hao. The Board believes that the balance of power and authority for such arrangement will not be impaired, and it will continue to assess the effectiveness of the governance structure and consider splitting the roles of the chairman and the president of the Company at a time when it is appropriate.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain high corporate governance standards.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code for the Reporting Period.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group. The Audit Committee comprises three members, namely Ms. Xie Xiaoyan (謝曉燕), Mr. Yao Feng (姚峰) and Ms. Huang Lin (黃琳), with Ms. Xie Xiaoyan (謝曉燕) (being our independent non-executive Director with the appropriate professional qualifications or accounting or related financial management expertise) as chairperson of the Audit Committee.

The Audit Committee has reviewed the unaudited interim financial statements of the Group for the Reporting Period and the interim report, and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor.

The condensed consolidated financial statements for the Reporting Period have been reviewed by the Auditor, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

Other Information

OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established a nomination committee, a remuneration committee and an environmental, social and governance committee.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the Reporting Period.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Hao Haijun (郝海軍) was appointed as an executive Director, the chairman of the Board and the president of the Company with effect from March 28, 2025.

Ms. Meng Yilan (孟一蘭) was appointed as an executive Director of the Company with effect from March 28, 2025.

Mr. Bai Wenzhong (白文忠) was appointed as a non-executive Director of the Company with effect from June 27, 2025.

Ms. Li Lin (李林) was appointed as a non-executive Director of the Company with effect from June 27, 2025.

Ms. Huang Lin (黃琳) was appointed as an independent non-executive Director of the Company with effect from June 27, 2025.

Mr. Yuan Jun (袁軍) resigned as an executive Director, the chairman of the Board and the president of the Company with effect from March 28, 2025.

Mr. Qiu Zhongwei (邱中偉) resigned as a non-executive Director of the Company with effect from March 28, 2025.

Mr. Xu Jun (徐軍) resigned as a non-executive Director of the Company with effect from June 27, 2025.

Mr. Yang Huicheng (楊慧成) resigned as a non-executive Director of the Company with effect from June 27, 2025.

Mr. Shen Jianzhong (沈建忠) resigned as an independent non-executive Director of the Company with effect from June 27, 2025.

Save as disclosed above, as of the Latest Practicable Date, there was no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INVESTOR RELATIONS

The Company has adopted active policies to promote relationship and communications with investors. The Company organizes meetings and events with people from the investing sector from time to time to respond to their inquiries about the Company and enable institutional investors and financial analysts to have a better understanding of the industry prospects and the Company's businesses, and to ensure that mutual communication in respect of the Company's performance and development is maintained. You are welcome to send letters to youranir@yourandairy.com or visit the website of the Company (www.yourandairy.com) to get updated news of the Company.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

To the Board of Directors of China Youran Dairy Group Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of China Youran Dairy Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 77, which comprise the condensed consolidated statement of financial position as of June 30, 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

August 22, 2025

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2025

	NOTES	Six months ended June 30,	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue	4	10,284,217	10,054,941
Cost of sales	5	(9,680,506)	(9,328,073)
Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest		2,482,719	2,122,024
Gross profit		3,086,430	2,848,892
Losses arising from changes in fair value less costs to sell of biological assets		(2,232,515)	(2,270,745)
Other income	6	153,112	264,938
Impairment losses under expected credit loss model, net of reversal	17	(34,049)	(8,124)
Other gains and losses	7	11,090	345
Selling and distribution expenses		(304,271)	(305,123)
Administrative expenses		(402,049)	(374,557)
Other expenses		(61,619)	(48,295)
Share of loss of a joint venture		(1,446)	(374)
Share of losses of associates		(34,507)	(47,720)
Finance costs	8	(394,501)	(462,959)
Loss before tax		(214,325)	(403,722)
Income tax expense	9	(32,801)	(62,985)
Loss for the period	10	(247,126)	(466,707)
Other comprehensive income/(expense), net of income tax			
Items that will not be reclassified to profit or loss:			
Fair value gain/(loss) on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of related income tax		2,720	(2,996)
Exchange differences arising on translation from functional currency to presentation currency		(16,288)	89,383
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		36,995	(117,276)
Other comprehensive income/(expense) for the period, net of income tax		23,427	(30,889)
Total comprehensive expense for the period		(223,699)	(497,596)
(Loss)/profit for the period attributable to:			
Owners of the Company		(296,571)	(330,873)
Non-controlling interests		49,445	(135,834)
		(247,126)	(466,707)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(273,246)	(361,248)
Non-controlling interests		49,547	(136,348)
		(223,699)	(497,596)
		RMB	RMB
Loss per share	11		
Basic		(0.08)	(0.09)
Diluted		(0.08)	(0.09)

Condensed Consolidated Statement of Financial Position

At June 30, 2025

	NOTES	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	13	14,775,073	15,076,822
Investment properties		2,276	2,276
Right-of-use assets	13	2,926,967	3,048,031
Goodwill	14	672,014	672,014
Intangible assets		24,749	26,540
Biological assets	15	14,957,339	15,364,953
Deferred tax assets		49,836	46,778
Interests in associates	19	853,170	891,844
Interest in a joint venture		2,100	3,558
Equity instruments at FVTOCI		14,492	11,766
Pledged and restricted bank deposits		14,934	14,933
Deposits paid for purchase of property, plant and equipment		72,032	120,790
Deposits paid for purchase of biological assets		994	108
Prepayments, deposits and other receivables	18	12,861	20,061
		34,378,837	35,300,474
Current assets			
Inventories		2,946,083	4,311,226
Trade receivables	16	753,931	691,643
Bills receivable		1,374	–
Contract assets		573	800
Biological assets	15	185	250
Prepayments, deposits and other receivables	18	177,480	213,806
Financial assets at fair value through profit or loss ("FVTPL")	20	53,836	53,057
Amounts due from related parties	26	1,340,531	1,354,921
Pledged and restricted bank deposits		944,940	115,821
Bank balances and cash		1,117,576	829,310
Deposits placed with a related party	26	563,744	785,359
		7,900,253	8,356,193
Current liabilities			
Trade and bills payables	21	1,266,620	2,275,854
Other payables and accruals	22	1,224,995	1,640,703
Contract liabilities		20,932	30,332
Amounts due to related parties	26	26,500	151,960
Bank and other borrowings	23	17,331,654	16,709,437
Lease liabilities		264,586	248,410
Other provisions		19,807	26,403
Income tax payable		18,542	26,788
		20,173,636	21,109,887
Net current liabilities		(12,273,383)	(12,753,694)
Total assets less current liabilities		22,105,454	22,546,780

Condensed Consolidated Statement of Financial Position

At June 30, 2025

	NOTES	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Non-current liabilities			
Bank and other borrowings	23	7,324,343	7,546,965
Deferred tax liabilities		10,994	11,449
Deferred income		908,819	814,900
Lease liabilities		1,899,459	1,988,397
Other provisions		25,780	25,311
		10,169,395	10,387,022
Net assets		11,936,059	12,159,758
Capital and reserves			
Share capital	24	258	258
Reserves		11,021,742	11,294,988
Equity attributable to owners of the Company		11,022,000	11,295,246
Non-controlling interests		914,059	864,512
Total equity		11,936,059	12,159,758

The condensed consolidated financial statements on pages 44 to 77 were approved and authorised for issue by the board of directors on August 22, 2025 and are signed on its behalf by:

Hao Haijun
Director

Dong Jiping
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2025

	Attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Other reserve	Capital reserve	Investment revaluation reserve	Translation reserve	Statutory reserve	Retained earnings	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025 (audited)	258	7,406,702	188,567	722,077	(1,693)	(299,143)	827,492	2,450,986	11,295,246	864,512	12,159,758
Profit/(loss) and total comprehensive income/(expense) for the period	-	-	-	-	2,618	20,707	-	(296,571)	(273,246)	49,547	(223,699)
At June 30, 2025 (unaudited)	258	7,406,702	188,567	722,077	925	(278,436)	827,492	2,154,415	11,022,000	914,059	11,936,059
At January 1, 2024 (audited)	251	7,265,589	188,567	634,181	2,305	(229,543)	712,102	3,257,266	11,830,718	1,267,977	13,098,695
Loss and total comprehensive expense for the period	-	-	-	-	(2,482)	(27,893)	-	(330,873)	(361,248)	(136,348)	(497,596)
At June 30, 2024 (unaudited)	251	7,265,589	188,567	634,181	(177)	(257,436)	712,102	2,926,393	11,469,470	1,131,629	12,601,099

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2025

		Six months ended June 30,	
	NOTES	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
OPERATING ACTIVITIES			
Cash generated from operations		2,901,897	3,347,908
Interest received		11,505	49,315
Income taxes paid		(44,665)	(54,116)
Net cash from operating activities		2,868,737	3,343,107
INVESTING ACTIVITIES			
Payments for property, plant and equipment		(537,992)	(1,036,538)
Payments for right-of-use assets		(9,761)	(7,213)
Proceeds from disposal of property, plant and equipment		12,167	14,820
Payments for biological assets		(2,191,201)	(2,413,963)
Payments for intangible assets		–	(4,687)
Proceeds from disposal of biological assets		649,121	341,808
Purchase of financial assets at FVTPL		–	(856,986)
Proceeds from disposal of financial assets at FVTOCI		82	–
Placement of pledged and restricted bank deposits		(844,724)	(107,729)
Withdrawal of pledged and restricted bank deposits		15,604	35,053
Receipt of government grants for assets		122,654	77,443
Receipt arising a sublease classified as a finance lease		–	208
Net cash used in investing activities		(2,784,050)	(3,957,784)
FINANCING ACTIVITIES			
New bank and other borrowings raised		17,666,115	9,669,619
Repayments of bank and other borrowings		(17,245,931)	(11,297,675)
Interest paid for bank borrowings		(354,433)	(439,120)
Repayment of lease liabilities		(50,684)	(84,202)
Interest paid for lease liabilities		(41,329)	(37,915)
Repayment of other liabilities		–	(7,500)
Recover of dividends receivables pledged for bank borrowings	18	7,107	–
Advance received for issue of shares		–	141,120
Prepayment for acquisition of additional interests in subsidiaries		–	(142,923)
Net cash used in financing activities		(19,155)	(2,198,596)
Net increase/(decrease) in cash and cash equivalents		65,532	(2,813,273)
Cash and cash equivalents at beginning of the period		1,614,669	4,488,341
Effect of foreign exchange rate changes		1,119	(798)
Cash and cash equivalents at end of the period, represented by bank balances and cash and deposits placed with a related party		1,681,320	1,674,270

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

1. GENERAL INFORMATION

China Youran Dairy Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since June 18, 2021. The address of the Company’s registered office is 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. The principal place of business of the Company is No. 169, Hexi Road, Saihan District, Hohhot, Inner Mongolia, the People’s Republic of China (the “PRC”).

The Company and its subsidiaries (together, the “Group”) is primarily engaged in the production and sale of raw milk, and the trading, production and sale of feeds, ruminant farming products and breeding products in the PRC.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is different from the Company’s functional currency of United States dollars (“USD”). The directors of the Company adopted RMB as presentation currency because the Group primarily conducts its business in the PRC.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

Going concern assessment

As at June 30, 2025, the Group had net current liabilities of RMB12.3 billion. The condensed consolidated financial statements have been prepared on a going concern basis, because the directors of the Company are of the opinion that based on a cash flow forecast of the Group for the 12 months ending June 30, 2026 prepared by the management, the Group would have adequate funds to meet its liabilities as and when they fall due for at least 12 months from June 30, 2025. Based on the forecast, the sufficiency of the Group’s working capital for the next 12 months depends on the Group’s ability to obtain the anticipated cash flows from the Group’s operating activities, the available unutilised bank loan facilities obtained and the expected renewal of certain utilised bank loan facilities for an aggregate amount of approximately RMB7.9 billion within 12 months from June 30, 2025.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

3. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for (i) the biological assets, which are measured at fair value less costs to sell; and (ii) certain financial instruments that are measured at fair values at the end of the reporting period.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2025 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2024.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2025 for the preparation of the Group's condensed consolidated financial statements is described below:

Amendments to IAS 21

Lack of Exchangeability

The application of amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Types of goods:		
Sales of raw milk	7,895,650	7,320,419
Sales of feeds	2,074,100	2,436,934
Sales of ruminant farming products	228,161	231,679
Sales of breeding products	86,306	65,909
	10,284,217	10,054,941
Timing of revenue recognition:		
A point in time	10,284,217	10,054,941

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the six months ended June 30, 2025 (unaudited)

	Raw milk business RMB'000	Comprehensive ruminant farming solutions RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue					
External customers	7,895,650	2,388,567	10,284,217	–	10,284,217
Inter-segment revenue	–	837,212	837,212	(837,212)	–
	7,895,650	3,225,779	11,121,429	(837,212)	10,284,217
Segment results	2,223,593	161,661	2,385,254	–	2,385,254
Losses arising from changes in fair value less costs to sell of biological assets					(2,232,515)
Share of losses of associates					(34,507)
Share of loss of a joint venture					(1,446)
Fair value gain on financial assets at FVTPL					779
Unallocated other income and expense					(70,023)
Unallocated finance costs					(261,867)
Loss before tax					(214,325)

For the six months ended June 30, 2024 (unaudited)

	Raw milk business RMB'000	Comprehensive ruminant farming solutions RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue					
External customers	7,320,419	2,734,522	10,054,941	–	10,054,941
Inter-segment revenue	–	865,926	865,926	(865,926)	–
	7,320,419	3,600,448	10,920,867	(865,926)	10,054,941
Segment results	2,023,803	279,072	2,302,875	–	2,302,875
Losses arising from changes in fair value less costs to sell of biological assets					(2,270,745)
Share of losses of associates					(47,720)
Share of loss of a joint venture					(374)
Fair value gain on financial assets at FVTPL					756
Unallocated other income and expense					(62,732)
Unallocated finance costs					(325,782)
Loss before tax					(403,722)

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The chief operating decision maker (the “CODM”) makes decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Other segment information

	Raw milk business RMB'000	Comprehensive ruminant farming solutions RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
For the six months ended June 30, 2025 (unaudited)					
Amounts included in the measure of segment profit or loss:					
Depreciation and amortization charged directly to profit or loss	350,729	33,417	384,146	2,401	386,547
Impairment losses on trade and other receivables under expected credit loss model, net of reversal	(29)	34,078	34,049	–	34,049
Gain on termination of lease agreements	(849)	–	(849)	–	(849)
(Gain)/loss on disposal of property, plant and equipment, net	(4,941)	49	(4,892)	–	(4,892)
Interest income	(2,141)	(7,275)	(9,416)	(2,089)	(11,505)
Finance costs	131,992	642	132,634	261,867	394,501
Income tax expense	452	32,349	32,801	–	32,801
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets					
Additions to non-current assets (Note)	2,732,473	22,410	2,754,883	–	2,754,883
Interests in associates	–	–	–	853,170	853,170
Interest in a joint venture	–	–	–	2,100	2,100
Share of losses of associates	–	–	–	34,507	34,507
Share of loss of a joint venture	–	–	–	1,446	1,446

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

	Raw milk business RMB'000	Comprehensive ruminant farming solutions RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
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For the six months ended June 30,
2024 (unaudited)

Amounts included in the measure of segment profit or loss:

Depreciation and amortization charged directly to profit or loss	299,199	32,005	331,204	3,990	335,194
Impairment losses on trade and other receivables under expected credit loss model, net of reversal	(36)	8,160	8,124	–	8,124
Loss on termination of lease agreements	190	–	190	–	190
Loss on disposal of property, plant and equipment, net	700	25	725	–	725
Interest income	(3,358)	(8,444)	(11,802)	(37,513)	(49,315)
Finance costs	134,727	2,450	137,177	325,782	462,959
Income tax expense	314	62,671	62,985	–	62,985

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets

Additions to non-current assets (Note)	3,363,815	39,566	3,403,381	–	3,403,381
Interests in associates	–	–	–	1,005,134	1,005,134
Interest in a joint venture	–	–	–	3,927	3,927
Share of losses of associates	–	–	–	47,720	47,720
Share of loss of a joint venture	–	–	–	374	374

Note: Non-current assets excluded goodwill, financial instruments, deferred tax assets, interests in associates and interest in a joint venture.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographic information

Since all revenue from external customers of the Group is derived from the customers located in Mainland China and all of the non-current assets are located in Mainland China, therefore no geographic information is presented.

Revenue from major customers

Revenue from the customer individually contributing over 10% of the total revenue of the Group is as follows:

	Six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Customer A:		
Revenue from sales of raw milk	7,638,331	6,901,033
Revenue from sales of feeds	66,744	77,396
Revenue from ruminant farming products	264	768
Revenue from breeding products	5,901	4,322

5. COST OF SALES

An analysis of cost of sales is as follows:

	Six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Cost of raw milk sold before fair value adjustments	5,152,243	4,945,594
Raw milk fair value adjustments	2,491,292	2,134,191
Cost of raw milk sold after fair value adjustments	7,643,535	7,079,785
Cost of feeds sold before forage grass and other agriculture products fair value adjustments	1,801,342	2,029,233
Forage grass and other agriculture products fair value adjustments	(8,573)	(12,167)
Cost of feeds sold after fair value adjustments	1,792,769	2,017,066
Cost of ruminant farming products sold	187,687	187,117
Cost of breeding products	56,515	44,105
Total cost of sales	9,680,506	9,328,073

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

6. OTHER INCOME

An analysis of other income is as follows:

	Six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Government grants released from deferred income	44,851	55,322
Incentive subsidies	71,669	123,955
Rental income	6,010	8,257
Bank interest income	8,459	45,899
Interest income from Yili Group (as defined in Note 26)	3,046	3,416
Income from sale of scrap materials	4,451	6,742
Compensation income	4,232	13,253
Others	10,394	8,094
	153,112	264,938

7. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Foreign exchange differences, net	(1,518)	203
Gain/(Loss) on disposal of property, plant and equipment, net	4,892	(725)
Fair value gain on financial assets at FVTPL	779	756
Gain/(Loss) on termination of lease agreements	849	(190)
Reversal of provision regarding to a civil litigation	5,574	—
Others	514	301
	11,090	345

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

8. FINANCE COSTS

	Six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Interest on:		
Bank and other borrowings	357,422	439,270
Other liabilities	–	190
Lease liabilities	41,329	37,915
Unwinding of the discount of other provisions	469	443
	399,220	477,818
Less: Amounts capitalized to construction in progress	(4,719)	(14,859)
	394,501	462,959

Borrowing costs capitalized to qualifying assets were based on actual borrowing costs incurred for specific and general borrowings.

9. INCOME TAX EXPENSE

	Six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	37,167	63,834
Over provision in prior periods:		
PRC EIT	(747)	(722)
Deferred tax	(3,619)	(127)
	32,801	62,985

The Company is incorporated as an exempted company and as such is not subject to Cayman Islands taxation.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

9. INCOME TAX EXPENSE *(Continued)*

Pursuant to the prevailing tax rules and regulation in the PRC, certain subsidiaries of the Company are exempted from PRC EIT for taxable profit from the operation of agricultural business in the PRC. In addition, certain subsidiaries operating in the PRC, including Inner Mongolia Youran Dairy Co., Ltd. ("Inner Mongolia Youran"), Inner Mongolia Muquan Yuanxing Feeds Co., Ltd., Ningxia Yikangyuan Bio-Technology Co., Ltd., Wulanchabu Muquan Yuanxing Feed Co., Ltd. and Bayannur Muquan Yuanxing Feed Co., Ltd. are eligible for preferential tax rate of 15% under relevant preferential tax policy in relation to PRC western development. According to preferential tax policy of Heilongjiang, the PRC, for promoting local investment (Heizheng Han [2021] No. 102), Duerbote Muquan Yuanxing Feeds Co., Ltd. is eligible for 40% EIT reduction from 2022.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, except for the preferential treatments available to certain subsidiaries as mentioned above, other subsidiaries within the Group operating in the PRC are subject to EIT at the statutory rate of 25%.

10. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging:

	Six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Depreciation of:		
Property, plant and equipment	611,150	554,078
Investment properties	–	765
Right-of-use assets	109,300	103,541
Amortization of intangible assets	1,791	1,634
Total depreciation and amortization	722,241	660,018
Less: Capitalized in biological assets	(293,515)	(276,350)
Capitalized in construction in progress	–	(1,418)
Capitalized in inventories	(42,179)	(47,056)
Depreciation and amortization charged directly to profit or loss	386,547	335,194
Research and development costs recognized in profit or loss	60,514	47,600
Employee benefits expense:		
Salaries and allowances	843,723	781,502
Retirement benefit scheme contributions	79,425	73,217
Total staff costs	923,148	854,719
Less: Capitalized in biological assets	(223,554)	(223,259)
	699,594	631,460

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

11. LOSS PER SHARE

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

	Six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Loss for the purpose of basic and diluted loss per share	(296,571)	(330,873)

	Six months ended June 30,	
	2025 '000 (unaudited)	2024 '000 (unaudited)
Number of shares:		
Number of ordinary shares for the purpose of basic and diluted loss per share	3,892,728	3,795,404

No diluted losses per share for the six months ended June 30, 2024 and 2025 were presented as there were no potential ordinary shares in issue for both periods.

12. DIVIDEND

No dividends were paid, declared or proposed during the current interim period (six months ended June 30, 2024: nil). The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

13. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, construction in progress of the Group was increased with an aggregate amount of RMB167,669,000 (six months ended June 30, 2024: RMB414,477,000), which is used for the continued construction and capital improvement of dairy farms.

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 2 to 5 years. On lease commencement, the Group recognised right-of-use assets of RMB5,331,000 (six months ended June 30, 2024: RMB49,584,000) and lease liabilities of RMB4,883,000 (six months ended June 30, 2024: RMB40,552,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

14. GOODWILL

	Six months ended June 30,	
	2025 RMB'000	2024 RMB'000
CARRYING AMOUNT:		
At beginning of the period (audited)	672,014	672,014
At the end of the period (unaudited)	672,014	672,014

For the purpose of impairment testing, goodwill has been allocated to two individual cash-generating units ("CGUs"). The Group's goodwill of RMB762,741,000 arose from acquisition of Inner Mongolia Saikexing Reproductive Biotechnology (Group) Co., Ltd. (內蒙古賽科星繁育生物技術(集團)股份有限公司) ("SKX", together with its subsidiaries existing prior to acquisition, collectively "SKX Group") in 2020, and RMB30,239,000 arose from acquisition of Fonterra (Yutian) Dairy Farm Co., Ltd. and Fonterra (Ying) Dairy Farm Co., Ltd. (collectively as "Fonterra China Farms Group") in 2021. SKX Group and Fonterra China Farms Group mainly engaged in dairy farming business.

As at June 30, 2025, the recoverable amount of SKX Group exceeds its carrying amount by RMB38,442,000. If the discount rate was increased by 0.05%, or the growth rate beyond the five-year period was reduced by 0.08%, while other parameters remain constant, the recoverable amount of SKX Group would equal to its carrying amount.

Based on management's assessment, there is no indication that the goodwill of Fonterra China Farms Group has suffered an impairment since the acquisition. The management will assess the impairment of goodwill at least annually.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

15. BIOLOGICAL ASSETS

The fair value of biological assets at the end of the reporting period is set out below:

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Dairy cows:		
Calves and heifers	6,142,225	6,294,224
Milkable cows	8,375,147	8,657,642
Feeder cattle	185	250
Breeding stock:		
Breeding bulls and others	158,380	122,995
Breeding goats, young male goats and male goat lambs	2,842	7,888
Dairy goats:		
Milkable goats	146,169	105,424
Young female goats and female goat lambs	132,576	176,780
Total	14,957,524	15,365,203
Less: current portion classified under current assets	(185)	(250)
Non-current portion classified under non-current assets	14,957,339	15,364,953

The Group has engaged an independent valuer, Jones Lang LaSalle, independent qualified professional valuers which are not connected to the Group, to assist the Group in assessing the fair values of Group's biological assets. The independent valuer and the management of the Group held meetings periodically to discuss the valuation techniques and changes in market information to ensure the valuations have been performed properly. The valuation techniques used in the determination of fair values as well as the key inputs used in the valuation models are disclosed in Note 25.

16. TRADE RECEIVABLES

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Trade receivables	862,705	766,343
Less: Allowance for credit losses	(108,774)	(74,700)
	753,931	691,643
Trade receivables from related parties (Note 26)	1,340,531	1,354,848

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

16. TRADE RECEIVABLES *(Continued)*

The following is the aged analysis of trade receivables, net of allowance for credit losses, presented based on the dates of delivery of goods:

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Within 90 days	667,725	571,639
91 days to 180 days	58,813	76,566
181 days to 1 year	22,975	32,730
Over 1 year	4,418	10,708
	753,931	691,643

As at June 30, 2025, trade receivables from related parties are aged within 90 days based on the month of delivery.

The following is the past due analysis of the carrying amounts of trade receivables:

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Not yet past due	600,803	523,478
Past due less than 30 days	57,880	54,774
Past due more than 30 days but less than 90 days	56,660	55,778
Past due more than 90 days	38,588	57,613
	753,931	691,643

For trade receivables with significant balances or credit-impaired, management will assess the corresponding expected credit loss ("ECL") individually. In addition, the Group uses practical expedient in estimating ECL on the trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors by groupings of customers with similar loss patterns (i.e., by product type and customer type) taking into consideration the Group's historical default rates and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

17. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Impairment losses recognized/(reversal) in respect of:		
Trade receivables	34,069	8,065
Other receivables	(20)	59
	34,049	8,124

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

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Classified under current assets:		
Prepayments	133,136	151,252
Value-added tax recoverable	15,450	15,754
Deposits placed with brokers for commodity forward contracts	13	3,068
Rental receivables	1,893	1,679
Utility and other deposits	12,568	25,537
Compensation receivable	–	3,039
Advances to staff	1,963	1,552
Pledged dividends receivable (Note)	16,651	16,651
Other receivables	4,937	4,425
	186,611	222,957
Less: Allowance for credit losses	(9,131)	(9,151)
	177,480	213,806
Classified under non-current assets:		
Pledged dividends receivable (Note)	–	7,107
Finance lease receivables	196	298
Utility and other deposits	12,665	12,656
	12,861	20,061

Note:

The balance represents the dividend paid by SKX to the Group through China Securities Depository and Clearing Co., Ltd. As of December 31, 2024, the Group has pledged 51.73% equity interest of SKX for certain long-term bank borrowings, the relevant dividend has been pledged and will be received by the Group upon the release of the pledged equity interest.

As of June 30, 2025, 15.47% equity interest of SKX have been released from pledge upon repayment of the corresponding bank borrowings, and the related dividends have been received. The remaining 36.26% equity interest of SKX remains pledged, with the associated bank borrowings is repayable within one year, and the corresponding dividends receivable are classified as current assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

19. INTERESTS IN ASSOCIATES

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Cost of investment in associates	1,098,386	1,098,386
Share of post-acquisition loss	(276,263)	(241,756)
Exchange adjustments	120,590	124,178
Impairment	(89,543)	(88,964)
	853,170	891,844

Details of each of the Group's associates at the end of the reporting period are as follows:

	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest	Proportion of voting rights held by the Group	Principal activity
Wholesome Harvest Limited	Cayman Islands	PRC	27.16%	27.16%	Raising and Limited breeding dairy cows and raw milk production
Jiangsu Nongken Youran Dairy Co., Ltd. ("Jiangsu Nongken")	PRC	PRC	20.00%	20.00%	Raising and breeding dairy cows and raw milk production

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Negotiable certificate of deposits with certain banks, at fair value	53,836	53,057

During the current interim period, the Group invested in certain negotiable certificate of deposits with certain banks in PRC. As at June 30, 2025, the deposits carry fixed-interest rate of 3.10% (December 31, 2024: 3.10%) per annum.

The directors of the Company determine the deposits are mainly for the trading purpose, which will be sold in the secondary market within one year, therefore the deposits are classified as current assets.

21. TRADE AND BILLS PAYABLES

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Trade payables	1,146,976	1,758,139
Bills payable	119,644	517,715
	1,266,620	2,275,854

The following is an aged analysis of trade payables presented based on delivery dates:

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Within 1 year	1,121,746	1,730,138
1 to 2 years	5,450	5,887
2 to 3 years	4,634	10,839
More than 3 years	15,146	11,275
	1,146,976	1,758,139

The maturity period of bills payable is normally within 1 year based on the invoice dates.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

22. OTHER PAYABLES AND ACCRUALS

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Payables for purchase of property, plant and equipment	513,087	791,218
Salaries and welfare payables	300,254	340,014
Deposits received from suppliers	143,200	153,616
Service and professional fee payables	108,341	178,759
Freight charges payables	86,845	89,668
Storage fee payables	5,973	9,739
Non-income tax related tax payables	9,702	13,819
Sundry payables and accrued expenses	57,593	63,870
	1,224,995	1,640,703

23. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to RMB17,666,115,000 (six months ended June 30, 2024: RMB9,669,619,000).

The ranges of effective interest rates of the Group's borrowings are as follows:

	June 30, 2025 % (unaudited)	December 31, 2024 % (audited)
Effective interest rates:		
Floating rate borrowing	1.65 to 5.75	1.92 to 6.80
Fixed rate borrowing	1.98 to 3.00	2.00 to 3.91

Interest rate of variable-rate borrowings are determined based on the borrowing rates announced by the People's Bank of China ("PBOC") and Secured Overnight Financing Rate.

During the current period, a subsidiary's bank borrowing with a carrying amount of RMB87.2 million as at June 30, 2025 breached a financial covenant related to current ratio. The portion of the bank borrowing with an original maturity of over one year was classified as current liabilities in the condensed consolidated statement of financial position due to the breach of loan covenant. Up to the date of approval for issuance of these condensed consolidated financial statements, the Group has reached waiver agreement with the lender.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

24. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares USD	Equivalent nominal value of ordinary shares RMB'000
Ordinary shares of USD 0.00001 each			
Authorized:			
At January 1, 2024 (audited) and June 30, 2024 (unaudited), January 1, 2025 (audited) and June 30, 2025 (unaudited)	10,000,000,000	100,000	691
Issued and fully paid:			
At January 1, 2024 (audited) and June 30, 2024 (unaudited)	3,795,404,000	37,954	251
At January 1, 2025 (audited) and June 30, 2025 (unaudited)	3,892,727,833	38,927	258

25. FAIR VALUE MEASUREMENTS

The Group's biological assets and certain financial instruments are measured at fair value on a recurring basis at the end of the reporting period. In estimating the fair value, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports its findings to the board of directors of the Company to explain the cause of fluctuations in the fair value.

The following table gives information about how the fair values of these biological assets and financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 2 and 3) based on the degree to which the inputs to the fair value measurements is observable.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

25. FAIR VALUE MEASUREMENTS (Continued)

	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at June 30, 2025 (unaudited)				
Assets				
Biological assets:				
Calves and heifers (Note (a))	—	—	6,142,225	6,142,225
Milkable cows (Note (b))	—	—	8,375,147	8,375,147
Feeder cattle	—	—	185	185
Breeding bulls and others (Note (c))	—	—	158,380	158,380
Dairy goats (Note (d))	—	—	278,745	278,745
Breeding goats, young male goats and male goat lambs	—	—	2,842	2,842
Debt instruments at FVTOCI (Note (e))	—	1,374	—	1,374
Equity instruments at FVTOCI (Note (f))	—	—	14,492	14,492
Financial assets at FVTPL (Note (g))	—	53,836	—	53,836
	—	55,210	14,972,016	15,027,226

	Level 1	Fair value hierarchy		Total
	RMB'000	Level 2	Level 3	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2024 (audited)				
Assets				
Biological assets:				
Calves and heifers (Note (a))	—	—	6,294,224	6,294,224
Milkable cows (Note (b))	—	—	8,657,642	8,657,642
Feeder cattle	—	—	250	250
Breeding bulls and others (Note (c))	—	—	122,995	122,995
Dairy goats (Note (d))	—	—	282,204	282,204
Breeding goats, young male goats and male goat lambs	—	—	7,888	7,888
Equity instruments at FVTOCI (Note (f))	—	—	11,766	11,766
Financial assets at FVTPL (Note (g))	—	53,057	—	53,057
	—	53,057	15,376,969	15,430,026

There were no transfers between Level 1 and 2 and there were no other transfers into or out of Level 3 during the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

25. FAIR VALUE MEASUREMENTS *(Continued)*

Notes	Assets	Valuation technique(s)	Significant unobservable input(s)	Inter-relationship between significant unobservable inputs and fair value measurements
(a)	Biological assets – Calves and heifers	<p>The fair value of 14 months old heifers is determined by reference to the local market selling price.</p> <p>The fair values of calves and heifers at age-group less than 14 months are determined by subtracting the estimated feeding costs required to raise the cows from their respective age at the end of the reporting period to 14 months plus the margins that would normally be required by a raiser.</p> <p>Conversely, the fair values of heifers at age group older than 14 months are determined by adding the estimated feeding costs required to raise the heifers from 14 months old to their respective age at the end of the reporting period plus the margins that would normally be required by a raiser.</p>	<p>Estimated local market selling prices of the heifers of 14 months old are RMB22,100 to RMB24,130 per head as at June 30, 2025 (December 31, 2024: RMB22,600 to RMB24,500).</p> <p>Estimated feeding costs per head plus margin that would normally be required by a raiser for calves and heifers younger than 14 months old (i.e. from born to 14 months) are ranging from RMB18,024 to RMB20,365 as at June 30, 2025 (December 31, 2024: RMB18,475 to RMB20,727).</p> <p>Estimated feeding costs per head plus margin that would normally be required by a raiser for heifers older than 14 months old are ranging from RMB14,203 to RMB16,966 as at June 30, 2025 (December 31, 2024: RMB14,225 to RMB17,752).</p>	<p>An increase in the estimated local market selling price used would result in an increase in the fair value measurement of calves and heifers, and vice versa.</p> <p>An increase in the estimated feeding costs plus the margin that would normally be required by a raiser used would result in an increase/decrease in the fair value measurement of calves and heifers older/younger than 14 months old, and vice versa.</p>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

25. FAIR VALUE MEASUREMENTS *(Continued)*

Notes	Assets	Valuation technique(s)	Significant unobservable input(s)	Inter-relationship between significant unobservable inputs and fair value measurements
(b)	Biological assets – Milkable cows	The fair values of milkable cows are determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows.	<p>Estimated feed costs per kg of raw milk used in the valuation process are ranging from RMB1.87 to RMB2.79 as at June 30, 2025 (December 31, 2024: RMB2.00 to RMB2.85), taking into account management's experience and knowledge of market conditions.</p> <p>A milkable cow could have as many as six lactation cycles. Estimated daily milk yield at each lactation cycle is ranging from 18.19 kg to 38.54 kg as at June 30, 2025 (December 31, 2024: from 17.22 kg to 36.69 kg), depending on the number of the lactation cycles and the individual physical condition.</p> <p>Estimated local future market prices for raw milk are ranging from RMB3,428 to RMB5,812 per tonne as at June 30, 2025 (December 31, 2024: RMB3,580 to RMB5,810 per tonne), taking into account management's experience and knowledge of market conditions.</p> <p>Discount rate for estimated future cash flows used is 12.7% as at June 30, 2025 (December 31, 2024: 12.9%), taking into account weighted average cost of capital determined using a capital asset pricing model.</p>	<p>An increase in the estimated feed costs per kg of raw milk used would result in a decrease in the fair value measurement of the milkable cows, and vice versa.</p> <p>An increase in the estimated daily milk yield per head used would result in an increase in the fair value measurement of milkable cows, and vice versa.</p> <p>An increase in the estimated average selling price of raw milk would result in an increase in the fair value measurement of milkable cows, and vice versa.</p> <p>An increase in the estimated discount rate used would result in a decrease in the fair value measurement of milkable cows, and vice versa.</p>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

25. FAIR VALUE MEASUREMENTS *(Continued)*

Notes	Assets	Valuation technique(s)	Significant unobservable input(s)	Inter-relationship between significant unobservable inputs and fair value measurements
(c)	Biological assets – Breeding bulls and others	The fair values of breeding bulls are determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such breeding bulls.	<p>The estimated feed costs per day per bull used in the valuation are RMB39 as at June 30, 2025 (December 31, 2024: RMB48) based on the historical average feed costs per day of breeding bulls taking into account management's experience and knowledge of market conditions.</p> <p>Estimated local future market prices for sex-sorting frozen bovine semen are RMB146 per straw as at June 30, 2025 (December 31, 2024: RMB139 per straw).</p> <p>Estimated local future market prices for conventional frozen bovine semen are RMB35 per straw as at June 30, 2025 (December 31, 2024: RMB24 per straw).</p> <p>Discount rate for estimated future cash flow used is 12.7% as at June 30, 2025 (December 31, 2024: 12.9%), taking into account weighted average cost of capital determined using a capital asset pricing model.</p>	<p>An increase in the estimated feed costs per day of breeding bulls used would result in a decrease in the fair value measurement of the breeding bulls, and vice versa.</p> <p>An increase in the estimated selling price of frozen dairy bovine semen used would result in an increase in the fair value measurement of breeding bulls, and vice versa.</p> <p>An increase in the estimated discount rate used would result in a decrease in the fair value measurement of breeding bulls, and vice versa.</p>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

25. FAIR VALUE MEASUREMENTS *(Continued)*

Notes	Assets	Valuation technique(s)	Significant unobservable input(s)	Inter-relationship between significant unobservable inputs and fair value measurements
(d)	Biological assets – Dairy goats	<p>The fair value of 8 months old dairy goats is determined by reference to the market selling price.</p> <p>The fair values of dairy goats at age group less than 8 months are determined by subtracting the estimated feeding costs required to raise the dairy goats from their respective age at the end of the reporting period to 8 months plus the margins that would normally be required by a raiser.</p> <p>Conversely, the fair values of dairy goats at age group of 8 to 13 months are determined by adding the estimated feeding costs required to raise the dairy goats from 8 months old to their respective age at the end of the reporting period plus the margins that would normally be required by a raiser.</p> <p>The fair value of the dairy goats older than 13 months (after milk production) are determined by amortising the fair value at 13 months over five lactation after considering the culling price.</p>	<p>Estimated market selling prices of the dairy goats of 8 months old are RMB11,213 per head as at June 30, 2025 (December 31, 2024: RMB11,213).</p> <p>Estimated feeding costs per head plus margin that would normally be required by a raiser for dairy goats younger than 8 months old (i.e. from born to 8 months) are RMB3,252 as at June 30, 2025 (December 31, 2024: RMB3,279).</p> <p>Estimated feeding costs per head plus margin that would normally be required by a raiser for dairy goats older than 8 months old are RMB3,917 as at June 30, 2025 (December 31, 2024: RMB4,119).</p>	<p>An increase in the estimated local market selling price used would result in an increase in the fair value measurement of dairy goats, and vice versa.</p> <p>An increase in the estimated feeding costs plus the margin that would normally be required by a raiser used would result in an increase/decrease in the fair value measurement of dairy goats older/younger than 8 months old, and vice versa.</p>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

25. FAIR VALUE MEASUREMENTS *(Continued)*

Notes	Assets	Valuation technique(s)	Significant unobservable input(s)	Inter-relationship between significant unobservable inputs and fair value measurements
(e)	Debt instruments at FVTOCI: Bills receivable	Discounted cash flow method was used to capture the present value of the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.	N/A	N/A
(f)	Equity instruments at FVTOCI	Market approach	Fair value is estimated based on value of comparable listed companies and discount for lack of liquidity.	<p>An increase in the discount for lack of liquidity would result in a decrease in the fair value measurement of the unquoted equity investments, and vice versa.</p> <p>If the discount for lack of liquidity increase by 1%, the estimated fair value of equity instruments at FVTOCI will decrease by RMB175,000 as at June 30, 2025 (December 31, 2024: RMB35,000), vice versa.</p>
(g)	Financial assets at FVTPL: Negotiable certificate of deposits	Discounted cash flow method was used to capture the present value of the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.	N/A	N/A

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

25. FAIR VALUE MEASUREMENTS *(Continued)*

Reconciliation of Level 3 fair value measurements

	Equity instruments at FVTOCI RMB'000	Biological assets RMB'000	Total RMB'000
At January 1, 2025 (audited)	11,766	15,365,203	15,376,969
Fair value changes during the period	2,808	–	2,808
Purchase cost	–	238	238
Feeding and other related costs	–	2,483,592	2,483,592
Decrease due to disposal/death	(82)	(658,994)	(659,076)
Losses arising from changes in fair value less costs to sell of biological assets	–	(2,232,515)	(2,232,515)
At June 30, 2025 (unaudited)	14,492	14,957,524	14,972,016
At January 1, 2024 (audited)	18,728	14,606,110	14,624,838
Fair value changes during the period	(3,408)	–	(3,408)
Purchase cost	–	89,392	89,392
Feeding and other related costs	–	2,616,759	2,616,759
Decrease due to disposal/death	–	(341,543)	(341,543)
Losses arising from changes in fair value less costs to sell of biological assets	–	(2,270,745)	(2,270,745)
At June 30, 2024 (unaudited)	15,320	14,699,973	14,715,293

The fair value changes for equity instruments at FVTOCI during the six months ended June 30, 2025 is reported under “investment revaluation reserve” and “non-controlling interests”.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair value.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

26. RELATED PARTY TRANSACTIONS

The Group had the following material transactions and balances with Inner Mongolia Yili Industrial Group Co., Ltd. ("Yili", together with its subsidiaries, collectively "Yili Group"), a major shareholder of the Group and Jiangsu Nongken, an associate of the Group.

Transactions with Yili Group

	Notes	Six months ended June 30,	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Sales of raw milk to Yili Group	(a)	7,638,331	6,901,033
Sales of feeds to Yili Group	(a)	66,744	77,396
Sales of ruminant farming products to Yili Group	(a)	264	768
Sales of breeding products to Yili Group	(a)	5,901	4,322
Other service to Yili Group	(a)	1,241	1,393
Purchase of raw materials from Yili Group	(a)	22,498	16,689
Purchase of shared financial services from Yili Group	(b)	4,991	5,436
Purchase of other service and materials from Yili Group		1,915	1,861
Interest income from Yili Group	(f)	3,046	3,416

Transactions with Jiangsu Nongken

	Notes	Six months ended June 30,	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Sales of feeds to Jiangsu Nongken	(a)	17,594	18,356
Sales of breeding products to Jiangsu Nongken	(a)	1,120	636
Sales of ruminant farming products to Jiangsu Nongken	(a)	520	318
Other service to Jiangsu Nongken	(a)	99	89

Balances with Yili Group

	Note	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Amounts due from related party:			
Trade receivables from Yili Group	(c)	1,333,421	1,347,249
		1,333,421	1,347,249

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

26. RELATED PARTY TRANSACTIONS (Continued)

Balances with Yili Group (Continued)

	Notes	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Amounts due to related parties:			
Trade payables to Yili Group	(d)	1,369	12,899
Trade payables to suppliers factored to Yili Group	(e)	25,131	139,061
Deposits placed with Yili Finance Company Limited	(f)	563,744	785,359

Balances with Jiangsu Nongken

	Note	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Amounts due from related parties:			
Trade receivables from Jiangsu Nongken	(c)	7,110	7,599
Other receivables from Jiangsu Nongken		–	73
		7,110	7,672

Notes:

- (a) The above sale and purchase transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved, and the prices are mainly determined based on prices offered to independent third parties.
- (b) The Group entered into the shared financial services agreement with Yili Group in 2022. Pursuant to the agreement, Yili Group provided accounting related shared financial services to the Group. The service fee is determined using cost-plus basis, being the total costs incurred by Yili Group in respect of the provision of the shared financial services plus a fixed percentage of 5%, to cover costs and expenses, such as personnel and maintenance.
- (c) The trade receivables are mainly related to the sale of raw milk to Yili Group and sales of feeds to Jiangsu Nongken. As at June 30, 2025, trade receivables from related parties are aged within 90 days based on the date of delivery.
- (d) The trade payables are related to the purchase of raw materials from Yili Group, which aged within one year at the end of the reporting period.
- (e) During the six months ended June 30, 2025 and year ended December 31, 2024, certain suppliers discounted their trade receivables from the Group to the financial institution of Yili Group and got payments earlier than the due date. The Group then received the payment notice confirmed by the suppliers and the financial institution of Yili Group, according to which the Group is required to pay the debts to the financial institution of Yili Group directly.
- (f) The Group entered into the financial services agreement with Yili Finance Company Limited, a subsidiary of Yili Group which has financial institution license. Pursuant to the agreement, Yili Finance Company Limited provided deposit service to the Group. The interest rates are determined according to and shall not be lower than the benchmark deposit rates prescribed by the PBOC and the deposit rates offered by the major commercial banks in the PRC.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

26. RELATED PARTY TRANSACTIONS (Continued)

Settlement arrangements with Yili Group

	Note	Six months ended June 30,	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Trade receivables from the sale of feeds and breeding products settled on behalf by Yili Group	(g)	387,733	226,834

Note:

- (g) Certain customers (the "Overlapping Parties") who purchase feeds and breeding products from the Group are also raw milk suppliers of Yili Group. The Group, Yili Group and the Overlapping Parties have entered into an entrusted payment arrangement (the "Entrusted Payment Arrangement"), pursuant to which Yili Group would deduct the amount payable to the Group by the Overlapping Parties (the "Feeds and Breeding Products Payments") from the payments made to the Overlapping Parties by Yili Group, and pay the Feeds and Breeding Products Payments to the Group directly. The directors of the Company consider that the Entrusted Payment Arrangement is an industry norm in dairy farming products industry in the PRC to simplify the payment procedures.

Compensation to key management personnel

The remuneration of key management personnel, including members of the board of directors and other members of senior management of the Group was as follows:

	Six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Salaries and allowances	4,443	3,720
Retirement benefit scheme contributions	273	226
	4,716	3,946

27. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Capital expenditures in respect of acquisition of property, plant and equipment and purchase of biological assets: Contracted but not provided for	433,542	949,230

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

28. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no significant contingent liability.

29. EVENT AFTER THE REPORTING PERIOD

There were no material subsequent events during the period from June 30, 2025 to the approval date of these consolidated financial statements by the Board on August 22, 2025.

Definitions

"2023 Interim Period"	six months ended June 30, 2023
"2024 Interim Period"	six months ended June 30, 2024
"Audit Committee"	the audit committee of the Company
"Auditor"	Deloitte Touche Tohmatsu, the auditor of the Group
"Board"	the board of Directors
"Bright Dairy"	the group of companies comprising Bright Dairy & Food Co., Ltd. (光明乳業股份有限公司), a company incorporated in the PRC, and its subsidiaries, as a group being one of our customers
"China" or "PRC"	the People's Republic of China and, for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"CNAS"	China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會)
"Company" or "our Company"	China Youran Dairy Group Limited (中國優然牧業集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands on August 21, 2020
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of our Company
"Group", "our Group", "we", "us" or "our"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Jingang"	Hong Kong Jingang Trade Holding Co., Limited, a company incorporated in Hong Kong, and a wholly-owned subsidiary of Yili
"Junlebao Dairy"	the group of companies comprising Shijiazhuang Junlebao Dairy Co., Ltd. (石家莊君樂寶乳業有限公司), a company incorporated in the PRC, and its subsidiaries, as a group being one of our customers

Definitions

"Latest Practicable Date"	August 28, 2025, being the latest practicable date for ascertaining certain information in this interim report before its publication
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Reporting Period"	six months ended June 30, 2025
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of par value US\$0.00001 each in the issued share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"SKX"	Inner Mongolia Saikexing Reproductive Biotechnology (Group) Co., Ltd. (內蒙古賽科星繁育生物技術(集團)股份有限公司), a company established under the laws of the PRC and whose shares are listed on the National Equities Exchange and Quotations (stock code: 834179) which has been a subsidiary of the Company since January 8, 2020
"SOP"	Standard Operation Procedure
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TPM"	Total Productive Maintenance
"treasury share(s)"	has the meaning ascribed thereto under the Listing Rules
"US\$" or "USD"	United States dollars, the lawful currency of the United States

Definitions

“Yili”	Inner Mongolia Yili Industrial Group Co., Ltd. (內蒙古伊利實業集團股份有限公司), a company established under the laws of the PRC in June 1993 and whose shares are listed on the Shanghai Stock Exchange (stock code: 600887), and is our Controlling Shareholder
“Yili Group”	Yili, its subsidiaries and associates
“%”	per cent